



Historic Returns - A Guide

January 2018



Introduction

This guide provides advisers and investors with illustrative information to help align expectations of the risks and rewards of investments with historic evidence.

It is important to realise that past performance does not provide any guarantee of future performance. However, it may be useful to understand how the different risk categories have performed in the past and how this relates to future expectations.

The document is designed to promote discussion between an adviser and their investor in order that objectives and expectations are reasonable, based on a historic reality check. The historic period used is from 1 January 1994 and therefore, covers a number of economic and stock markets cycles.

The following information provides a brief description of the elements used for each risk category.

Each category has been designed using a blend of equities in different regions, bonds and cash according to the Strategic Asset Allocations of the four Future Money funds and two blended strategies, which each represent a regularly rebalanced portfolio with equal allocations to the two funds in question (Real Value & Real Growth and Real Growth & Dynamic Growth). The strategic weighting does not change and is designed to be appropriate to each category based on long term data. However, it does not mean that only this mix of assets is appropriate to each category. Active managers may alter the allocation in the short term in order to try and gain an added advantage. Providing risk controls are in place there is no reason why this would not also be appropriate, however it is the responsibility of the financial adviser to assess the suitability of any portfolio to an investor's risk profile.

Category Description

This section provides a descriptive summary of the risk category and the type of investor that is likely to be invested in line with this level of risk.

Discrete Annual Returns

Discrete annual returns show the level of performance that the risk category would have provided over each of the last five calendar years.

Assets and Portfolio Construction

This section provides a list of some of the main assets that are likely to appear in a portfolio constructed in line with this risk category. In addition, a brief summary is provided of the maximum weightings in equities or type of assets that will mainly influence the risk category.

The list and summary is not exhaustive and should not be used as a guide to creating a portfolio. It is essential that portfolios are well constructed and diversified, which is outside of the scope of this guide.

Investment Growth

Investment growth illustrates how the value of £1000 would have changed over time had it been invested at the start of the period. Investors should look at the falls in value as well as the overall rate of growth.

Market Performance

This section provides information on the average returns achieved during positive and negative months, as well as detailing the losses experienced during the worst month in the time period shown.

Drawdown

The information on the left of the report provides the maximum amount that has been historically lost by this strategy, taking the highest point and the next lowest point. The data also provides the time period that the maximum losses were sustained, and the time it has taken to recover from these losses, measured in months. You should note that this does not provide any guarantee regarding the maximum loss or the length of time that losses may be sustained.

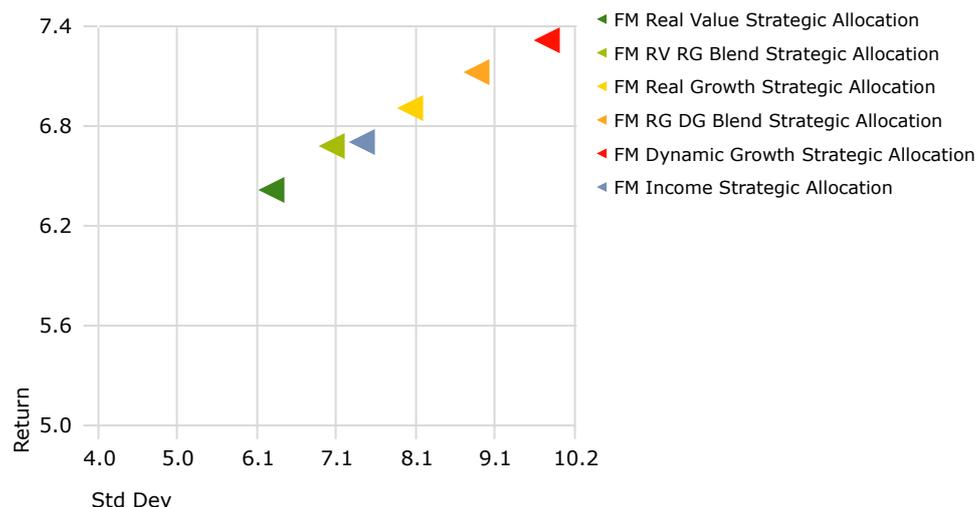
The chart on the right shows the historic drawdown periods, graphically.

