

# Fusion DFM

## April 2020: Performance Review

In this note we review the performance of Fusion Model Portfolios (MPS), both Optima and Active ranges, after the unprecedented market moves during the first quarter of 2020, comparing it against selected benchmarks and wider industry offerings.

For both, 3 year and 5 year time horizons, Fusion portfolios consistently outperformed the benchmarks as well as most of the multi-asset funds from other providers on Sharpe Ratio, Return and the Maximum Drawdown levels across all risk levels. All portfolios are within the top 10% of the funds across all risk level groups by Sharpe ratio, with Medium risk portfolios being right at the top of the list.

The consistency of these results across all risk levels illustrates the success of Fusion's investment approach to mitigating portfolio losses in times of severe market stress.

### Benchmarking to the industry

We rank Fusion portfolios against a comprehensive set of 280 UK multi-asset funds with a minimum of £100m of assets and 5 years of history. This data set has been split into five risk groups arranged by their 5y realised volatility levels in stable market conditions. The volatility ranges for each of the risk groups are chosen to be around the corresponding volatility level of the benchmark representing the group.

Since the current market re-pricing has wiped off several years of portfolio returns, we consider both the 3 year and the 5-year horizons for the ranking results.

All of the comparisons are performed up to the 20<sup>th</sup> of April 2020, the date of the most recent rebalance of the Fusion portfolios.

Table 1: Relative ranking by Sharpe ratio within respective peer groups

Portfolio name	Risk Group	Rank (3 years)	Rank (5 years)	Total funds in the group
Fusion Active 1	Low	3	3	27
Fusion Active 2	Medium Low	2	1	42
Fusion Active 3	Medium	1	1	42
Fusion Active 4	Medium High	1	1	57
Fusion Active 5	High	2	2	57
Fusion Defensive	Low	2	4	27
Fusion Cautious	Medium Low	3	4	42
Fusion Balanced	Medium	2	2	42
Fusion Growth	Medium High	3	2	57
Fusion Generation	High	3	3	57

