

# THE WHO, WHAT, HOW, WHERE & WHY OF INVESTING

John Leiper, Andrew Pottie, Sekar Indran,  
Alex Livingstone, Jonah Levy and James Peel.

## Who are we?

Tavistock Wealth is the investment management arm of Tavistock Investments Plc. The investment team is comprised of 6 highly educated and talented professionals.

We have a long track record managing global multi-asset class portfolios comprised solely of exchange-traded funds (ETFs).



**John Leiper, CFA, CFTe**  
Chief Investment Officer  
13+ years experience, Ex  
Morgan Stanley & Credit Suisse



**Sekar Indran**  
Senior Portfolio Manager  
Equities



**Andrew Pottie**  
Senior Portfolio Manager  
Fixed Income



**Alex Livingstone**  
Head of Trading  
FX & ETFs



**Jonah Levy**  
Portfolio Manager  
Physicals



**James Peel**  
Portfolio Manager  
ESG

## What we do

The investment team is responsible for the centralised investment proposition at the firm and manages circa £900 million. The offering consists of both regulated UCITS funds and model portfolios.



The ACUMEN Portfolio range forms the heart of the proposition. These are broken down into 10 multi-asset class UCITS funds, 3 of which have a contractual bank guarantee provided by Morgan Stanley & Co International Plc, locking in 90% or 85% of the highest-recorded Net Asset Value.



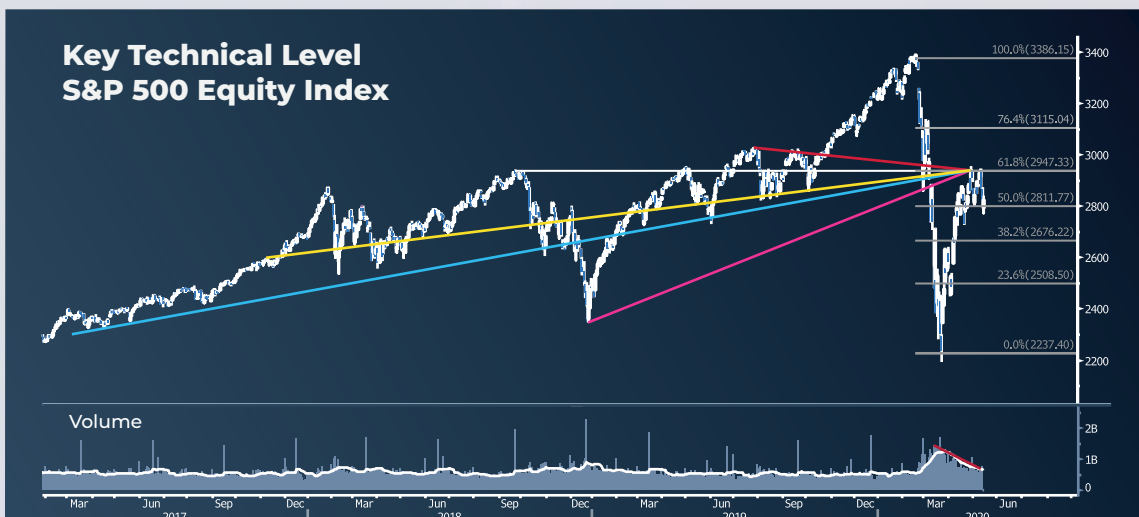
Investors can invest directly into one or any combination of these funds. Alternatively, many customers and investment advisors prefer to invest in model-portfolios. As such, we also offer a platform-based model portfolio solution, which caters to this growing audience whilst maintaining our high-quality approach to ETF based investment management.

Tavistock PROFILES  
3-8 (model portfolios)

## How do we manage money?

Our primary goal is to generate long-term capital growth and superior risk-adjusted returns for our investors.

To do so, we adopt a top-down view of the world. This allows us to determine the broad macroeconomic and geopolitical trends that drive markets. We then allocate risk as appropriate around the globe and across asset classes including equities, bonds, commodities and currencies. This investment process is grounded in fundamental economic research and the application of quantitative and qualitative analysis. In addition, our ESG range adheres to a best-in-class environmental, social, governance investment policy which is a data-driven framework designed to distinguish between ESG leaders and laggards.



