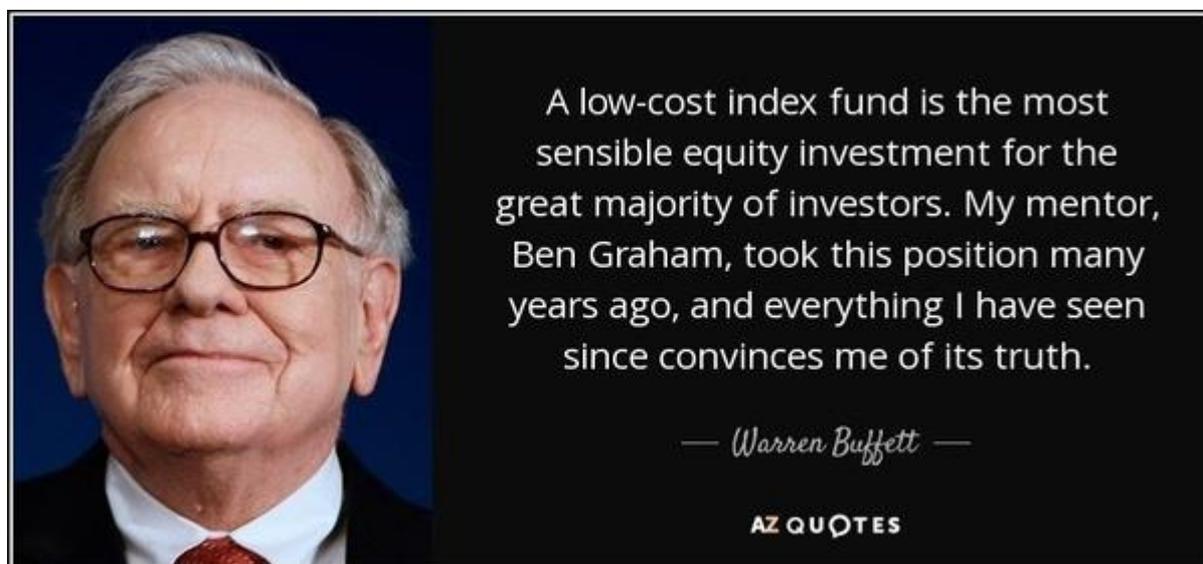


Fixed fee service aims to revolutionise discretionary fund management fees

Portfolio strategists **Assetfirst** have partnered with discretionary investment manager **Fundamental Asset Management** to launch **FAM Assetfirst**, a unique discretionary portfolio service available to Independent Financial Advisors via the model portfolio functionality available on most wrap platforms.



Portfolio strategists Assetfirst have created a platform which could revolutionise the way we pay for discretionary fund management (DFM) via an independent financial adviser (IFA). Assetfirst's partnership with discretionary investment manager Fundamental Asset Management has resulted in a unique Managed Portfolio Service (MPS) which gives IFAs the option of paying a fixed fee for access to an expert investment platform. This is a sharp turn-around from the existing percentage fee structure which can soon build up and damage the potential value of your client's portfolio.

Subscription based model adds value to adviser and client

FAM Assetfirst charges IFA firms a fixed fee of £800 per month (plus VAT) for access to a range of risk-graded discretionary model portfolios. This sidesteps the requirement for their clients to pay lofty percentage based fees to DFMs on their chosen platform providers.

Via **FAM Assetfirst**, advisers and their clients can benefit from expert portfolio construction for a fraction of the cost of an in-house solution or traditional DFM model. There is a growing body of evidence which shows that many traditional DFMs struggle to beat the market. FAM Assetfirst has outperformed through some of the toughest investment environments in history.

How much money can you save?

For an IFA with assets under management (AUM) of £10m, the typical costs for a discretionary fund manager, following a traditional fee model would be £60,000 per annum (assuming annual fee of 0.5% + VAT). The equivalent fee – met by the adviser NOT by the client – for the **FAM Assetfirst** service would be £11,520, representing an annual saving of £48,480.

As the IFA's overall assets grow, this fee remains the same, meaning a firm with £50m AUM pays the same fixed fee as one with £10m AUM.