Distribution of Monthly Returns

The chart illustrates the distribution of monthly returns. The vertical axis shows the number of months that the level of return occurred and the horizontal axis shows the monthly return. The more concentrated the returns are around one point, the more predictable the returns have been in the past. If the chart has a wide spread then the return in any one month is likely to be unpredictable.

Annualised Returns vs Monthly Volatility

Time Period: 01/01/2008 to 31/12/2017



Real Value Strategic Asset Allocation

When used as the foundation of an actively managed, diversified portfolio of investments the asset allocation is intended to provide long term capital growth with the objective of retaining the real value of the investment despite the effects of inflation. The asset allocation will be appropriate for a cautious investor.

Category Description

- Investors willing and able to take a low level of risk in order to make additional gains
- Volatility of returns should be low with monthly deviations close to the average
- Short and medium term losses may be experienced, however, they should be low (typically less than 5%. Since 1994 there has been three occasions where losses have exceeded 5%, however, all losses have been recovered within two years)

Assets and Portfolio Construction

- Diversified portfolio consisting of bonds, cash and up to c. 40% in equities
- Within equity a bias towards large dividend paying businesses on the UK stock market, but also with allocation to defensive international assets

Market Performance

Time Period: 01/01/1994 to 31/12/2017

Average Monthly Gain	1.50
Average Monthly Loss	-1.22
Best Month	5.25
Worst Month	-5.14
Average Annual Return	6.86

Drawdown

Time Period: 01/01/1994 to 31/12/2017

Max Drawdown	-9.96
Max Drawdown # of Months	5
Max Drawdown Recovery # of Months	11
Average Drawdown	-3.22

Drawdown Explanation

The table above shows the maximum drawdown and how many months it lasted, as well as the period to recover these largest losses. In addition, the table shows the average drawdown experienced. Drawdown is the losses experienced by an investor had they invested at the start of the period, which is shown in the table. The graph to the right illustrates the periods of loss and recovery through time.

Distribution of Monthly Returns

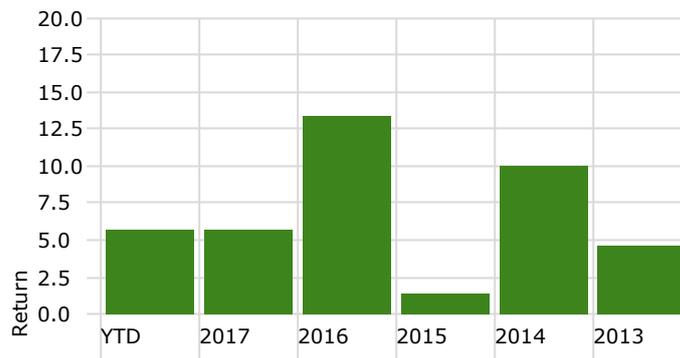
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Important Information

Past performance is based on the composition of indices detailed in the appendix.

The value of investments can fall as well as rise. Past performance is no guarantee of future performance.

Discrete Annual Returns



■ FM Real Value Strategic Allocation

Investment Growth

Time Period: 01/01/1994 to 31/12/2017



■ FM Real Value Strategic Allocation

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Drawdown

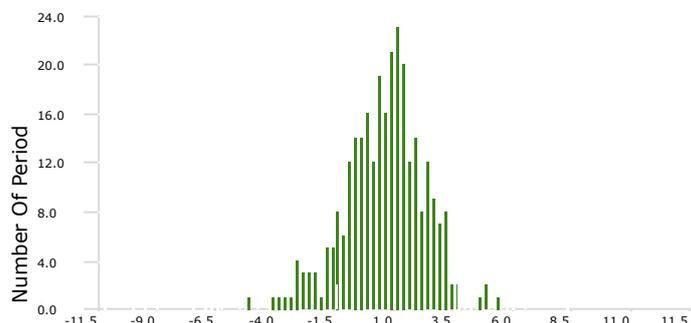
Time Period: 01/01/1994 to 31/12/2017



■ FM Real Value Strategic Allocation

Return Distribution

Time Period: 01/01/1994 to 31/12/2017



■ FM Real Value Strategic Allocation

Monthly Return

Real Value/Real Growth Strategic Asset Allocation

When used as the foundation of an actively managed, diversified portfolio of investments the asset allocation is intended to provide long term capital growth with the objective of retaining or increasing the purchasing power of the investment by growing at or ahead of the rate of inflation. The asset allocation will be appropriate for a lower to medium risk investor.