Source of Data: Bloomberg, Tavistock Wealth.

Whilst the investment rationale is driven by broad fundamental trends, technical analysis also features in the implementation process.

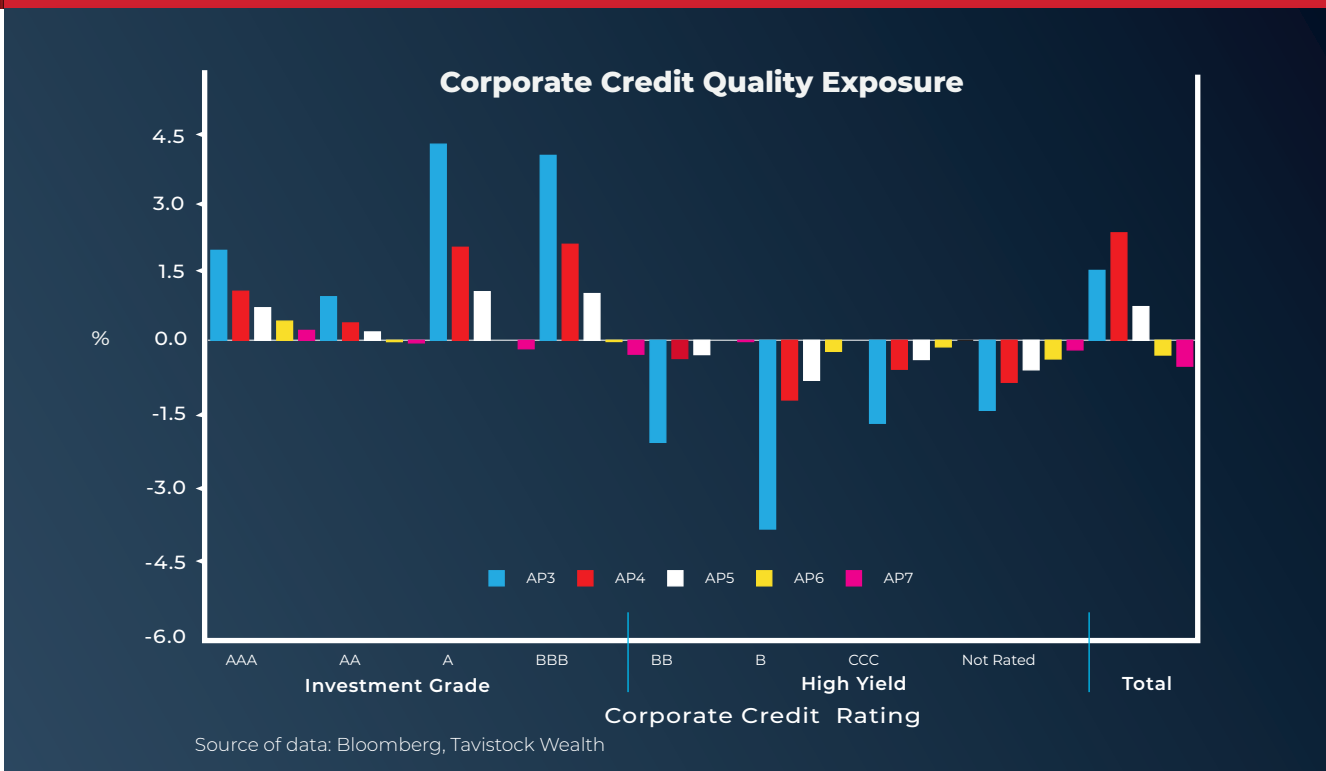


Timing the market can be notoriously difficult. Instead it makes most sense to adopt a long-only approach to investment management. The longer you stay invested, the greater the likelihood of positive returns.

