Trust Through Partnership

Investment Research Process

INDEPENDENT RESEARCH
FOR INDEPENDENT
FINANCIAL ADVISERS

QUANTQUAL

Money Wise UK®

Growing together, with integrity and respect

www.quantqualuk.co.uk

QuantQual Manager Research: Fund Manager Evaluation for Financial Planners

About us:

At QuantQual Manager Research, we bring extensive experience from within financial planning practices to deliver a comprehensive and client-focused approach to fund manager research. Our team evaluates a broad spectrum of investment solutions, ensuring financial planners can confidently offer their clients the best opportunities.

Our coverage includes:

- Multi-Asset and Single-Asset Class Strategies
- Model Portfolio Services
- Individual Funds
- Active and Passive Investments
- Our Flagship Portfolios

We carefully assess offerings from boutique firms to large institutions, helping our clients access high-quality investments tailored to their needs. Additionally, we offer support in developing centralised investment processes and retirement solutions, alongside our expertise in navigating anti-greenwashing measures for sustainable investing.

The QuantQual Way

We combine **quantitative** and **qualitative** research techniques to deliver deep insights into potential future performance. We ensure that all investment strategies meet rigorous risk management and performance evaluation standards.

Quantitative Analysis:

Our quantitative process uses advanced data tools such as FE Analytics and BlackRock Aladdin to comprehensively analyse performance metrics and costs, providing a solid foundation for evaluation.

Qualitative Research:

This entails in-depth fund questionnaires and, when appropriate, face-to-face meetings with fund managers or management teams, allowing us to assess the people and processes behind the performance.

This robust blend of methodologies is what we call the **QuantQual Way**.

Research Process Overview

This document outlines our research and monitoring processes for individual funds, multi-asset strategies, and model portfolio services. Our approach applies equally to all the strategies we review, although not every strategy receives a rating.

Initial Fund Analysis

We research the entire market; often driven by the specific solutions we create for clients and our flagship portfolios. The process begins with a high-level analysis of available investment strategies and deeper dives into funds that meet our criteria.

Quantitative and Qualitative Measures

Our research combines quantitative and qualitative measures, allowing us to gauge both past performance and the strength of the management behind each fund.

Quantitative Analysis

The primary factors we consider include:

- **Costs (OCF):** Ongoing charges and expenses
- **Manager Tenure:** Stability and experience in fund management
- **Cumulative Returns:** Performance over relevant periods
- **Monthly Returns (3-year):** Positive and negative return patterns
- **Performance Ratios:** Key metrics such as Alpha, Sharpe, Sortino, Information, and Volatility
- **Downside Risk:** Potential losses in adverse market conditions
- **Capture Ratios:** Upside and downside capture ratios

Qualitative Analysis

Our qualitative research ensures we understand more than the numbers but the people and processes that drive investment success. We look at:

- **Fund Manager/Team Background:** Experience, roles, resources, and support
- **Manager Resources:** Internal and external research capabilities
- **Investment Philosophy:** Alignment of the fund's philosophy with performance goals
- **Management Processes:** Decision-making, stock selection, risk management, and operational effectiveness
- **Risk Controls:** Safeguards in place to manage risk effectively

Responsible and Passive Fund Analysis

For responsible investing strategies, we apply additional criteria focused on ESG integration, evaluating how environmental, social, and governance factors influence the investment process. Similarly, passive funds are assessed based on their tracking accuracy, cost-effectiveness, and overall portfolio fit.

Fund Ratings

Upon completing our analysis, each fund or strategy may receive one of four ratings, indicating our confidence in its ability to add value over time.

Rating	Description
Gold	Our top rating is awarded to funds managed with a well-considered, consistent process backed by strong business support. We believe these funds are highly likely to add value over time.
Silver	This is a strong offering, but with minor concerns regarding people, processes, or business: we still believe the odds of adding value are positive, though not significantly.
Bronze	It's like Silver but with more reservations. These funds may have moved from Green to Bronze, and they have the potential to improve.
Green	New funds where we have confidence in the team, expecting them to meet our highest standards over time.

We also issue hold and sell recommendations for funds that no longer meet our criteria.

Ongoing Review and Monitoring

We review each fund on a rolling three-month basis to ensure continued alignment with performance expectations and risk management protocols. Any fund that underperforms or deviates from expected risk behaviours is subject to further investigation, with the possibility of having its rating adjusted or removed.

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