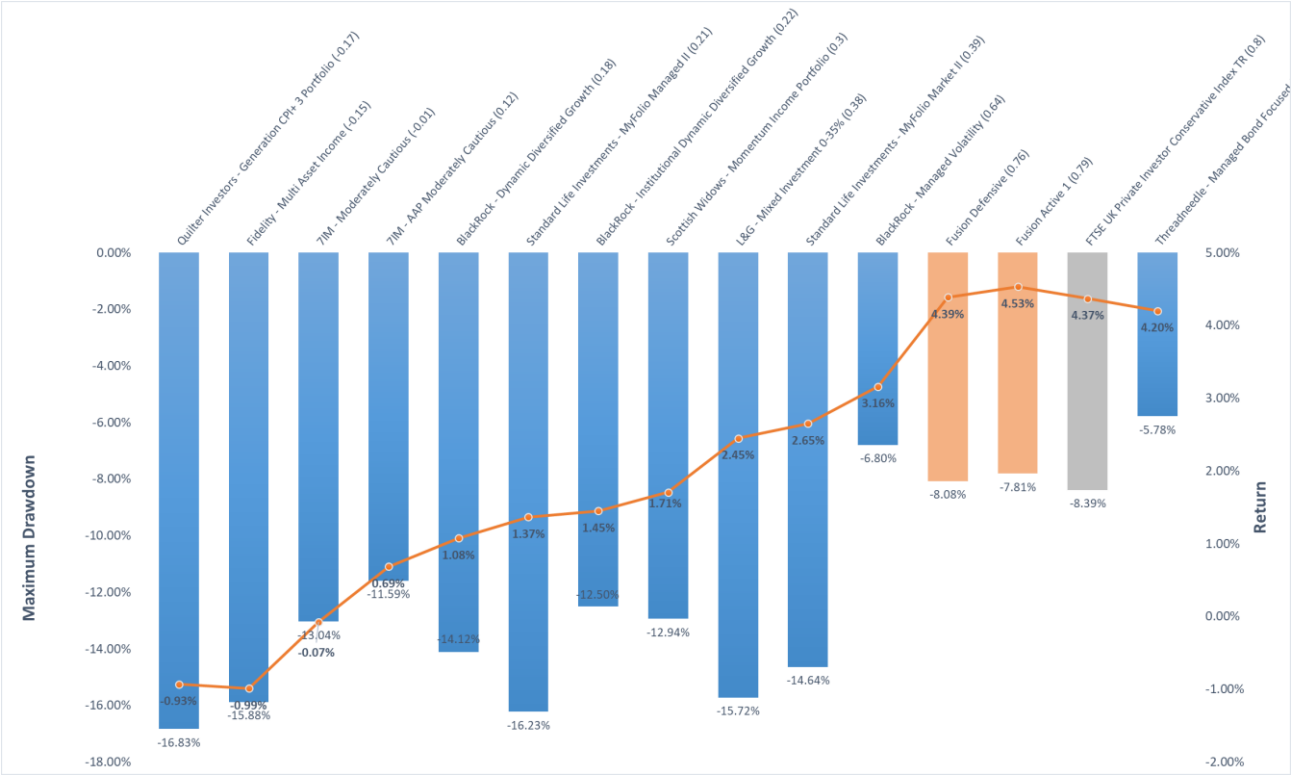
# Comparison graphs

The graphs below show the relative positions of Fusion portfolios compared to a number of multi-asset funds from a range of the biggest providers within the same risk category. We have ordered the funds on the graphs in accordance with their Sharpe ratios, with the highest Sharpe ratio funds on the right-hand side of the graph. The