

Inside Architas

BEYOND THE NUMBERS

25 OCTOBER 2019



This presentation is for professional clients only.



SHELDON MACDONALD, ARCHITAS
Deputy CIO

ARCHITAS INVESTMENT PROCESS



INVESTMENT TEAM

MEET THE PEOPLE

JAIME ARGUELLO
Chief Investment Officer



LUCKY PANNA
PA to Jaime Arguello



ARCHITAS FRANCE



REMI LAMBERT
CIO - France



ANTOINE MACHADO
Deputy Chief Investment Officer



MAKIS AGOROS
Senior Investment Manager



PIERRE JEAN MARCON
Senior Investment Manager



DIDIER BOUBLIL
Investment Manager



THOMAS PAUGAM
Investment Manager



PAUL-HENRI BAYART DE GERMOND
Investment Manager



JEREMY MAMBO
Financial Engineer



ANTONI GIANNUZZI
Investment Analyst

ARCHITAS UK



SHELDON MACDONALD
Deputy Chief Investment Officer
Global equities



JULIE LAMIREL
Senior Investment Manager
Global investment grade bonds



SEAMUS LYONS
Senior Investment Manager
High yield bonds



NATHAN SWEENEY
Senior Investment Manager
US equities



STEPHEN ALLEN
Head of Investment Governance
& Dealing



SOLOMON NEVINS
Senior Investment Manager
Alternatives



MAYANK MARKANDAY
Senior Investment Manager
*Alternatives, UK fixed interest
& convertibles*



PELA STRATAKI
Investment Manager
*Absolute return & emerging
market debt*



ALEX BURN
Investment Manager
Asian equities & passive equities



QUENTIN DE BOTTINI
Investment Manager
Emerging market equities



JEN CAUSTON
Investment Manager
UK equities & property



SHAYAN RATNASINGAM
Investment Analyst
*Money markets & Global thematic
strategies*



TOM WOODFIELD
Environmental, Social and
Governance Analyst



RICHARD CHIANG
Quantitative Analyst



ELISA PISCOPIELLO
Investment Dealing Assistant



PRIYANKA KALIA
Investment Performance
& Reporting Analyst

ARCHITAS IRELAND



NIALL MCDONNELL
Senior Investment Manager
Global aggregate bonds



RICHARD BYRNE
Investment Manager
*Quantitative funds & passive
fixed income*

INVESTMENT PROCESS

STEPS



STRATEGIC ASSET ALLOCATION (SAA)

External input



TACTICAL ASSET ALLOCATION (TAA)

