







# Margetts Quarterly Risk Profile Update Note

**Q3 2022**



## Summary

Fund	Weighted average asset allocation <sup>^</sup>	Latest historical asset allocation <sup>*</sup>	Comparable DP volatility <sup>†</sup>	Assigned risk profile	Status
Providence Strategy	5 (5)	5 (5)	4 (4)	5	
Select Strategy	6 (6)	6 (6)	5 (5)	6	
International Strategy	7 (7)	7 (8)	7 (7)	8	
Venture Strategy	9 (9)	9 (9)	8 (8)	9	

This quarter, we placed the International Strategy fund on Green and maintained the status of the remaining funds. While on green, it is worth mentioning that it lies on the lower boundary of RP8 and may breach if the risk is reduced slightly in the following quarters.

Each of the remaining solutions continue to lie safely within the assigned boundaries.

We have based our review on the approach that was agreed at the start of the risk profiling service and used the DP capital market assumptions for Q3 2022. There have been no changes to the risk profile boundaries this quarter.

( ) Analysis based on data to the end of March 2022 are shown in brackets.

<sup>^</sup> The weighted average approach incorporates the strategic asset allocation (if applicable) and the distribution of the historical asset allocations.

<sup>\*</sup> This column provides the position of the expected volatility based on the latest historical asset allocation (i.e. 30 June 2022). The figure in brackets illustrates the position of the volatility based on the previous quarter's allocation.

<sup>†</sup> DP has a set of asset allocation models which are managed to operate within each profile's boundaries. This column compares the annualised rolling volatility of each solution to the DP models and shows which model has been closest since inception. The rolling volatility period in each instance is assessed based on the performance data provided.

Please see Appendix for the Red, Amber & Green status descriptions.

## Comments and notes from previous reviews

### Q2 2022

This quarter we have placed the International Strategy fund on Amber. The risk level of this solution has been fluctuating between a high RP7 and low RP8 for over a year now. It had breached the lower boundary in the months of November and December 2021, and January of this quarter. We will continue to monitor going forward.

### Q1 2022

This quarter we have maintained the green statuses of the solutions.

While on green, the International Strategy has been a low 8 for almost a year and has slightly violated the lower boundary of its risk profile during the last 2 months of the quarter. If this position is maintained during the next quarter, we will place the fund on Amber.

### Q4 2021

This quarter we have maintained the green statuses of the solutions.

There have not been significant changes in expected volatilities of profiles solutions - all of them are safely within assigned risk boundaries.

### Q3 2021

This quarter we have maintained the green statuses of the solutions.

We note that there has been a marginal increase in the expected volatility of International Strategy, however the solution remains very close to the lower boundary of its risk profile. We remain comfortable with the assigned profile.

### Q2 2021

This quarter we have maintained the green statuses of the solutions.

We note that there has been a decline in the expected volatility of International Strategy. The solution was already in the lower regions of risk profile 8, and being an equity product, a small change in the underlying investments which has altered the geographical regions of equity exposure and marginally increased cash has resulted the small but noticeable drop in the expected volatility which has brought it extremely close to the lower boundary of risk profile 8. Fluctuations in the expected volatility of the other three solutions are insignificant.

### Q1 2021

This quarter we have maintained the green statuses of the solutions.

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## Appendix

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### Status descriptions

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A **red** status indicates that the solution's current risk profile is no longer appropriate to the DP scale and that it will be changed at next quarter's review unless action is taken by the asset management team.



An **amber** status indicates that one or more of the measures considered may indicate the possibility of an alternative risk profile. This could be due to short-term tactical positioning within the solution or other market considerations and does not imply that the long-term risk profile should necessarily change.



A **green** status indicates that the solution is in line with the assigned risk profile and no action is needed.

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