graphs also show the returns figures and the maximum drawdowns for the same period.

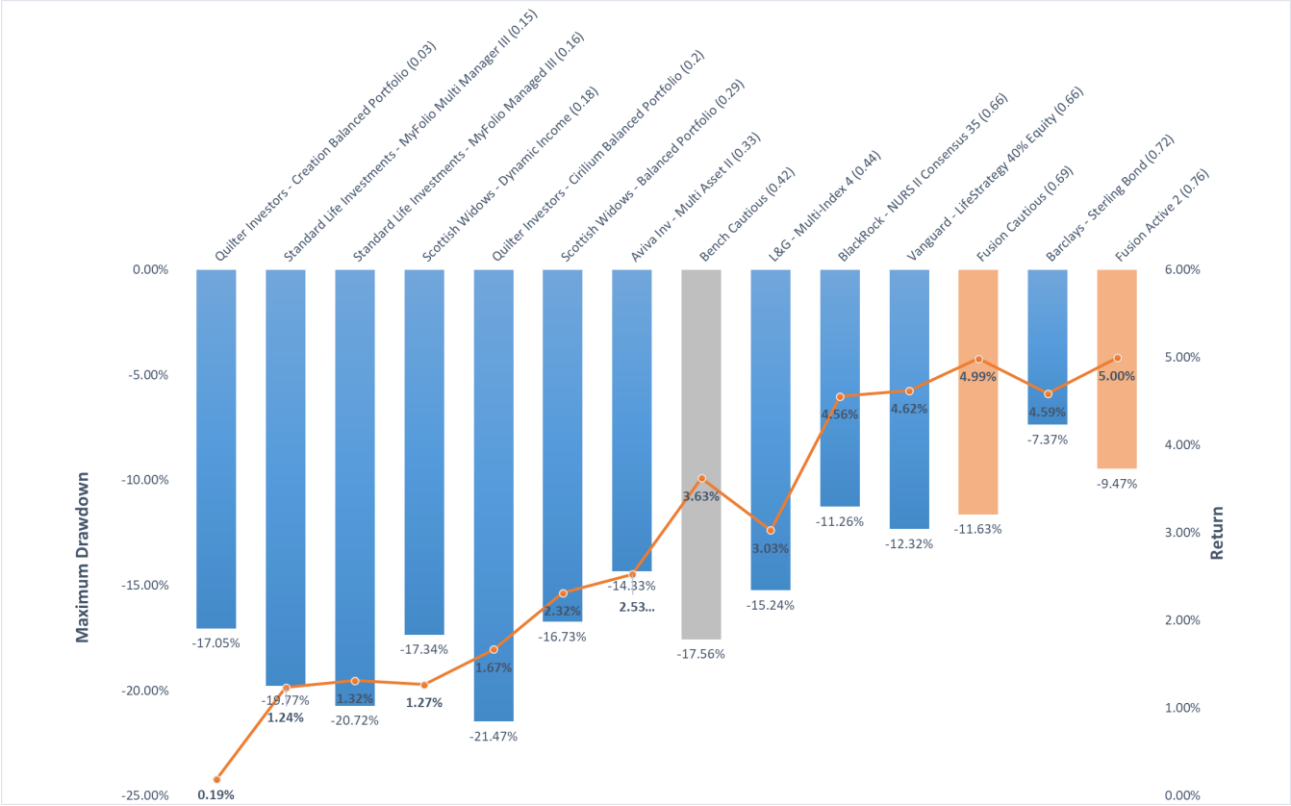
Given a large number of funds in our analysis, we had to reduce the data set when showing performance comparison on the graphs. For our illustration we picked a sub-set of funds from some of the largest providers, used by advisers who also place funds with Fusion MPS.

