



Portfolio Evaluation Limited Specialists in Investment Risk and Return Evaluation

An Overview

Founded in 2002, Portfolio Evaluation Ltd is an employee owned company specialising in portfolio investment risk and return measurement, attribution and analysis. Our service analyses all asset classes culminating with the results and profile of the Total Fund. Our clients include pension funds, charities, insurance companies, investment managers and investment consultants located in both the United Kingdom and Europe.

We provide a range of sophisticated investment portfolio monitoring and analysis services that provide our clients with both the key results and detailed analysis so that they can answer these essential questions:

- Has the portfolio and Fund met the objectives?
 - What is the investment return?
 - How much risk is there?
 - Has the portfolio been managed within its constraints?
 - Has the portfolio been rewarded for the risk that has been taken?
 - How efficient is the portfolio?
 - Has the portfolio provided value for money?
 - How complimentary are the managers?
- Is the portfolio being managed as expected?
 - What are the sources of risk and return?
 - Are they consistent with the expected style and process?
 - What are the drivers behind return and risk?
 - Is there anything unexpected influencing the portfolio?

Whilst our range of services incorporate reporting focusing on key and summary results we are also recognised as a provider of detailed portfolio risk and return analysis on behalf of institutional investors.

Services

We provide three services to our clients. All incorporate a variety of analysis methodologies, reporting options and client tailored reporting.

Portfolio Evaluation Risk and Return Analysis Service – This is our core product used by clients to measure the risk and return of their Fund, portfolios, benchmarks and objectives. It is typically produced on a quarterly basis, although monthly summary reporting is popular with many of our clients. Reports include summary portfolio risk and return information, risk and return attribution, style, portfolio characteristics, transaction and stock analysis.

Portfolio Evaluation Reporting Service – This is a service providing summary level analysis including fund, portfolio and asset class returns, attribution and risk analysis.

Portfolio Evaluation Analytics – This service includes extended style, trading and holdings analysis. Also available is scenario analysis that is used to evaluate the impact on the fund structure of reweighted manager allocations, additional managers and asset classes, and new strategic and tactical investment strategies.

As the client is able to decide on the content of their reports our services can incorporate one or both of:

- Reports focussed on key and summary results
- Reports focussed on the provision of detailed portfolio return and risk information

This is due to our transparent reporting and our ability to generate reports from stock level data.



Reporting

We recognise that all clients are different and that needs change over time, therefore we tailor our service to meet client requirements. This involves:

- Flexible reporting and meeting schedule focused on client deadlines
- Client bespoke reporting

We view ourselves as providing a service, not just a reporting function, therefore we use reports combined with regular meetings and contact with our senior personnel to ensure that our clients are able to identify and discuss the portfolio's results, structure and dynamics with trustees, investment advisors, consultants and investment managers.

Due to our analytical rigour, reporting structure and flexibility we consider our services as enhancing:

- Client reporting and governance procedures
- Improving the monitoring and decision making function of our clients
- Improving and aiding dialogue between clients, investment managers, consultants etc

Reporting is available via PE Online, our web based system, e-mail and / or hardcopy.

Philosophy

Our corporate philosophy incorporates a variety of themes.

Reporting must match the 3 'I's and be informative, interpretable and incisive. This has resulted in:

- Our using a range of analytical tools to calculate and attribute the sources of risk and return.
- Our offering a client tailored reporting service. We recognise that no two clients are the same and that requirements change over time, therefore we offer a reporting service that is focussed on meeting the individual needs of our clients.

We believe that understanding the risk within a portfolio is as important as understanding the

return of a portfolio. Used appropriately return analysis informs us about what has happened, risk analysis can inform clients about what is currently happening, and by combining both risk and return we can gain insights into the efficiency of the portfolio's management.

We believe that it is important to analyse both the Fund and its underlying managers equally rigorously. It is accepted that portfolios are constructed to include significant style and structural biases, however it is also evident that many Total Funds incorporate, sometimes unknowingly, such biases due to the underlying combination of investment managers. Therefore it is essential that these biases are identified, monitored, analysed and evaluated.

Methodology and Process

Our methodology and process is both bottom up and top down.

The core building block is our ability to generate daily valuations, stock and portfolio returns from our systems. This includes our independently pricing listed and liquid instruments (an unofficial audit). Additionally wherever possible and practical we collect and process the holdings of unitised funds held within portfolios.

Producing daily valuations provides us with a detailed and accurate foundation from which to complete our return, risk and attribution analysis that is also calculated daily. Our reporting systems then generate the portfolio results over the appropriate time periods in the required formats as required by our clients.

Finally we review the results relative to market events and the style and process of the investment manager.

For further information

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