Category Description

- Investors willing and able to take a low to medium level of risk in order to make additional gains
- Volatility of returns should be moderately low with monthly deviations close to the average
- Losses may be experienced over the medium term (typically less than 10%. Since 1994 there has been three occasions where losses have approached or exceeded 10%, however, all losses have been recovered within a five year time scale)

Assets and Portfolio Construction

- Diversified portfolio consisting of bonds, cash and up to c. 50% in equities
- Within equity a bias towards large dividend paying businesses on the UK stock market, but also with allocation to defensive international assets

Market Performance

Time Period: 01/01/1994 to 31/12/2017

Average Monthly Gain	1.71
Average Monthly Loss	-1.41
Best Month	5.49
Worst Month	-5.44
Average Annual Return	7.07

Drawdown

Time Period: 01/01/1994 to 31/12/2017

Max Drawdown	-14.86
Max Drawdown # of Months	25
Max Drawdown Recovery # of Months	24
Average Drawdown	-3.99

Drawdown Explanation

The table above shows the maximum drawdown and how many months it lasted, as well as the period to recover these largest losses. In addition, the table shows the average drawdown experienced. Drawdown is the losses experienced by an investor had they invested at the start of the period, which is shown in the table. The graph to the right illustrates the periods of loss and recovery through time.

Distribution of Monthly Returns

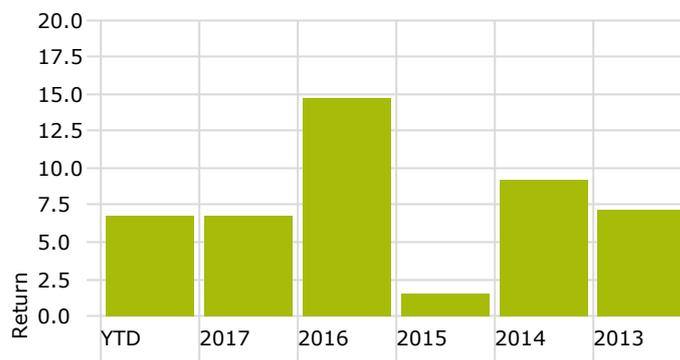
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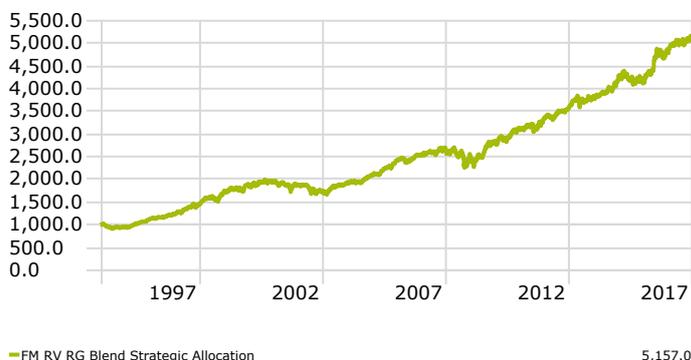
Discrete Annual Returns



FM RV RG Blend Strategic Allocation

Investment Growth

Time Period: 01/01/1994 to 31/12/2017



Drawdown

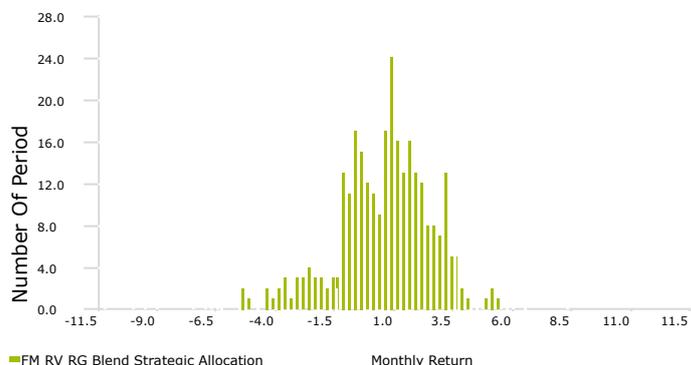
Time Period: 01/01/1994 to 31/12/2017



FM RV RG Blend Strategic Allocation

Return Distribution

Time Period: 01/01/1994 to 31/12/2017



FM RV RG Blend Strategic Allocation

Monthly Return

Real Growth Strategic Asset Allocation

When used as the foundation of an actively managed, diversified portfolio of investments the asset allocation is intended to provide long term capital growth with the objective of increasing the purchasing power of the investment by growing ahead of the rate of inflation. The asset allocation will be appropriate for a medium risk investor.