The following graphs are displaying a 5-year horizon.

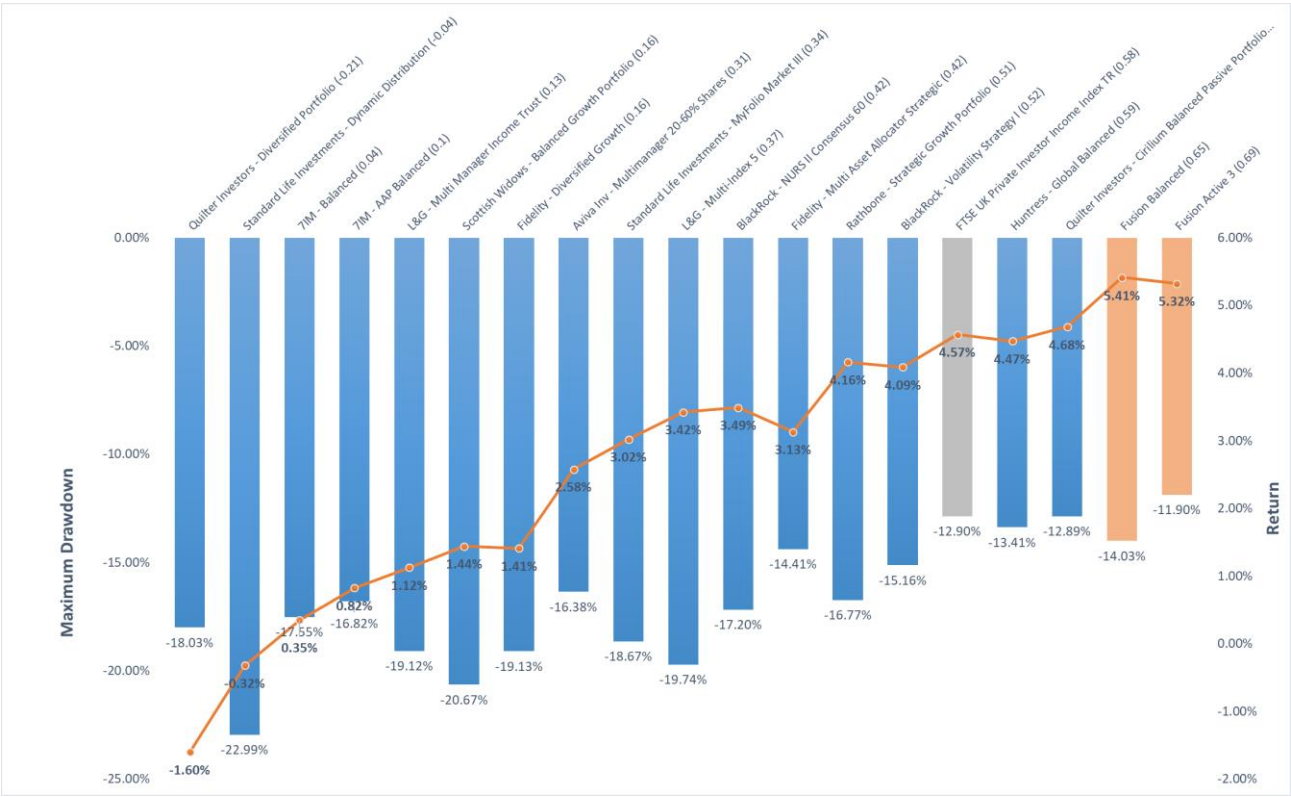
Graph 1: Low Risk Funds



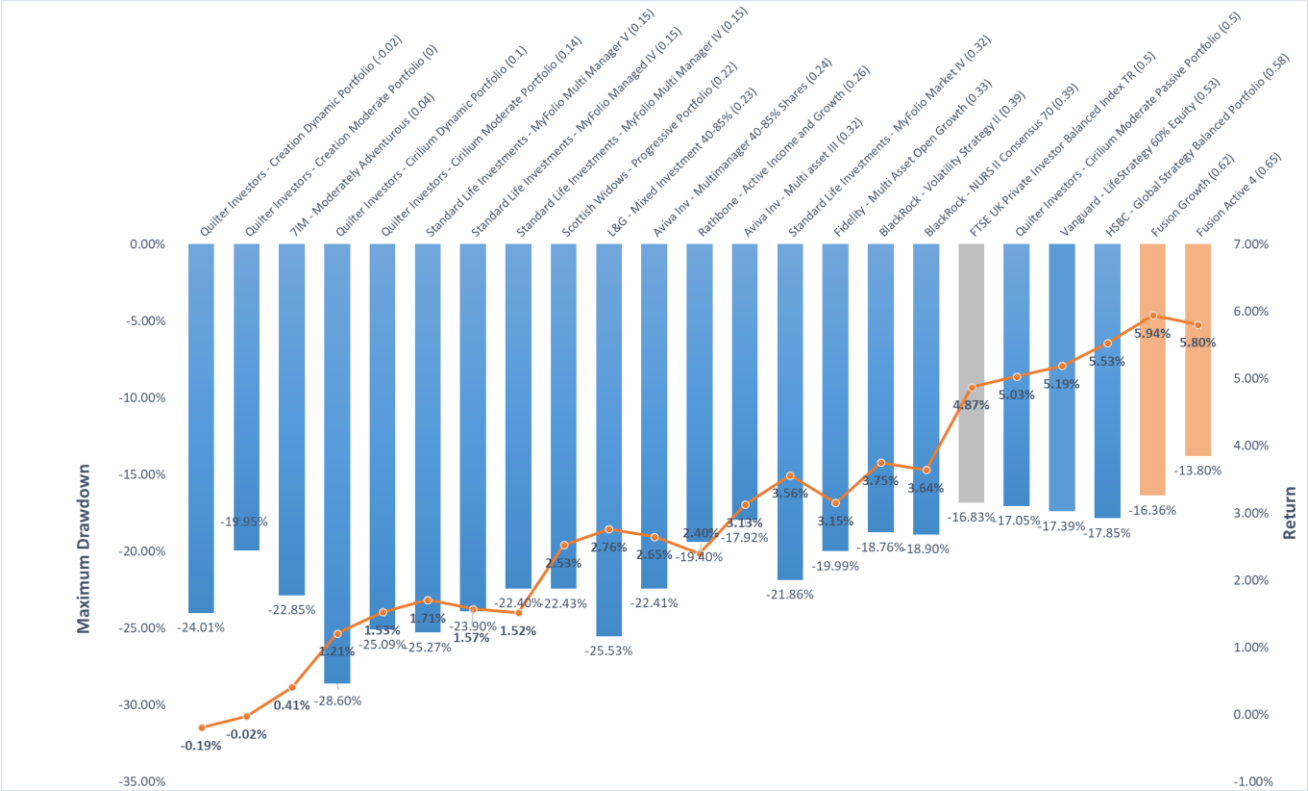
Graph 2: Low - Medium Risk Funds



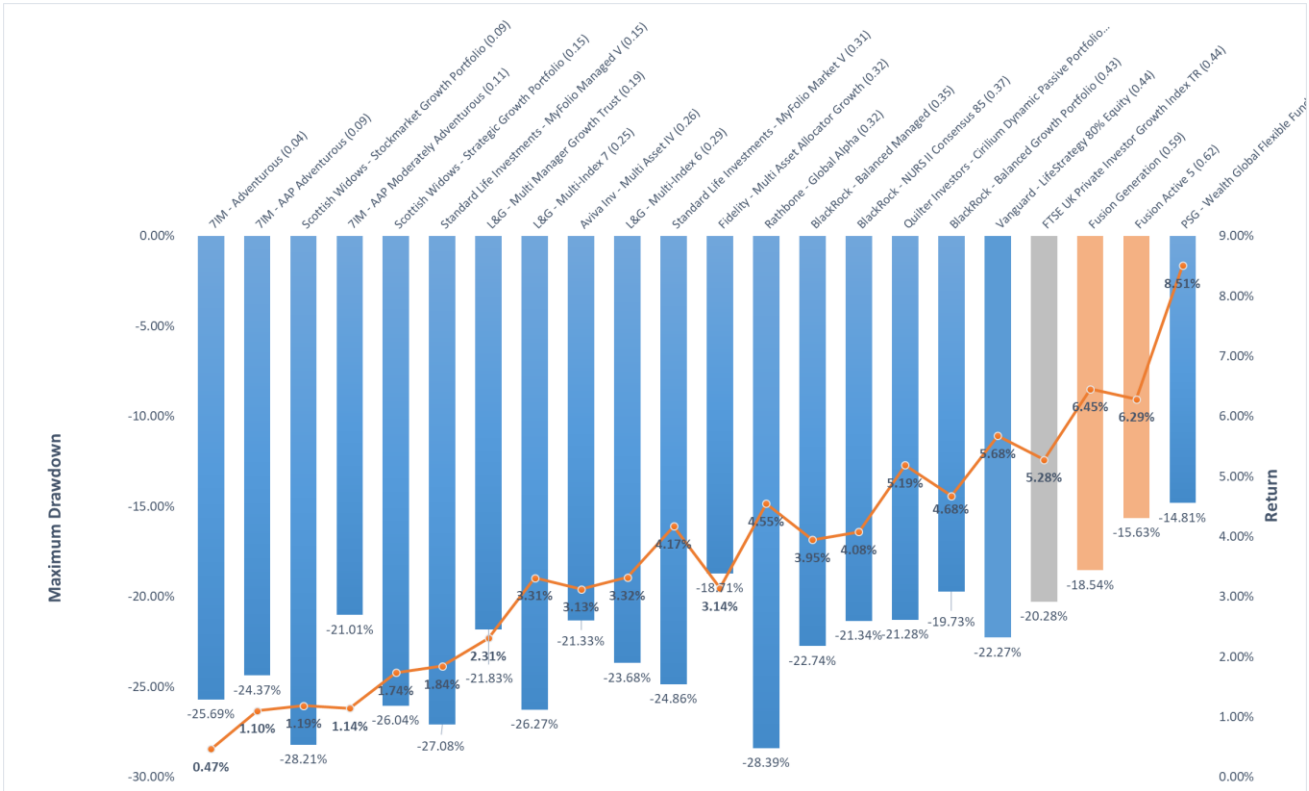
Graph 3: Medium Risk Funds



Graph 4: Medium – High Risk Funds



Graph 5: High Risk Funds



## Notes

*All the calculations are inclusive of investment management charges.*

*Please be aware that reported performance of mutual fund portfolios on day-to-day basis can be misleading as not all funds report prices, especially during market disruptive events, and often underestimate the actual losses. In comparison, Exchange Traded Funds (ETFs) portfolios are accurately priced intraday.*

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