



The 8AM AQ Sustainable Managed Portfolio Service

Client Guide

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We offer a range of five risk-rated investment portfolios, managed by an experienced team, and designed to help you reach your investment goals using three key principles;

Consistency

To focus on the provision of consistent and measurable outperformance at all times. We ensure a robust and repeatable process, that is easily explainable.

Cost

To strive to keep portfolio costs proportionate, our management fee appropriate and to clearly evidence the value of any active fund managers used.

Clarity

To always provide clear, data-driven rationale for all portfolio decisions.

0.15%

Management Fee

Introducing 8AM Global

Who are we?

8AM Global are a boutique asset manager obsessed with designing and operating the best Model Portfolio Service (MPS) solutions in the marketplace. Founded in 2006, the 8AM team has focused almost entirely on the development and provision of MPS since 2015.

What makes us different?

Fund selection, by even the most experienced investment management team, can suffer from unavoidable human cognitive bias. This can take a variety of forms, but often manifests itself in a manager's unwillingness to sell a fund when it starts to

underperform, as there is a fear of being proven wrong in their initial decision, and the hope of thinking the fund will recover its losses.

Utilising detailed analytics to select funds, has no attachment to any one style or manager and will



dispassionately highlight funds to sell when the data supports the decision.

The AQ system effectively replaces teams of fund analysts found at other more traditional asset management groups and replaces them with a rules-based framework, led by data.

In addition, to reduce cost, increase diversification and reduce volatility, the 8AM AQ MPS also makes extensive use of passive investment funds. Passive funds are simpler by nature, and therefore usually offer lower investment charges, but can produce similar long term investment

returns to more costly options. These passive allocations complement the primary 'AQ driven' equity sectors within the models. Whilst the use of passive fund exposure has the

positive effect of keeping our portfolio costs low, their application is a key foundation of the AQ MPS investment process - allowing the portfolios to move freely and easily.

Simply put, our mantra is...

To deliver sensible asset allocation and focus our attention on fund selection as a more consistent way to produce repeatable, quantifiable outperformance via Data Driven Investing."

How does it work?

At each point of review, the AQ system screens every fund within each IA sector. Each fund is reviewed using a series of factors, to create a ranked score relative to all other members of the sector.

There are 12 factors being measured, each looking at a different form of risk or performance data for each of the funds we might use. For simplicity, we group these factors into three subsets, 'Core', 'Responsive' and 'Defensive' - each providing a different datapoint to build up a clear view of the value offered by each fund.

Core

Core factors focus on the 3 year risk adjusted return of a fund and make up of the majority of the factors in our screening.

Alpha

Beta

Positive Periods

Sharpe

Sortino

Upside Capture

Responsive

Responsive factors are focussed wholly on the short term performance and momentum of a fund.

1 Month Performance

3 Month Performance

6 Month Performance

Defensive

Defensive factors allows us to measure the volatility and drawdown of a fund over the last 3 years.