*“It’s about time in the markets, not timing the markets.”*

Our long-only approach to portfolio construction is benchmark-centric. This means we take positions relative to the market composite benchmark comprised of equities and bonds. For example, we currently like the technology sector in the US equity market and have an overweight position. Conversely, we believe the US high yield bond market is unattractive, so we are underweight versus the benchmark.

This chart shows our preference for higher quality corporate credit, resulting in an overweight allocation to investment grade bonds and an underweight allocation to high yield debt, relative to the benchmark.



The market composite benchmarks we use are blue-chip and standard within the investment management industry. These building blocks, shown below, are scaled across the investment proposition according to the risk profile defined by Dynamic Planner.

**Cash**

- Sterling Overnight Index Average

**Fixed Income**

- Bloomberg Barclays Global Aggregate Bond GBP Hedged Index
- Bloomberg Barclays Global High Yield GBP Hedged Index

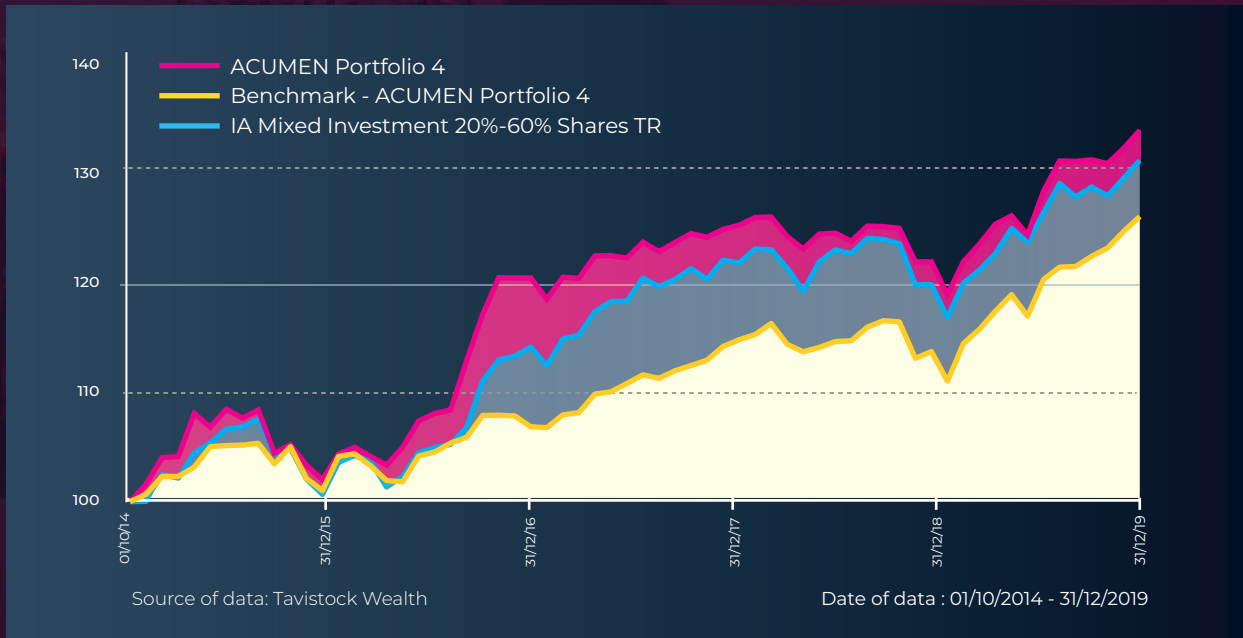
**Equities**

- MSCI World Index GBP Hedged
- MSCI Emerging Markets Investable Markets Index Unhedged