Based on short-term market views

Aims to add alpha



PORTFOLIO MANAGEMENT

Allocation within asset classes

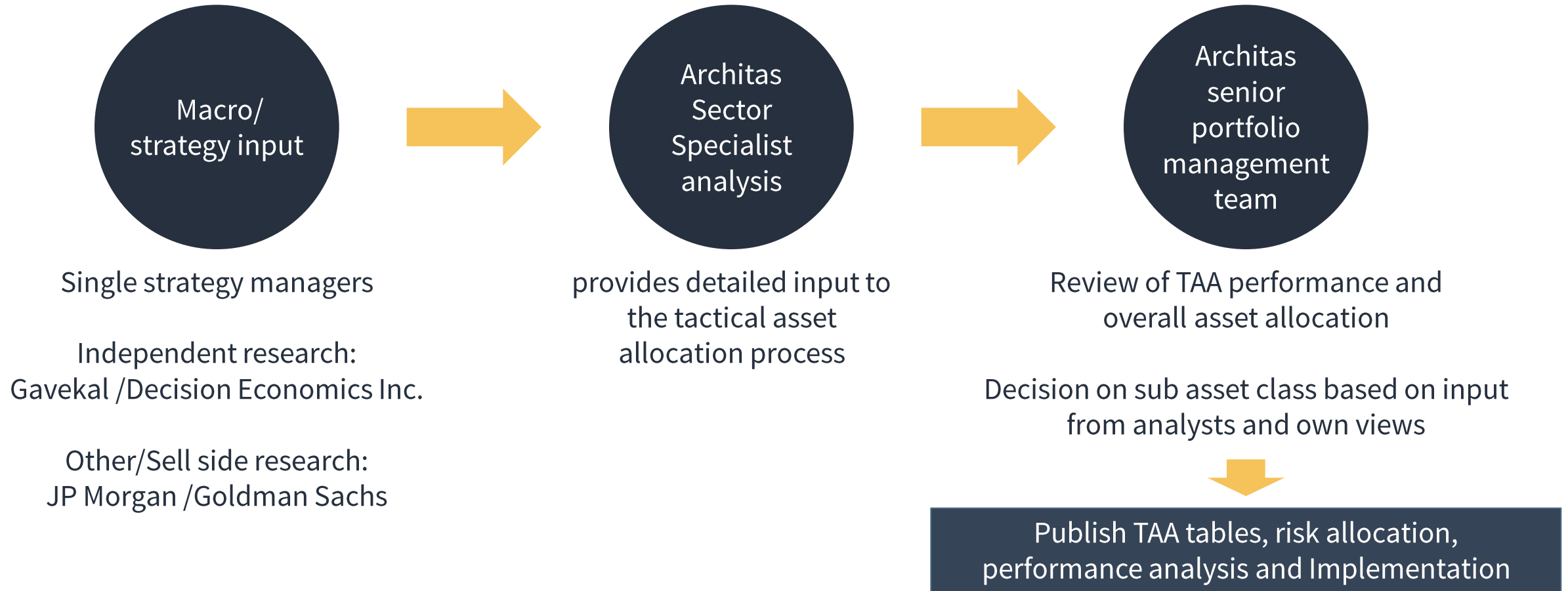


MANAGER SELECTION

Looking for consistent Alpha generation

TACTICAL ASSET ALLOCATION

PROCESS



MANAGER SELECTION PROCESS

PRINCIPLES



Consistent quantitative and qualitative approach
MOSAIQUE by ARCHITAS®



Classification of managers according to relative risk



Due diligence conclusions expressed in the form of qualitative scorings



Formal manager approval and reviews



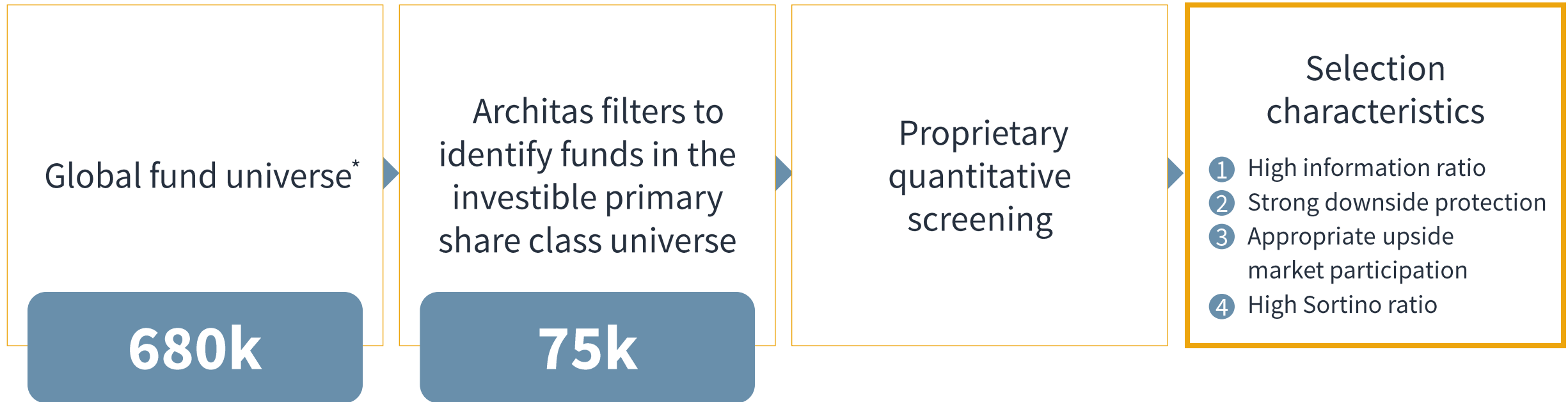
Specialisation of analysts



Standardised manager monitoring

SCREENING

MOSAIQUE BY ARCHITAS[®]



Source: Architas/Morningstar as at 24.07.2019. *Includes all available share classes, closed ended funds, ETFs and other investment vehicles.