Category Description

- Investors willing and able to take a medium level of risk in order to make additional gains
- A degree of volatility should be expected which will cause the value of the portfolio to rise and fall
- Losses may be experienced over the medium term (typically less than 15%. Since 1994 there has been two occasions where losses have exceeded 15%, however, all losses have been recovered within a five year time scale)

Assets and Portfolio Construction

- Diversified portfolio consisting of bonds, cash and up to c. 60% in equities
- Within equity a bias towards large businesses on the UK stock market, but also with allocation to international assets

Market Performance

Time Period: 01/01/1994 to 31/12/2017

Average Monthly Gain	1.93
Average Monthly Loss	-1.68
Best Month	5.72
Worst Month	-6.51
Average Annual Return	7.26

Drawdown

Time Period: 01/01/1994 to 31/12/2017

Max Drawdown	-21.05
Max Drawdown # of Months	29
Max Drawdown Recovery # of Months	23
Average Drawdown	-4.89

Drawdown Explanation

The table above shows the maximum drawdown and how many months it lasted, as well as the period to recover these largest losses. In addition, the table shows the average drawdown experienced. Drawdown is the losses experienced by an investor had they invested at the start of the period, which is shown in the table. The graph to the right illustrates the periods of loss and recovery through time.

Distribution of Monthly Returns

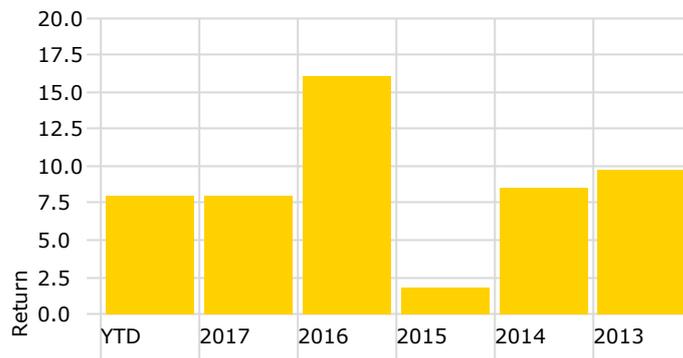
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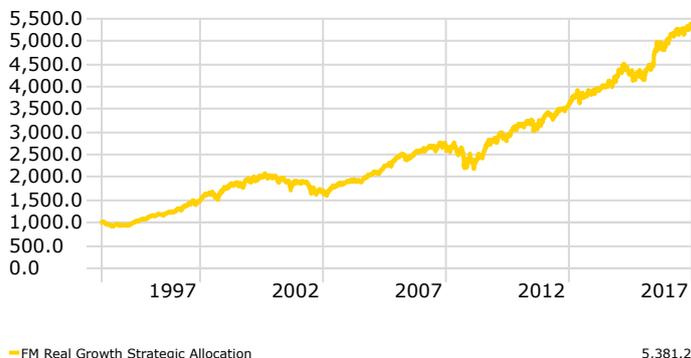
Discrete Annual Returns



