

THE MANAGED PORTFOLIO INDICES (MPI)

A STEP MEMBER SERVICE

MPI is available as a STEP Member Service and is distributed free to STEP members. Its core aim is to bring about transparency and a commonality of language between the trustee and discretionary investment management professions with regard to communicating investment risk and understanding investment returns. The MPI indices are truly objective as they provide guidance as to whether the manager has performed in line with other managers in their peer group who are employing similar amounts of risk to achieve returns.

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 a fiduciary's role. These are maximum drawdown and volatility, using an averaged measure of standard deviation

CONTACTS

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MPI is a service provided by MP Analytics Ltd, registered in Jersey with company number 109905
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THE INDEX SERIES

The Managed Portfolio Indices (MPI), launched as a STEP Member service and free to STEP Members, show the performance of a peer group of investment portfolios that are managed on a discretionary basis on behalf of persons acting in a fiduciary capacity. The core aim of MPI is to bring about transparency and understanding between the trustee and discretionary investment management professions with regard to communicating investment risk and understanding investment returns.

The Indices have been designed to be used by STEP Members as performance benchmarks. These incorporate clearly defined risk parameters, which naturally align with the fiduciary role, using the parameters of maximum drawdown and volatility.

The Global Indices are produced in EUR, GBP 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 <5% 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 5% and 8%, and should not suffer a drawdown of more than 20%.

HIGH RISK

10 years or greater investment horizon, volatility 8% or greater and potential draw-downs of 20% or greater which may result in larger loss over the investment period.

THE MPI REPORTS

The MPI Performance Report

This report provides information on how the indices have performed and the level of volatility they have exhibited. The report also demonstrates the average asset and currency allocations across the indices.

Investment Managers who are members of the service will be listed within the report.

The MPI performance reports are free to STEP members worldwide.

The MPI Manager Report

The MPI manager reports are available only to the individual managers who are in charge of their distribution to existing and potential clients. The reports show performance of the individual manager over a 1, 3 and 5 year rolling period compared with the overall peer group. The asset and currency allocation compared with the overall peer group is also graphically represented on the reports.

THE MPI Focus List

Trustees and Private Client Practitioners may create a bespoke report detailing the performance of any of the MPI subscribing investment managers by request.

The Focus list allows users of the indices to select and monitor a specific group of the subscribing investment managers by means of a quarterly report outlining their performance and risk statistics, enabling members to quickly manage and assess critical data for their selected managers.

DATA INTEGRITY

The type of data submitted is at the discretion of the manager and will be categorised as one of the following subsets:

- A Actual client returns for all eligible portfolios.
- B Actual client returns for a significant sample of portfolios.
- C Model Performance. Where the clients' portfolios generally follow a model or house view but may be bespoke or tailored to individual circumstances.

N.B. Category C data is available to view but not used in the index calculation.

MEMBER COST

Managers will be charged an annual membership fee in accordance with their assets under management (AUM). The division of these is as follows:

| AUM [£] | Fee |
|-------------|--------------|
| Below £1Bn | £4,500 p.a. |
| £1Bn - £3Bn | £9,500 p.a. |
| Above £3Bn | £16,500 p.a. |

SUBSCRIBER MEMBERS

- ✓ Benefits to MPI subscribing investment managers:
- ✓ Alignment with the STEP Member service
- ✓ Ability to market to 22,000 STEP Members
- ✓ Name recognition through STEP publications and electronic media
- ✓ Use of STEP Member Service brand
- ✓ Bespoke profile page on the MPI website
- ✓ Peer group reports
- ✓ Individual manager reports
- ✓ Listed for inclusion on the MPI Monthly Focus List
- ✓ Monthly estimate reports
- ✓ Ability to manage mandates in accordance with client needs
- ✓ Provides transparency of performance reporting MPI training sessions for STEP branches