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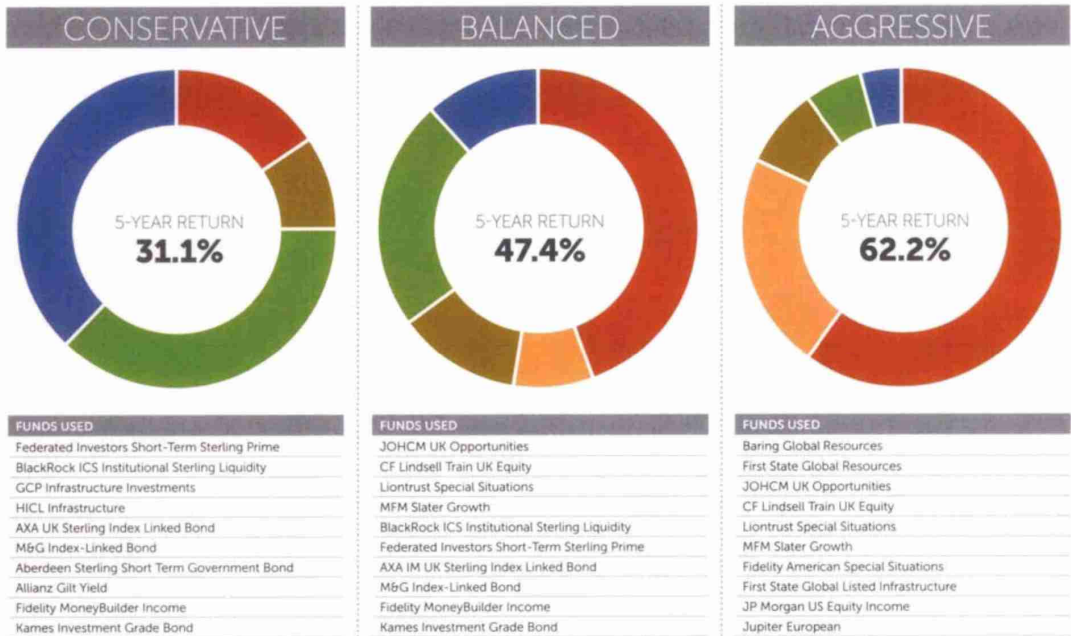
INVESTMENT MY ASSET ALLOCATION



PHILLIP ROSE
GROUP IFA

MODELLING INVESTMENTS FOR CLIENT NEEDS

● EQUITIES
 ● ALTERNATIVES*
 ● PROPERTY
 ● FIXED INTEREST
 ● CASH
 * Includes commodities and equity infrastructure



Data to 9 January 2017

TIM COOPER

Bolton-based Group IFA has £800 million under advice and its higher risk portfolios had a relatively heavy weighting in commodities, to capture recent increased returns in that sector. However, in December 2016 it reduced that weighting in favour of Japan, the Far East and some emerging markets.

Chief executive Phillip Rose said: 'Japan is becoming a more developed equity market, with an income source that helps the investment. [Despite problems in China], we still expect better growth in the Far East than in commodities.'

CASH CUSHION

Group IFA's low-risk portfolios have a high percentage in cash, which the firm refers to as

managed liquidity. 'Two years ago, we halved gilt exposure when yields fell below 3%, then halved it again, when they dropped below 0.6% after the Brexit vote,' said Rose. 'We are looking to move back in at around 2%.'

The fixed interest part of portfolios moved more weighting to shorter-dated vehicles two-and-a-half years ago. Rose said: 'That move affected performance negatively for around two years, but over the past three to five months it has been great. We have also had some infrastructure investment trusts that have performed well.'

Holding more cash dragged performance in the lower risk portfolios. However, Rose said the firm's portfolios all significantly outperformed their Asset Risk Consultants' equivalent benchmarks.

'This has mainly been due to our higher

exposure to infrastructure and index-linked bonds in lower risk portfolios,' he said. 'In higher risk portfolios, it has been due to weightings in global resources and infrastructure.'

DATA-LED DECISIONS

Group IFA has an investment committee of eight, led by head of asset allocation Peter Bickley. Other members include Rose, and external members Graham Harrison (group managing director of Asset Risk Consultants) and Simon Brett (chief investment officer of Parmenion).

They allocate assets based on five-year data, such as volatility and returns; and on their own ideas and expectations over the next 12 months. They give the five-year data an 80% weighting and predictions 20% when setting allocations. ■