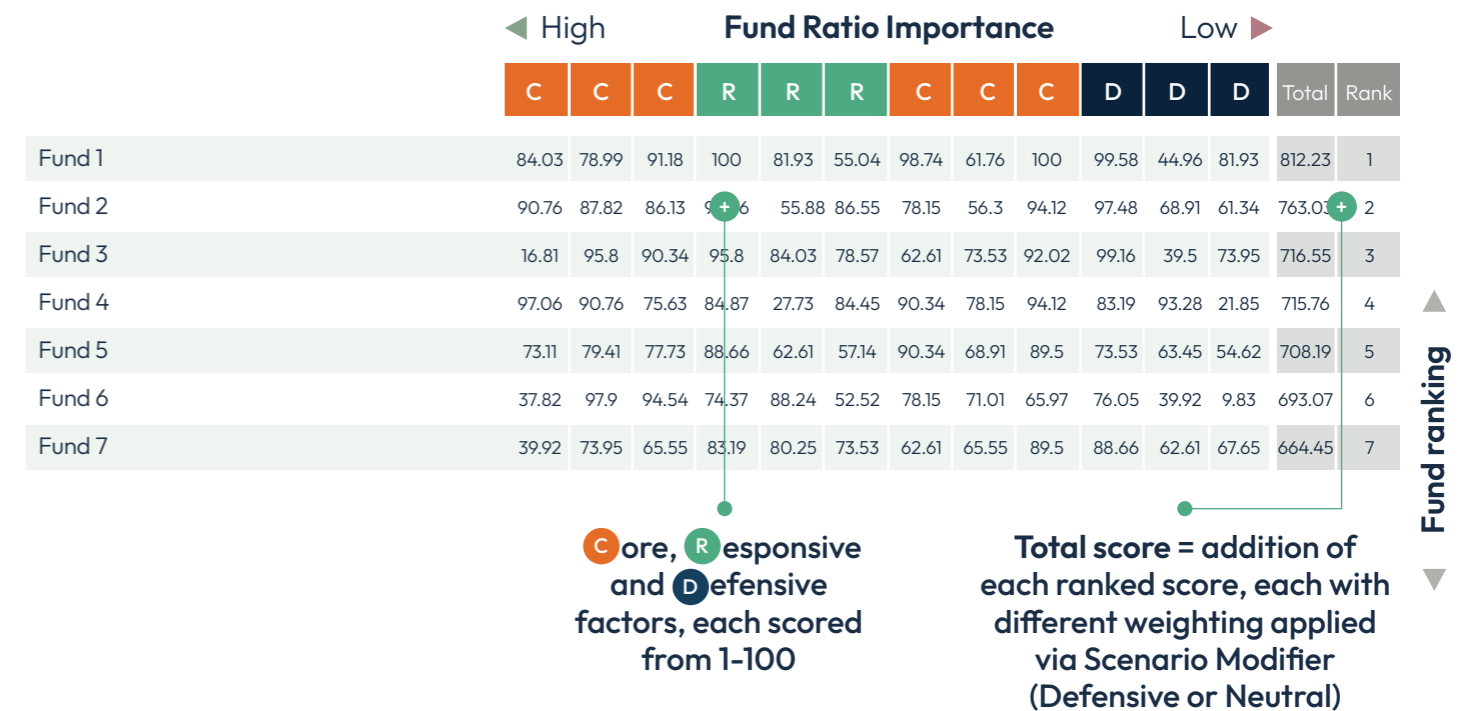
Max Loss

Volatility

Max Drawdown

Once the system has scored and ranked all the funds, it produces a 'league table' of quantitative financial ratios and relative performance.

For more information on what these measures mean, please speak to your Financial Adviser.



In addition, our AQ fund selection is overlaid with an ESG filter, designed to produce a quantitative outcome encapsulating each individual fund's approach to environmental, social, governance (ESG) factors. We do not apply specific exclusion criteria for individual themes, but instead we choose to focus on maintaining an overall portfolio ESG score to ensure your investments are positioned in accordance with our strict thresholds.

To analyse the funds, we make use of the Morningstar fund database. The Morningstar Sustainability Rating is a measure of how well the companies held by a fund are managing their ESG risks and opportunities when compared with similar funds. They make use of company-level ESG data from Sustainalytics, a leading provider of ESG ratings and research. Every fund with at least 50% of their assets

in firms that have been assigned company-level ESG ratings by Sustainalytics will receive a rating.

The score is split into five groups based on the scores of its 'Morningstar Category' peers - thus creating a ranked table, not unlike AQ. Whilst not possible for all sectors, at all times; we target an overall portfolio minimum score of 'Above Average' -

Sustainability Ranking Guide

Distribution	Description	Rating Rank
Highest 10%	High	●●●●●
Next 22.5%	Above Average	●●●●
Next 35%	Average	●●●
Next 22.5%	Below Average	●●
Lowest 10%	Low	●

and always seek to exclude funds with 'below average' or 'low' ESG ratings.

This additional screening ensures that your portfolio is aligned with your sustainability goals in a clear, quantifiable way. Our investment process looks to balance the need to invest sustainably for the future with the provision of value over shorter time horizons.



The AQ System...

... includes a number of responsive indicators to enable us to react quickly to funds that are falling. This helps us to avoid holding onto poorly performing funds for too long.