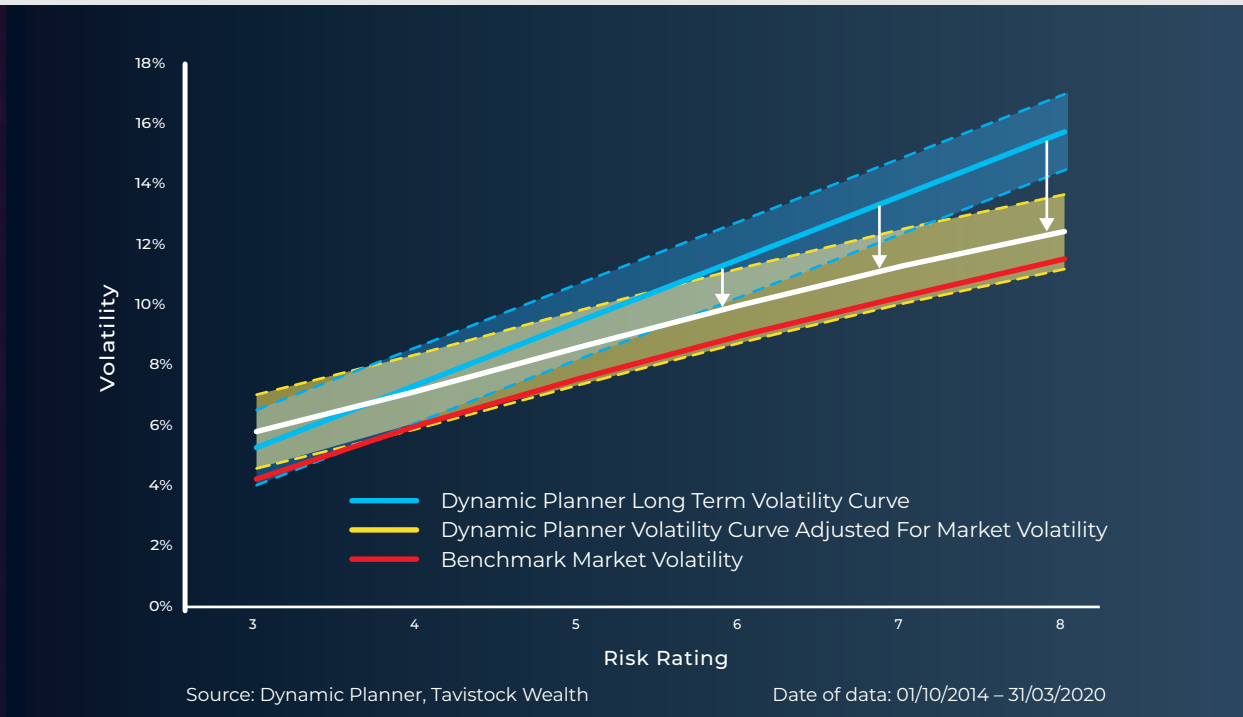


Benchmarks are useful reference points for comparing investment returns.

This chart shows the 5-year track record for ACUMEN Portfolio 4 relative to the benchmark and the IA Sector, which we use for peer group comparisons.



However, benchmarks are also a good guide to risk. Each of our market composite benchmarks, against which we manage the ACUMEN Portfolios and model portfolios, has been mapped to a risk score ranging from 3 (low risk) to 8 (high risk), as designated by Dynamic Planner, an independent risk-profiling company. By managing each ACUMEN Portfolio or model portfolio relative to its benchmark, we can ensure the broad risk classification remains in-line whilst also ensuring sufficient flexibility in our investment strategy.