FM Real Growth Strategic Allocation

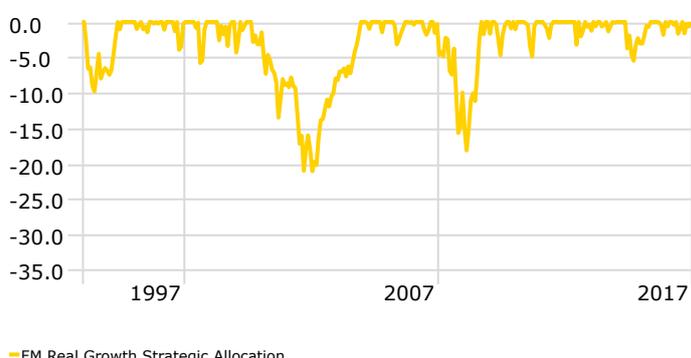
Investment Growth

Time Period: 01/01/1994 to 31/12/2017



Drawdown

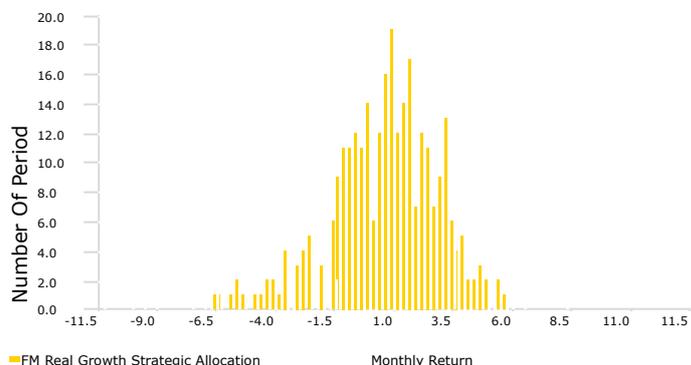
Time Period: 01/01/1994 to 31/12/2017



FM Real Growth Strategic Allocation

Return Distribution

Time Period: 01/01/1994 to 31/12/2017



FM Real Growth Strategic Allocation

Monthly Return

Real Growth/Dynamic Growth Strategic Asset Allocation

When used as the foundation of an actively managed, diversified portfolio of investments the asset allocation is intended to provide long term capital growth with the objective of increasing the purchasing power of the investment by growing ahead of the rate of inflation. The asset allocation will be appropriate for a medium to higher risk investor.

Category Description

- Investors willing and able to take a medium to high level of risk in order to grow the real value of their portfolio
- Volatility will cause the value of the portfolio to frequently rise and fall
- Losses may be experienced over the medium term (typically less than 20%. Since 1994 there have been two occasions where losses have exceeded 20%, however, all losses were recovered within a five year timescale)

Assets and Portfolio Construction

- Diversified portfolio consisting of bonds, cash and up to c. 72.5% in equities
- Within equity a bias towards businesses on the UK stock market, but also with significant allocation to international assets

Market Performance

Time Period: 01/01/1994 to 31/12/2017

Average Monthly Gain	2.06
Average Monthly Loss	-1.99
Best Month	5.99
Worst Month	-7.33
Average Annual Return	7.40

Drawdown

Time Period: 01/01/1994 to 31/12/2017

Max Drawdown	-25.70
Max Drawdown # of Months	29
Max Drawdown Recovery # of Months	28
Average Drawdown	-5.58

Drawdown Explanation

The table above shows the maximum drawdown and how many months it lasted, as well as the period to recover these largest losses. In addition, the table shows the average drawdown experienced. Drawdown is the losses experienced by an investor had they invested at the start of the period, which is shown in the table. The graph to the right illustrates the periods of loss and recovery through time.

Distribution of Monthly Returns

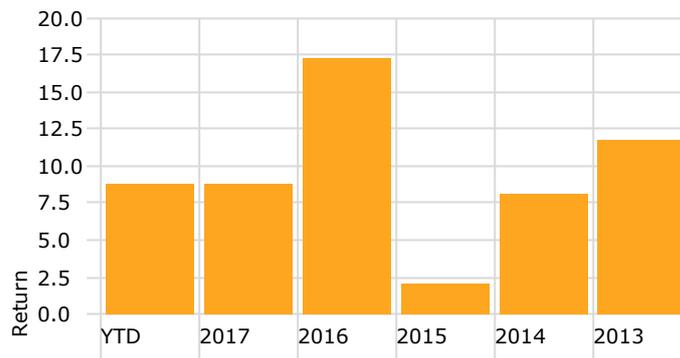
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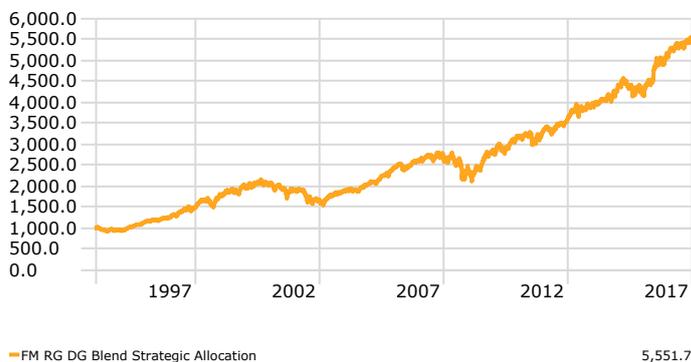
Discrete Annual Returns