UK EQUITY QUANT SCREEN

01/09/2012 - 31/08/2017	Model Weighting	Performance Consistency				Information Ratio	Up:Down Capture	Sortino Ratio
		10%	10%	5%	5%	30%	30%	10%
Overall Ranking (out of 244)	Fund Name	Information Ratio Percentile	Down Capture Ratio Percentile	Up Capture Ratio Percentile	Sortino Ratio Percentile	Information Ratio Percentile	Up:Down Capture Ratio Percentile	Sortino Ratio Percentile
1	Evenlode Income	0.10	0.72	0.33	0.36	0.04	0.15	0.01
2	CF Lindsell Train UK Equity	0.63	0.63	0.75	0.50	0.07	0.00	0.07
3	CF Miton UK Multi Cap	0.30	0.79	0.87	0.94	0.05	0.02	0.02
4	River and Mercantile UK Dynamic	0.53	0.55	0.91	0.85	0.07	0.00	0.09
5	JOHCM UK Dynamic	0.66	0.84	0.55	0.92	0.01	0.00	0.01
6	Montanaro UK Income	0.13	0.63	0.88	0.81	0.11	0.08	0.13
7	Threadneedle UK Extnd Alpha	0.45	0.08	0.66	0.08	0.15	0.25	0.23
8	Investec UK Alpha	1.00	0.34	0.96	0.91	0.05	0.05	0.05
9	Majedie UK Focus	1.00	0.71	0.66	0.79	0.03	0.03	0.03
10	Royal London UK Equity Income	0.97	0.15	0.72	0.79	0.02	0.22	0.07

Source: Architas, as at 31.08.17.