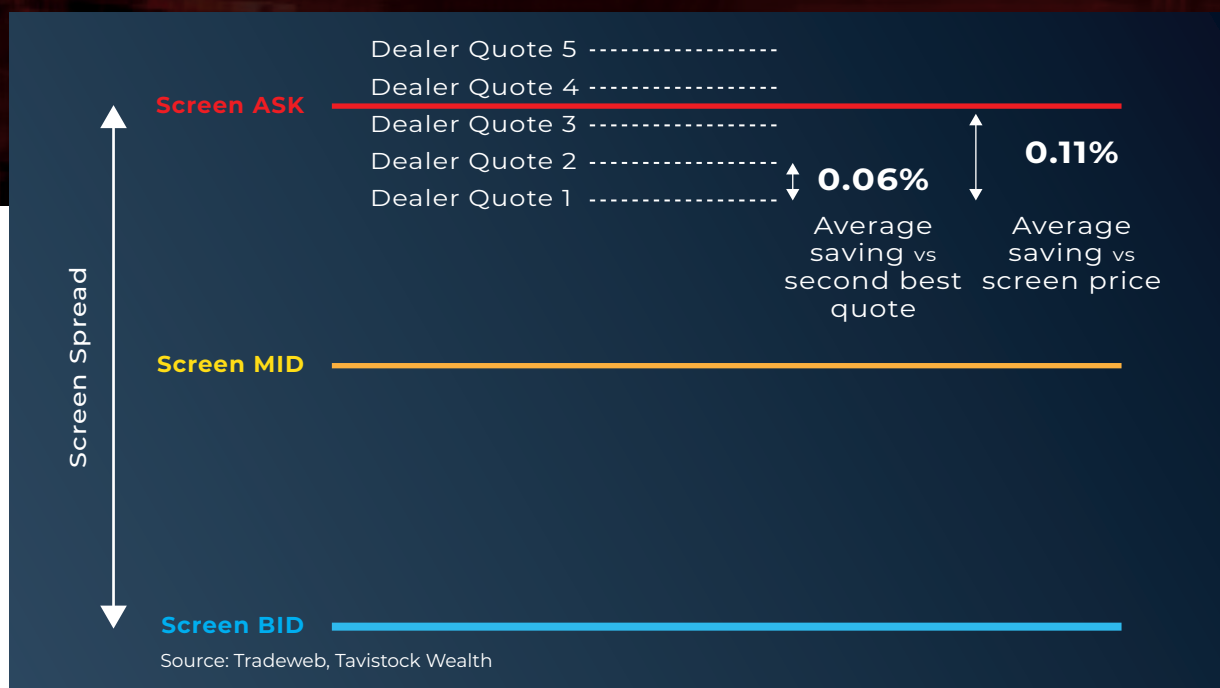
In the chart above, the blue line represents Dynamic Planner's long-term volatility curve for risk profiles 3-8. The orange line shows what this volatility curve looks like based on actual market data since October 2014. This is in-line with benchmark volatility in red using live data over the same period.



The benchmarks are largely currency hedged indices. With the notable exception of emerging market equities, the underlying currency exposure has been removed from benchmark returns and volatility. We also hedge the majority of the underlying currency exposure within the ACUMEN Portfolios. This is important because it ensures we remain in the correct risk rating category. That does not preclude our ability to actively adjust our hedge ratios and increase exposure to non-GBP currencies. The model portfolios typically have a lower hedge ratio due to the lack of GBP hedged ETFs. However, we continue to believe sterling is significantly undervalued and with the cost of hedging US dollars at a 4-year low, close to zero, it makes sense to maintain a high hedge ratio across the range of ACUMEN Portfolios.

The ACUMEN Portfolios invest exclusively in exchange traded funds (ETFs) as well as index-linked derivatives such as futures, forwards, swaps and options. ETFs are particularly suited to our active style of fund management. They also benefit from increased liquidity, tax efficiencies and are low cost.

These benefits are compounded by in-house execution. The investment team currently trades ETFs via Tradeweb, which is a quote-driven trade execution system. This set-up allows us to put the largest and most sophisticated ETF market makers (including Jane Street, Flow Traders, Goldman Sachs and Morgan Stanley) into direct competition as counterparty to our trades. When combined with our best execution policy, which considers a range of factors including size, volume, spread and distance from fair value, this results in a notable improvement in execution costs, which directly benefits the end investor.