FM RG DG Blend Strategic Allocation

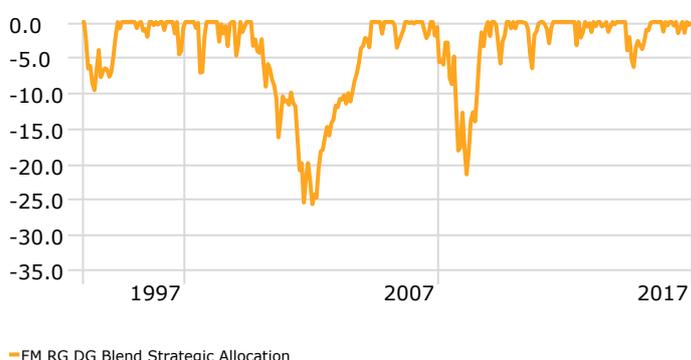
Investment Growth

Time Period: 01/01/1994 to 31/12/2017



Drawdown

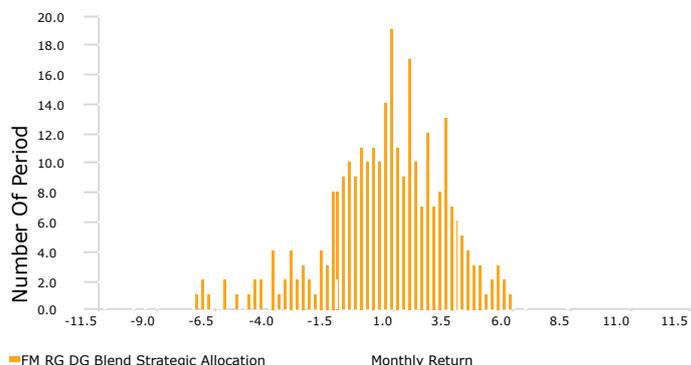
Time Period: 01/01/1994 to 31/12/2017



FM RG DG Blend Strategic Allocation

Return Distribution

Time Period: 01/01/1994 to 31/12/2017



FM RG DG Blend Strategic Allocation

Monthly Return

Dynamic Growth Strategic Asset Allocation

When used as the foundation of an actively managed, diversified portfolio of investments the asset allocation is intended to provide long term capital growth with the objective of significantly growing the value of the investment above the rate of inflation. The asset allocation will be appropriate for a higher risk investor.

Category Description

- Investors willing and able to take a high level of risk in order to grow the real value of their portfolio
- Volatility may be significant with frequent rises and falls
- Significant losses may be experienced over the medium term (typically less than 25%. Since 1994 there have been two occasions where losses have approached or exceeded 25%, however, all losses have been recovered within a five year timescale)

Assets and Portfolio Construction

- Diversified portfolio consisting of bonds, cash and up to c. 80% in equities
- Within equity a bias towards businesses on the UK stock market, but also with significant allocation to international assets, especially those listed in developing markets

Market Performance

Time Period: 01/01/1994 to 31/12/2017

Average Monthly Gain	2.23
Average Monthly Loss	-2.25
Best Month	6.27
Worst Month	-8.34
Average Annual Return	7.53

Drawdown

Time Period: 01/01/1994 to 31/12/2017

Max Drawdown	-30.13
Max Drawdown # of Months	29
Max Drawdown Recovery # of Months	30
Average Drawdown	-6.34

Drawdown Explanation

The table above shows the maximum drawdown and how many months it lasted, as well as the period to recover these largest losses. In addition, the table shows the average drawdown experienced. Drawdown is the losses experienced by an investor had they invested at the start of the period, which is shown in the table. The graph to the right illustrates the periods of loss and recovery through time.

