



# NOTIFICATION OF CHANGE

APRIL 2018

## NOTIFICATION OF CHANGE TO YOUR PORTFOLIO BENCHMARK INDEX TO MSCI WMA

- **We are changing the portfolio benchmark index we show on your performance reports to ensure it remains a useful comparison for the strategy we have recommended to you.**
- **No action is required by you, there is no change to the objectives or risk profile and your investment manager will continue to manage your portfolio as agreed.**
- **This notification provides further explanation of the change which is due to come into effect from the beginning of April and will be shown on your Q2 2018 valuation report.**

### Why the decision to change?

We have used the FTSE Private Investor Indices for over a decade. Recently FTSE have announced some major changes to the asset allocation and some of underlying constituent indices. These changes are material and mean the indices will be a less useful comparison for the strategy we have recommended to you.

### Why chose MSCI WMA?

We considered a number of alternatives including our own composites, another peer group or risk based indices and decided the best solution for your portfolio was to switch to the MSCI WMA indices. These are a partnership between MSCI, a leading index provider, and The Personal Investment Management and Financial Advice Association PIMFA (direct successor to WMA/APCIMS).

The asset allocation for these indices uses the familiar methodology of being based on a peer group survey of PIMFA member firms. This means the asset allocation is transparent at the outset, the indices are available daily, changes to allocations are deliberately infrequent to reflect strategic rather than short-term considerations and the constituent indices are industry recognised. Like all comparisons they have their limitations and in this case do not allow for costs or tax constraints.

### Is anything else changing to the benchmark other than the index provider?

There are only minor changes to the benchmark asset allocation and therefore the return and risk profiles are unaltered.

There are some changes to the benchmark fixed interest, property and absolute/hedge components:

- The fixed interest allocation has a more detailed breakdown into corporate and index-linked in addition to the existing gilt/sovereign debt exposure.
- The property allocation is represented by investable commercial property funds.
- The absolute/hedge allocation uses a factor based methodology to better reflect returns from these types of investment.

### What will be shown on future performance reports?

The MSCI and FTSE series will be joined together to form a continuous benchmark series in our portfolio management system. The strategy/benchmark name will refer to MSCI and the description will remain as before e.g. Balanced, Growth etc.

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**Investors should remember that the value of investments, and the income from them, can go down as well as up and that past performance is no guarantee of future returns. You may not recover what you invest.**

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