

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The buildings are illuminated from within, creating a warm glow that contrasts with the cool blue tones of the sky and the glass. The perspective is from the ground looking up, making the buildings appear to converge towards the top of the frame.

IMS Capital

IMS Capital
Investment Management Services



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Introduction

IMS Capital is an investment management organisation and is part of the Argentis Group. We develop investment solutions exclusively for clients of the IFA's and financial planners within the group.

We offer a range of nine portfolios which are grouped into three themes: Capital Growth, Future Focused and Natural Income. With the support of your IFA/financial planner, and in conjunction with our independent risk assessment questionnaire, you can identify which of these options is most suited to your objectives.

At the heart of our proposition is the knowledge that investors want a service that is simple and at the same time effective. Most people want to maximise the return on their investments and using a selection of well managed investment funds can often be the best way to achieve this goal.

Combining various styles and types of investments, a diversified portfolio can produce better returns than those associated with interest rates offered from banks or building societies. The key to successful investment is in the time you give your money to grow and choosing the investment sectors and investment managers wisely.

A core component of any investment proposition is how your investments are reviewed. Our portfolio service will monitor the progress of each investment and will provide a quarterly update detailing the performance of the portfolios and make recommendations to alter funds where we believe it to be beneficial.

The Argentis Asset Allocation Committee

It is our fundamental belief that a significant portion of investment returns stem not from the selection of individual holdings, but from where those holdings reside. You can carefully select the best available fund in a particular geographic region but this effort can quickly be undone if the region itself underperforms. To put this another way, it is often better to pick the worse fund in the best region than the best fund in the worst region.

For this reason the heart of our investment process is the Argentis Asset Allocation Committee. This committee is responsible for setting the tactical asset allocations which comprise the basis of all of our in-house investment solutions.

The committee meets on a quarterly basis to review the long-term asset allocations which are built into our risk profile questionnaire. The questionnaire is designed to assess an individual's capacity for loss based on the historical performance of a range of different asset classes and it creates a base on which we overlay our assessment of current events.

The committee receives input from our investment partners at Hawksmoor and includes representatives from across Argentis to ensure that we take account of different viewpoints. The intention is to take account of the prevailing trends which are driving market returns whilst ensuring that we do not stray out of line with individual risk profiles so that our clients can be confident that we do not take excessive risks with their investments.



Our Philosophy

The key philosophy behind our investment process is an understanding that, over the long term, equity investments (i.e. those made into the shares of companies), whilst posing a higher risk, perform better than things like cash and bonds.¹

Whilst the appropriateness of these options will vary throughout different stages of a market cycle, we build and manage our portfolios with a core focus on long-term returns.

Performance of the Global Equity, Global Bond, and Short Term Money Market sectors since 2002¹



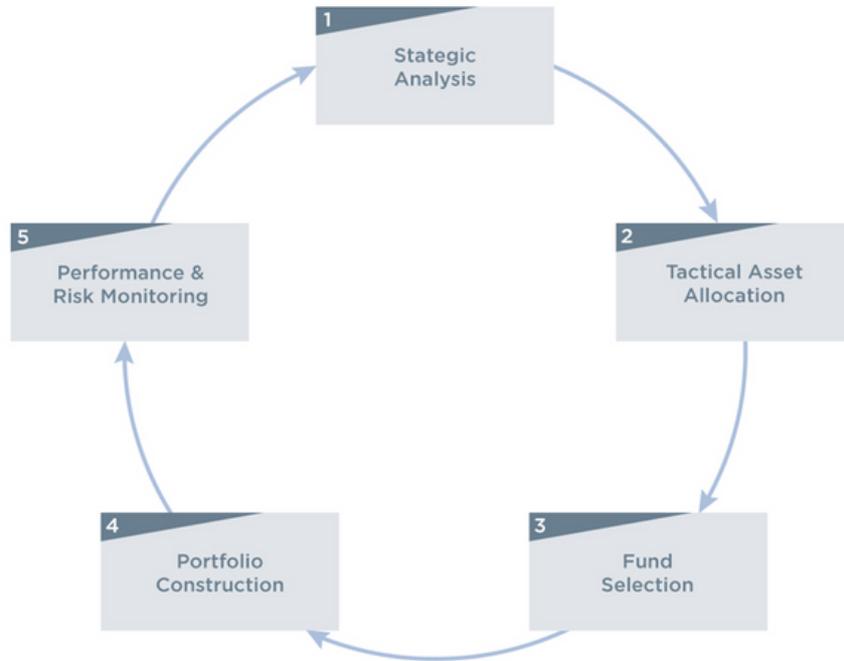
Further to this, regularly reviewing the allocations selected is imperative to achieving long-term returns. Our process identifies regions and sectors where we think value can be found, but the key is to rebalance these forecasts regularly to ensure that portfolios are not over or underweight in any region.