QUALITATIVE RESEARCH

RESEARCH TOOLS



BLOOMBERG PORT

Ex-ante risk analysis, scenario analysis and performance attribution

Bloomberg



STYLE RESEARCH

Holdings based risk and style analysis of equity portfolios



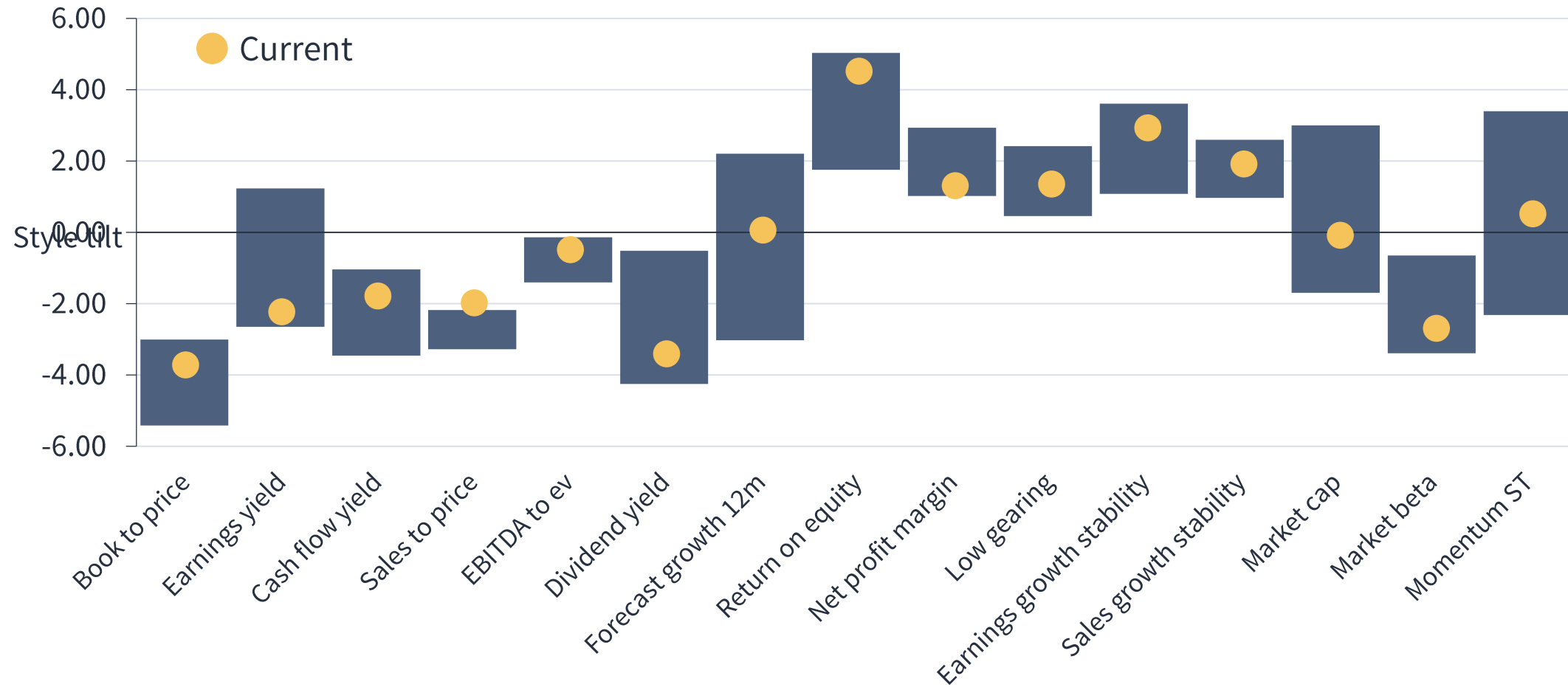
MORNINGSTAR

Portfolio performance attribution, sector exposure and ex-post risk analysis



FUND INVESTMENT STYLE

EVENLODE UK INCOME FUND - STYLE SKYLINE RANGE



Source: Style Research, as at 10.2019. This is for illustrative purposes only.

QUALITATIVE RESEARCH

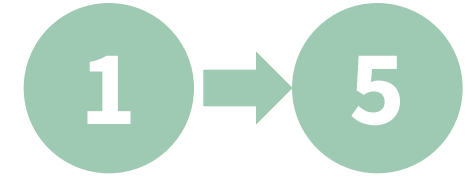
QUESTIONNAIRES AND FACE-TO-FACE MEETINGS

Team	Process	Performance
<p>What unique skills do the manager and relevant team members have?</p> <p>Does the manager have additional responsibilities which could act as a distraction?</p> <p>Is the manager incentivised to raise assets?</p>	<p>How is the process differentiated from other funds in the sector?</p> <p>What are the key metrics driving security selection?</p> <p>Are sells/trims based on systematic factors?</p>	<p>Is performance consistent with process (consider track record and performance attribution)?</p> <p>How does the manager/team manage losses?</p> <p>How would the fund be expected to perform during different points in the market cycle?</p>

Approximately 1,000 face-to-face meetings every year

FUND APPROVAL

FUND MANAGERS ARE ASSESSED ON THREE MAIN CRITERIA



TEAM

- Resources
- Experience
- Additional responsibilities
- Remuneration structure

PROCESS

- Differentiator vs. peers
- Key metrics driving selection
- Portfolio construction decisions add value

PERFORMANCE

- Consistent with the process
- Strategy that supports downside protection
- Track record and return attribution

FUND RECOMMENDATION

- Must achieve 3 or above
- Architas Fund Approval Forum
- Architas buy list

TB EVENLODE INCOME FUND

FUND BUY EXAMPLE

architax



QUALITY

Strong focus on growth
Differentiated from other 'quality' income funds by setting a higher bar for 'quality'



STOCK SELECTION

Companies selected for high and sustainable return on equity, return on assets, return on invested capital and cash flows



DIVIDENDS

Typically invests in asset-light companies with superior pricing power and strong cash flows that should support progressive dividends