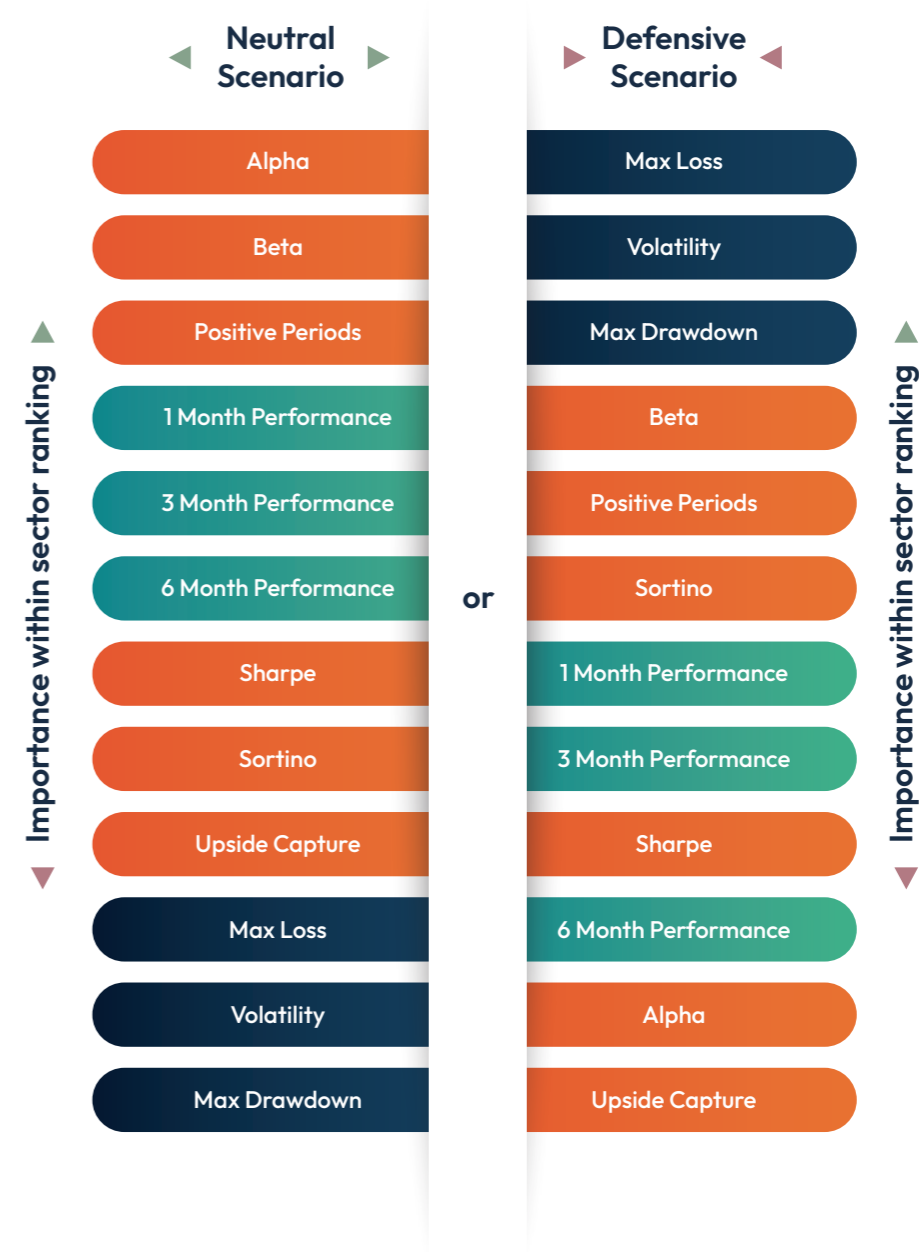
... includes different scenarios that each take into account factors that have the greatest statistical impact on outperformance. Each of these scenarios are retested and optimised at regular intervals.

... can be updated and run almost instantly - completing a full sweep of all available sectors in less than 15 minutes. This allows the team to quickly adapt to changing conditions.

... allows the Investment Team to see at a glance the history of a fund's sector ranking and movement within its sector league table. This enables the team to identify funds which score consistently well over time, when selecting new positions.

AQ can operate with different areas of focus, to allow the investment team to select and adjust the scenario of each sector that we invest in.

AQ can operate with different areas of focus, to allow the Investment Team to select the scenario 'gear' of each sector that we invest in; 'Defensive' or 'Neutral'. These 'gears' allow the Investment Team to focus the sector screening on data that's relevant and responsive to current market conditions. As with our asset allocation, our default setting is 'Neutral' and clear evidence needs to be demonstrated in order to move a sector 'Defensive'.



Our portfolio review process



Summary

- 🧑 We seek efficiency, clarity, and consistency of investment decision-making above all else.
- 🧑 We utilise a robust and repeatable, evidence-based and value-focused investment process
- 🧑 Our unbiased and data-driven asset allocation strategy allows us to keep our portfolios positioned appropriately relative to other market participants
- 🧑 Our fund selection technology is proven to consistently add outperformance over time.
- 🧑 We pride ourselves on clear, regular and consistent communication, for advisers and clients.
- 🧑 We have a team of experienced individuals ready to support you however we can.



🌐 8amglobal.com

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The 8AM AQ model portfolios are available across most investment platforms.
To invest or for more information please contact your Financial Adviser.

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