Research shows that over time many different regions can finish as the best performers over separate 12 month periods, but importantly on many occasions the same regions will be the worst performers in subsequent years. Sometimes these changes can happen over relatively short periods as unique factors create headwinds for specific markets (e.g. Brexit). It is this variation that means keeping a watchful eye on allocations forms the core of our ethos.

Of course, another key element is making sure that the underlying investments remain suitable for your needs and this means that we recognise the importance of strong relationships between clients and their financial advisers. This relationship ensures that as your situation changes, your investment portfolio can reflect it.

¹UT Retail sectors, bid to bid, 01/01/2002-01/01/2024
Data from Financial Express Analytics

Our Process



The basis of each of our portfolios stems from a third-party asset allocation model which ties in with the risk assessment questionnaire. This strategic asset allocation gives a guideline breakdown of which geographical regions should be allocated holdings given set levels of risk.

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In conjunction with the strategic analysis, the Argentis Asset Allocation Committee decide which geographical regions and sectors should be given a higher or lower allocation based on its forecasts for the coming period.

For this stage, we start by looking at the relative performance and risk of entire groups of funds (e.g. UK equities) and then use a series of ranking systems to narrow the funds to a shortlist. This allows a vast number of funds to be efficiently peer reviewed.

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In line with any asset allocation changes or fund sale requirements we use the research conducted in the previous stage to identify which funds are most suitable. More details on this process can be found on the next page.

Each portfolio is reviewed quarterly and the underlying asset allocation is revised to ensure it remains broadly in line with the strategic view whilst incorporating any tactical modifications. Afterwards the underlying funds are reviewed to ensure ongoing suitability and the portfolios are adjusted to take account of any required changes.

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Fund Selection

One of the most essential parts of our review process is a full assessment of the underlying funds used in each one of our portfolios. This involves comparing each fund that we use to its peer group, i.e. other assets which are designed to have broadly the same objectives.

As part of this comparison process we analyse over 30 different points of data, including simple performance numbers (both short and long term), measures which assess how funds react in times of stress, how much risk funds take, how long the manager has been in place, and the cost of the fund.

Once we have assessed how each fund compares to its peers, we work with the fund groups to make sure that we understand how they have achieved their returns. This is not limited to only those funds which have underperformed, indeed it is at least as important to understand why funds have outperformed to ensure that they are not taking on unnecessary risk.

We track the performance of our funds at each quarterly review point and where a fund is consistently falling behind we may decide that the fund needs to be replaced. However, below par performance does not necessarily lead to a sale and we will often keep a fund if we believe that it continues to deserve a place in our portfolios, e.g. because of the diversification benefit it provides.

Cost is a very important factor and, where applicable, all of the data we analyse factors in the fees charged by each fund. This means that we are able to compare all options on their merits, knowing that both quality and value are accounted for.

All of these decisions are overseen by the Group Investment Committee and by the Argentis Asset Allocation Committee. Between them these committees are responsible for providing oversight to all of the investment strategies that we manage across the group, including IMS. They ensure that the IMS portfolios are managed in line with their mandates and that any changes are correctly justified and documented.

Investment Choice

Capital Growth

Three portfolios designed to work with our in-house risk management tools in the search for total return over the longer term. The portfolios have a bias towards active funds, but they will use passive alternatives where suitable.

Cautious

Benchmark: UT 20-60% Shares Retail

Balanced

Benchmark: UT 40-85% Shares Retail

Growth

Benchmark: UT Flexible Retail

Adventurous

Benchmark: UT Global Retail

Natural Income

Both of the portfolios in this range have been built for investors who are seeking a regular income based on the yields of the underlying funds.

Defensive Income

Benchmark: UT 0-35% Shares Retail

High Income

Benchmark: A composite of the UT 20-60% Shares Retail and UT 40-85% Shares Retail sectors

Future Focused

These portfolios are built around the same foundations as those in the Capital Growth range with an additional objective to invest into funds with a focus on strong social, environmental or governance principles.

Future Focused Cautious

Benchmark: UT 20-60% Shares Retail

Future Focused Balanced

Benchmark: UT 40-85% Shares Retail

Future Focused Growth

Benchmark: UT Flexible Retail

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Important Information

The value of your investments and the income from them can go down as well as up and you may get back less than you invested. Past performance is not a guide to future performance. This document is not intended to constitute financial advice; if you are in any doubt as to its contents you should seek independent financial advice.

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For further information our the services which we offer and to view our factsheets Key Information Documents and other documentation, please visit our website: www.imscapital.co.uk