Distribution of Monthly Returns

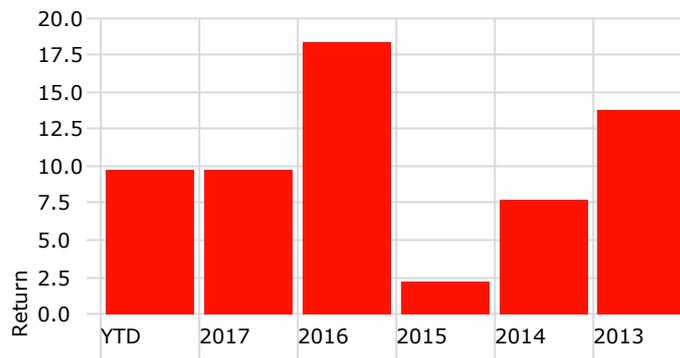
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Discrete Annual Returns



■ FM Dynamic Growth Strategic Allocation

Investment Growth

Time Period: 01/01/1994 to 31/12/2017



■ FM Dynamic Growth Strategic Allocation

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Drawdown

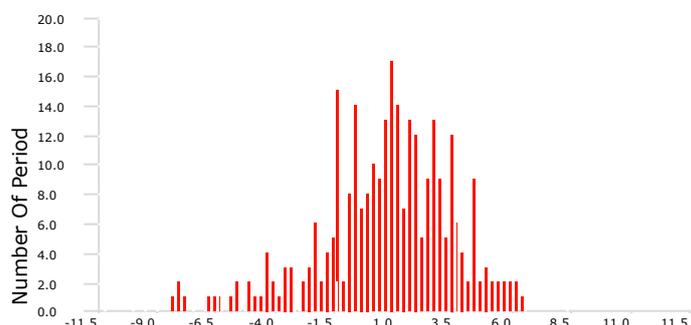
Time Period: 01/01/1994 to 31/12/2017



■ FM Dynamic Growth Strategic Allocation

Return Distribution

Time Period: 01/01/1994 to 31/12/2017



■ FM Dynamic Growth Strategic Allocation

Monthly Return

Income Strategic Asset Allocation

When used as the foundation of an actively managed, diversified portfolio of investments which focuses on assets with significant yield the asset allocation is intended to provide long term capital growth at or above the rate of inflation and an increasing income stream. The asset allocation will be appropriate for an investor seeking income and growth.

Category Description

- Investors willing and able to take a medium level of risk in order to make additional gains and provide an increasing income stream
- A degree of volatility should be expected which will cause the value of the portfolio to rise and fall
- Losses may be experienced over the medium term (typically less than 15%. Since 1994 there has been two occasions where losses have exceeded 15%, however, all losses have been recovered within a five year time scale)

Assets and Portfolio Construction

- Diversified portfolio consisting of bonds, cash, property based investments and up to c. 60% in equities
- Within equity a bias towards large dividend paying businesses on the UK stock market, but also with allocation to international assets
- Emphasis on securities generating a significant level of income, yet not on those which achieve this at the unreasonable detriment of capital value

Market Performance

Time Period: 01/01/1994 to 31/12/2017

Average Monthly Gain	1.75
Average Monthly Loss	-1.60
Best Month	5.22
Worst Month	-6.15
Average Annual Return	7.29

Drawdown

Time Period: 01/01/1994 to 31/12/2017

Max Drawdown	-18.08
Max Drawdown # of Months	16
Max Drawdown Recovery # of Months	10
Average Drawdown	-4.38

Drawdown Explanation

The table above shows the maximum drawdown and how many months it lasted, as well as the period to recover these largest losses. In addition, the table shows the average drawdown experienced. Drawdown is the losses experienced by an investor had they invested at the start of the period, which is shown in the table. The graph to the right illustrates the periods of loss and recovery through time.

Distribution of Monthly Returns

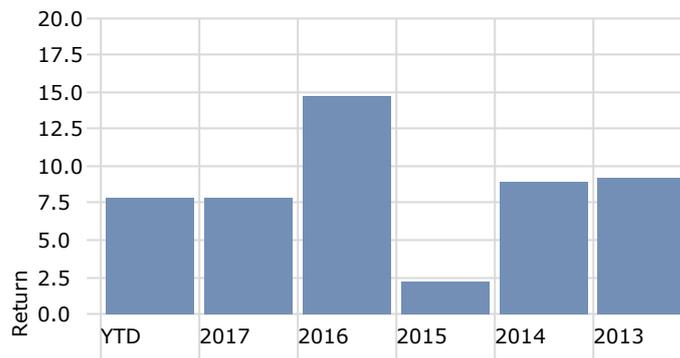
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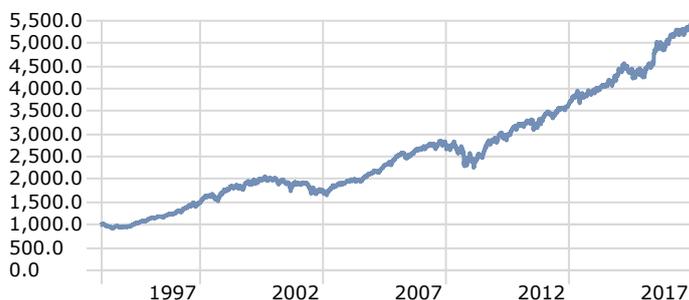
Discrete Annual Returns