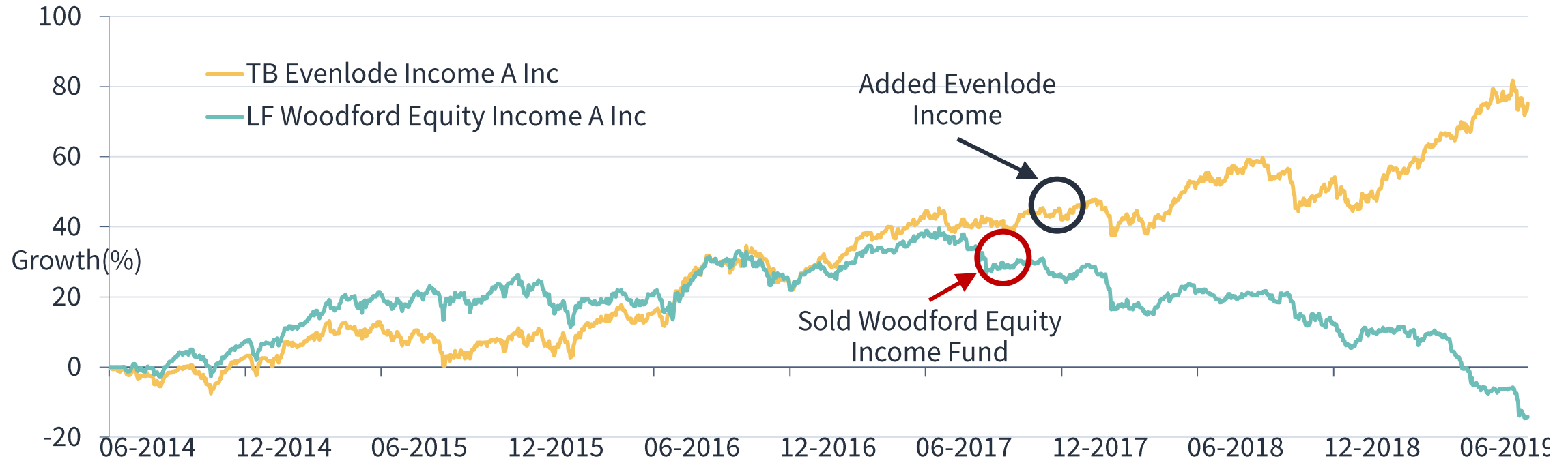
PEOPLE

Boutique firm – fund managed by founders of Evenlode
Collegiate team leads to low turnover of staff

Past performance is not a guide to future performance. The value of investments, and any income, can go down as well as up and your client may not get back the amount they invested.

UK EQUITY FUND SELECTION OUTPUT

FUND SELECTION CHANGES IN ACTIVE-RISK PROFILED FUND RANGE



Source: Morningstar, as at 19.08.2019. Past performance is not a guide to future performance. The value of investments, and any income can go down as well as up and your client may not get back the amount they invested.

RISK MANAGEMENT

THE ARCHITAS CONTROL FRAMEWORK | DISCUSSIONS

DAILY Risk Monitoring	WEEKLY Fund Review	MONTHLY Investment Committee	QUARTERLY Quarterly Fund Review (QFR)
<p>Fund specific risk</p> <p>Portfolio construction</p> <p>Sector/Regional allocation</p> <p>Fund position size and liquidity</p> <p>Portfolio guidelines and constraints, regulatory requirements</p>	<p>Risk metrics including beta, tracking error & risk band monitoring</p> <p>Consistency of risk/return</p> <p>Liquidity and concentration</p> <p>Asset allocation</p>	<p>Ex-post & ex-ante tracking errors vs. target ranges</p> <p>Return distribution/risk model analysis</p> <p>Trading activity & compliance</p> <p>Performance review</p>	<p>Performance</p> <p>Risk metrics including beta & tracking error</p> <p>Performance attribution</p> <p>Portfolio concentration</p> <p>Liquidity, trading & style factors</p>
<p>Portfolio Manager/Risk & Compliance</p>	<p>Chief Investment Officer</p>	<p>Chief Investment Officer /Head of Investment Risk</p>	<p>Chief Investment Officer/Architas Board</p>

Architas Operational Due Diligence team undertake due diligence on instruments in which the Investment Team invests, with a focus on:



A CULTURE OF COMPLIANCE & MANAGEMENT OF CONFLICTS OF INTEREST



A GOOD CONTROL & RISK MANAGEMENT ENVIRONMENT



OPERATIONAL INTEGRITY



SEGREGATION OF DUTIES BETWEEN INVESTMENT & OTHER TEAMS



A CULTURE OF ACCOUNTABILITY TO THE END INVESTOR

IMPORTANT INFORMATION

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The value of investments and the income from them can fall as well as rise and is not guaranteed which means your client could get back less than they invest. Past performance is not a guide to future performance. Investments in newer markets, smaller companies or single sectors offer the possibility of higher returns but may also involve a higher degree of risk. The value of investments can fall as well as rise purely on account of exchange rate fluctuations.

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More information about our use of funds from strategic partners and in-house managers is available at architass.com/inhousestratpartners/