



THE Adviser

Portfolio Review Document

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Risk rated portfolio performance

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Relative performance against sector weighted average.

Bury Financial Advisers Ltd have been running model portfolios since 1st October 2008 which is approaching a four year track record.

Our investment process is well-documented and is based upon Model Portfolio Theory [MPT] with the asset allocation decisions outsourced to Towers Watson through the Skandia Investment Solutions platform. Bury Financial Advisers then apply their own tactical overlay to take into account short-term economic factors such as Quantitative Easing (QE) in the UK / USA or the Long-Term Refinancing Operation (LTRO) in Europe.

This document has been produced to illustrate the performance of our portfolios since we started running them in October 2008. The period covers what was the worst financial crisis for over 70 years but we feel that the portfolio performance has held up pretty well over that period despite extreme levels of volatility.

Performance

The performance of the pension portfolios over a variety of different time periods is as per the table below. All performance figures are to 28th August 2012:

Name	1 mth %	3 mths %	6 mths %	1 yr %	2 yrs %	3 yrs %	Since 01.10.2008 %
Risk 1	0.22	0.96	0.71	1.67	2.62	8.34	15.91
Risk 2	0.81	2.56	1.3	4.93	6.46	18.97	33.65
Risk 3	1.3	3.92	1.78	8.15	10.32	25.12	41.54
Risk 4	1.3	3.92	1.78	8.15	10.32	25.12	41.54
Risk 5	1.65	4.79	1.98	10.57	13.8	28.98	46.44
Risk 6	1.98	5.37	1.31	12.49	17.04	32.39	47.63
Risk 7	2.21	5.62	1.17	13.46	18.19	35.48	50.61
Risk 8	2.41	5.92	0.96	14.14	19.29	38.38	53.15
Risk 9	2.61	6.11	0.93	14.82	19.09	41.42	59.33
Risk 10	2.94	7.01	0.93	16.26	21.66	50.81	73.64

The figures in the table refer to past performance, which is not a reliable indicator of future results

Broadly speaking, the portfolios have outperformed our expectations. We have outperformed the expected returns for MPT based on each level of risk. This we believe is down to well made asset allocation decisions alongside astute fund selection calls. Our equity fund selection calls have been good, Risk 10 is our focused portfolios designed for maximum risk which over the long term should yield maximum return. To generate maximum risk the portfolio is based on 100% equity (shares), no other asset classes are included. In an upwards market this will be the most profitable. In volatile/downwards markets this strategy offers no place to hide and can be very damaging in this climate. This portfolio should only be used for those people who are accepting of the risks and financially can afford to take those risks. In an upwards market and over prolonged periods, we would expect the riskier portfolios to do better and worse in a downwards market.

Continued

The Risk 10 portfolio has been a 'stand-out' performer because as it stands, risk 10/10 has performed the best across nearly all time periods.

As a comparison, the sector average for the Defensive (0-35%), Cautious (20-60%) and Balanced (40-85%) funds follows:

Name	1 mth %	3 mth %	6 mth %	1 yr %	3 yrs %	Since 21/07/2008
ABI Mixed Investment 0%-35%	0.96	3.22	1.99	8.52	22.63	26.29
ABI Mixed Investment 20%-60%	1.97	4.9	1.77	9.73	23.14	24.34
ABI Mixed Investment 40%-85%	2.78	5.91	0.28	10.65	23.08	22.52

The figures in the table refer to past performance, which is not a reliable indicator of future results

Performance Against Benchmark

As mentioned earlier in the report, we decided to use weighted indices as our benchmark. A comparison of the performances over three years and since we launched the model portfolios on 01 October 2008 follows:

Name	3 yrs %	3 yrs Benchmark %	Difference	Since 01.10.2008	Since 01.10.2008 Benchmark %	Difference
Risk 1	8.34	7.94	0.4	15.91	13.4	2.51
Risk 2	18.97	17.58	1.39	33.65	26.19	7.46
Risk 3	25.12	22.25	2.87	41.54	31.49	10.05
Risk 4	25.12	22.25	2.87	41.54	31.49	10.05
Risk 5	28.98	24.29	4.69	46.44	33.11	13.33
Risk 6	32.39	24.32	8.07	47.63	32.56	15.07
Risk 7	35.48	24.14	11.34	50.61	32.9	17.71
Risk 8	38.38	23.35	15.03	53.15	33.35	19.8
Risk 9	41.42	22.14	19.28	59.33	35.3	24.03
Risk 10	50.81	23.59	27.22	73.64	39.9	33.74

The figures in the table refer to past performance, which is not a reliable indicator of future results

Over 3 years and since launch, our portfolios have outperformed the weighted indices benchmark across all of the risk gradings.

The difference would have been greater had it not been for the gilt rally over the last couple of years. We hold Strategic Bond funds in our UK Fixed Interest sector; the fund managers can invest in gilts but they are not pure gilt funds so hold some corporate bonds and some high-yield bonds.

The value of your investment and any income from it may go down as well as up. You may not get back the original amount you invested. Tax treatment is dependent upon individual circumstances and may be subject to change in the future.