■ FM Income Strategic Allocation

Investment Growth

Time Period: 01/01/1994 to 31/12/2017

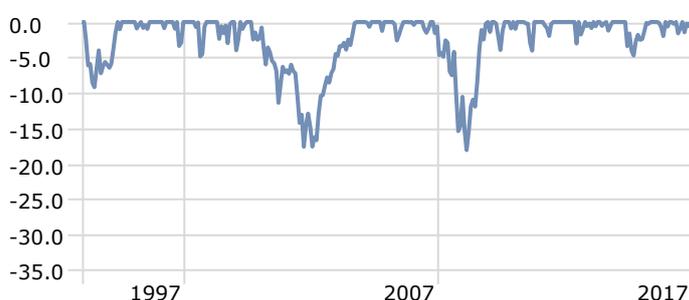


■ FM Income Strategic Allocation

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Drawdown

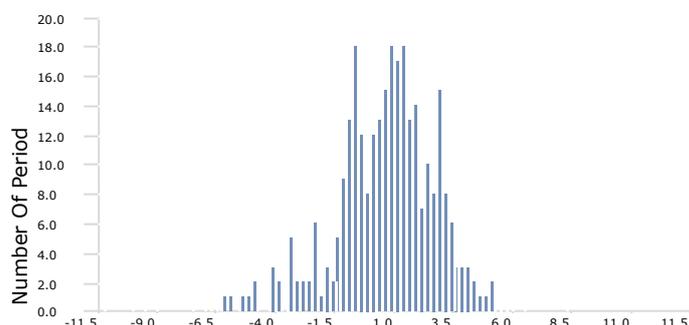
Time Period: 01/01/1994 to 31/12/2017



■ FM Income Strategic Allocation

Return Distribution

Time Period: 01/01/1994 to 31/12/2017



■ FM Income Strategic Allocation

Monthly Return

Important Information

Strategic Asset Allocation Composition

	LIBOR 3 Month GBP	FTSE Gilts All Stocks TR GBP	FTSE AllSh TR GBP	FTSE World Ex UK TR GBP	IPD UK All Property TR GBP
Real Value	4%	61%	25%	10%	0%
Real Value/Real Growth	4%	51%	30%	15%	0%
Real Growth	4%	41%	35%	20%	0%
Real Growth/Dynamic Growth	4%	33.5%	37.5%	25%	0%
Dynamic Growth	4%	26%	40%	30%	0%
Income	4%	41%	35%	15%	5%

The benchmarks above are converted to GBP and include reinvested income. The benchmarks are rebalanced monthly.

Source for all performance data unless otherwise stated: Morningstar Direct - 1 January 1994 to 31 December 2017.

RISK WARNINGS

- The information in this guide is designed to illustrate the Future Money Strategic Asset Allocations. It is intended to help investors and advisers match their risk profile with an appropriate portfolio and does not illustrate Future Money past performance.
- Not all risk scales will be the same. This guide illustrates the scale used by Future Money only. Investors and advisers should not use this guide with any other risk profiling tool.
- The information is not meant as investment advice.
- Past performance is no guarantee of future performance. This guide uses past performance to show the experience of an investor holding a portfolio constructed using the above indices since 1 January 1994. Actual portfolio performance will differ due to charges, manager performance and timing differences.
- The information is intended to illustrate the experience of a portfolio suitable to each risk profile since 1994. The guide does not provide any guarantee that losses will not exceed the historical losses illustrated or provide an expected future return.
- The value of investments can fluctuate and investors may not get back their original investment.
- Investors should consider both their willingness to take risk and their ability to take risk. We strongly recommend that all investors seek financial advice from a qualified adviser before making any investment.

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