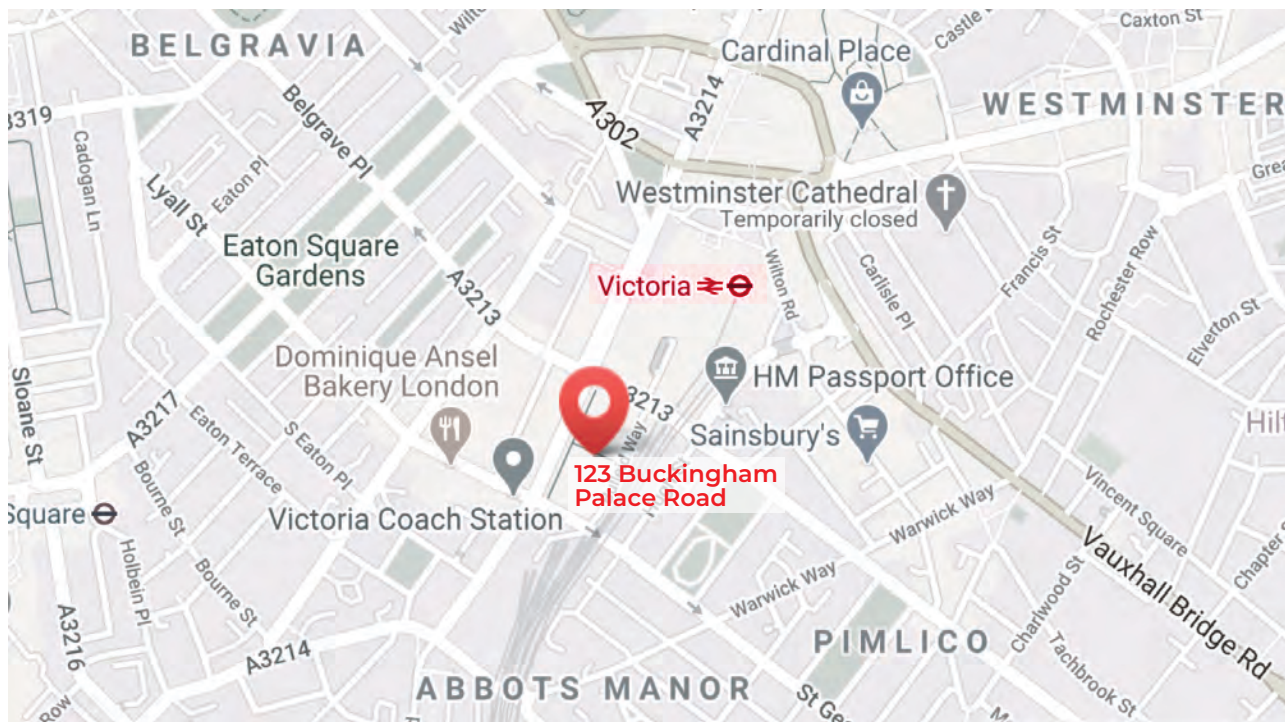
Since bringing trade execution in-house, the average saving per trade has been 0.11% versus the Bloomberg screen price and 0.06% versus the second-best quote.

The ACUMEN Portfolios also invest in derivatives, which provides the ability to de-risk the portfolios by reducing unwanted currency exposure. For example, the use of currency forwards allows us to separate asset and currency investment decisions meaning we can take long exposure to Japanese equities but hedge the currency exposure if we feel it is overvalued. This ability to customise is particularly applicable to the ACUMEN Protection Portfolios, which use derivative structures to reduce risk and provide enhanced capital protection.



## Where are we?

The Tavistock Wealth investment team is based at:  
**123 Buckingham Palace Road, London SW1W 9SH.**



Source: Google Maps, Tavistock Wealth

## Why invest with us?

ETFs have become increasingly popular over the last few years and their unique characteristics make them ideal for top-down, asset allocation driven investing.

We believe a long-only, actively managed portfolio, comprised of low-cost ETFs will deliver cost effective and superior investment returns over the long-term.

Get in touch today to find out more...



Tavistock Wealth Limited is registered in England and Wales (company number 7805960) and authorised and regulated by the Financial Conduct Authority (FRN 568089). This content is for financial intermediaries, it is not aimed at the general public. This document is published and provided for informational purposes only. The information contained within constitutes the author's own opinions. Tavistock Wealth do not provide financial advice. None of the information contained in the document constitutes a recommendation that any particular investment strategy is suitable for any specific person. Source of data: Bloomberg, Tavistock Wealth Limited unless otherwise stated. Date of data: July 2020