Assetfirst's Andrew Whiteley comments:

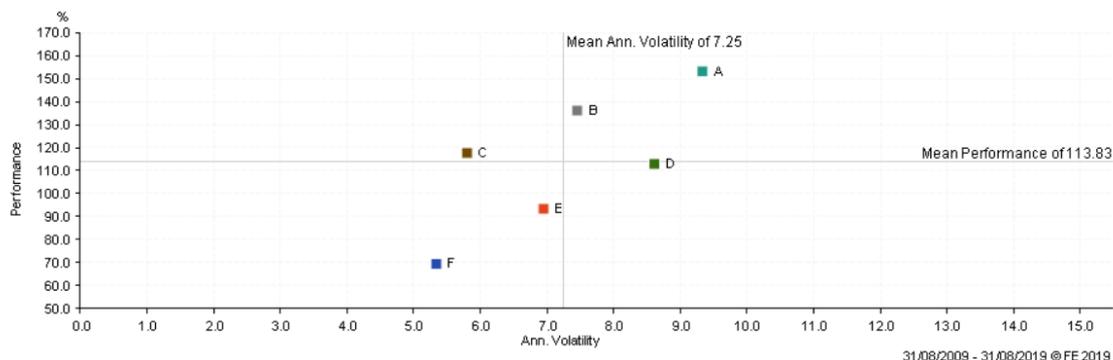
“With the FCA’s current focus on fees in all parts of the value chain, we believe that FAM Assetfirst service offers IFAs a perfect investment solution for the current regulatory backdrop securing outstanding performance at low cost.

Outsourcing investment management to DFM’s adds another layer of cost that has to be justified to the client. The FAM Assetfirst service competes head-on with traditional DFM and multi asset solutions many of which underperform whilst still charging the client inflated fees.”

Steady asset allocation drives top quartile performance

Assetfirst portfolios have delivered consistent top quartile performance in each applicable risk category, over one, three, five and ten years.

The chart below compares the illustrative performance of three of Assetfirst’s models to their respective DFM sectors, as measured by Asset Risk Consulting’s (ARC) Private Client Indices benchmarks. This shows that at each risk level (measured by volatility), every model has performed significantly better than the average DFM portfolio.



Key	Name	Performance	Annualised Volatility
A	1 Illustrative Aggressive Tactical (S) TR in GB	153.14	9.33
B	1 Illustrative Balanced to Aggressive Tactical (S) TR in GB	136.14	7.45
C	1 Illustrative Defensive to Balanced Tactical (S) TR in GB	117.74	5.80
D	ARC Sterling Equity Risk PCI TR in GB	112.94	8.61
E	ARC Sterling Steady Growth PCI TR in GB	93.46	6.95
F	ARC Sterling Balanced Asset PCI TR in GB	69.56	5.34

Returns enhancing opportunity

Assetfirst created its investment process in 2008. Since then, the portfolios have weathered some of the most challenging economic and political conditions, yet have produced results consistently within their designed parameters for both volatility and returns. They attribute this success to two main factors;

- 1. Employing a low frequency, high duration approach to asset allocation shifts.** This means that asset allocation is rarely changed and only in response to a significant change in outlook over the next three to five years. In addition, care is always taken that each portfolio remains true to its design brief through rebalancing.
- 2. Populating the portfolios with passive index funds.** This ensures more accurate asset allocation, with no risk of drift caused by an active fund manager. Plus, fees are low.

Assetfirst's Philip Bailey comments:

"In our experience, investment solutions populated by active funds produce more variable fund performance than those using tracker funds. Just because funds can trade frequently to react to short term market conditions, it doesn't mean that they should.

It is important to keep an eye on the big picture and remember that we are investors, not speculators. As unfashionable as it may sound, the most consistent method for delivering steady, risk-controlled returns is to choose a low cost, diverse long term strategy and then stick to it."

FAM Assetfirst runs five risk models, as follows:

- Cautious
- Moderate
- Balanced
- Growth
- Adventurous

These follow the range of **FE Risk Targeted Multi Asset (RTMA) sectors** against which FAM Assetfirst portfolios are benchmarked. FAM Assetfirst is available on a wide variety of wrap platforms.

Chris Boxall of Fundamental Asset Management comments:

"As a performance focused firm we are thrilled to be partnering with Assetfirst, having followed the strategies for several years and been impressed with the returns. The subscription-based fee model perfectly aligns with the benefits of using low cost passive funds to support long term investment outperformance. FAM Assetfirst is breaking the mould of an investment management industry which is tied to an aged and costly charging structure, which has little regard for the client or their adviser."

Support and Reporting

Client valuations are provided in the usual way through the respective wrap platform but advisers are also provided with unbranded fact sheets to help with client marketing.

With the investment world becoming increasingly fee sensitive and IFA's business models threatened by the growth of low-cost robo advisers, FAM Assetfirst seems a win-win for IFA and client alike.

You can find out more about FAM Assetfirst at an introductory event being held on 2nd October 2019 at the Landmark Hotel, London Numbers are limited so please RSVP by emailing enquiries@fundamentalasset.com to reserve your place at this FREE event. Alternatively, please call 01923 713890.

Venue: Landmark Hotel. 222 Marylebone Rd, Marylebone, London NW1 6JQ