

METHODODOLOGY

THE TRUSTEE MANAGED
PORTFOLIO INDICES (TMPI)
A STEP MEMBER SERVICE

The Trustee Managed Portfolio Indices (TMPI) are provided by Enhance MPI Limited as a STEP Member Service. The service is independent and free for STEP Members and Private Client Practitioners. The indices have been designed to be used as performance benchmarks by STEP Members through the use of clearly defined risk parameters, naturally aligned to fiduciary responsibilities. These are maximum drawdown and volatility.

The indices are produced in GBP, EUR and USD with three risk levels:

Low risk – Suitable for risk averse investors, with potentially a shorter-term investment horizon of 3 years or less. Portfolios within this risk profile should exhibit annualised volatility of <6% and should not suffer a drawdown of more than 10%.

Medium risk – Suitable for medium risk investors, with potentially a medium-term investment horizon of between 3 and 10 years. Portfolios within this risk profile should exhibit annualised volatility between 6% and 10%, and should not suffer a drawdown of more than 20%.

High risk – Suitable for higher risk investors, with potentially a longer-term investment horizon in excess of 10 years. Portfolios within this risk profile should exhibit annualised volatility of more than 10% and may suffer a drawdown of more than 20%.

Investment managers submit portfolio data into the most appropriate risk profile based on the underlying strategy and profiles of the discretionary portfolios. Individual account performances are aggregated into an overall return for each investment manager within a risk profile and currency combination. Thereafter the returns from all subscribing managers are aggregated on a monthly basis into the overall index, using an equal weighting methodology so that no one manager has an undue influence on the overall index. Monthly returns are compounded to produce longer term statistics. The end result is a range of risk profiles which provide a very useful reference point for someone acting in a fiduciary capacity, and demonstrate the average client experience derived from an investment manager providing a strategy which broadly fits the characteristics of TMPI.

With regards to the data that is submitted, these are categorised as the following:

A: Actual client data for all clients, and therefore wholly reliable

B: Actual client data for a sample set of relevant clients, and therefore should be generally reliable

C: Model client data which may not be wholly representative of client returns (Model data does not feed in to the index)

General Enquiries

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