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This document is intended for investment professionals and eligible counterparties only.

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A silhouette of a city skyline in shades of teal and blue, featuring various skyscrapers and a Ferris wheel on the right side.

# A Guide to the 8AM AQ Managed Portfolio Service

Creating more consistent investment outcomes, lower costs and clearer reporting.

If you have any questions, please don't hesitate to call our dedicated team on:

**0203 327 3277**  
portfolios@8amglobal.com  
**8amglobal.com**



Scan to book a meeting

# A Guide to the 8AM AQ Managed Portfolio Service

We offer a range of investment portfolios, managed by an experienced team and designed to help your clients reach their investment goals using three key principles;

## Consistency

To use investment management principles that focus on the provision of consistent and measurable outperformance at all times. We utilise a robust and repeatable process, that is easily explainable to clients.

## Cost

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

## Clarity

To always provide clear, data-driven rationale for all investment 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 entirely on the development and provision of MPS since 2015.

The 8AM team was assembled based on their individual areas of expertise and experience from adviser firms, platforms and risk profilers. We are adviser-led in everything we do, with all aspects of the service being designed to add value.

## What makes our investment process 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 quantitative screening (such as AQ) 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 mitigate 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 - keeping portfolio liquidity as high as possible.

Liquidity, in this context simply means the ability of the portfolios and underlying funds to trade quickly and efficiently. In order to operate our strategy, we must be able to move into and out of funds at our discretion.

## Simply put, our mantra is...

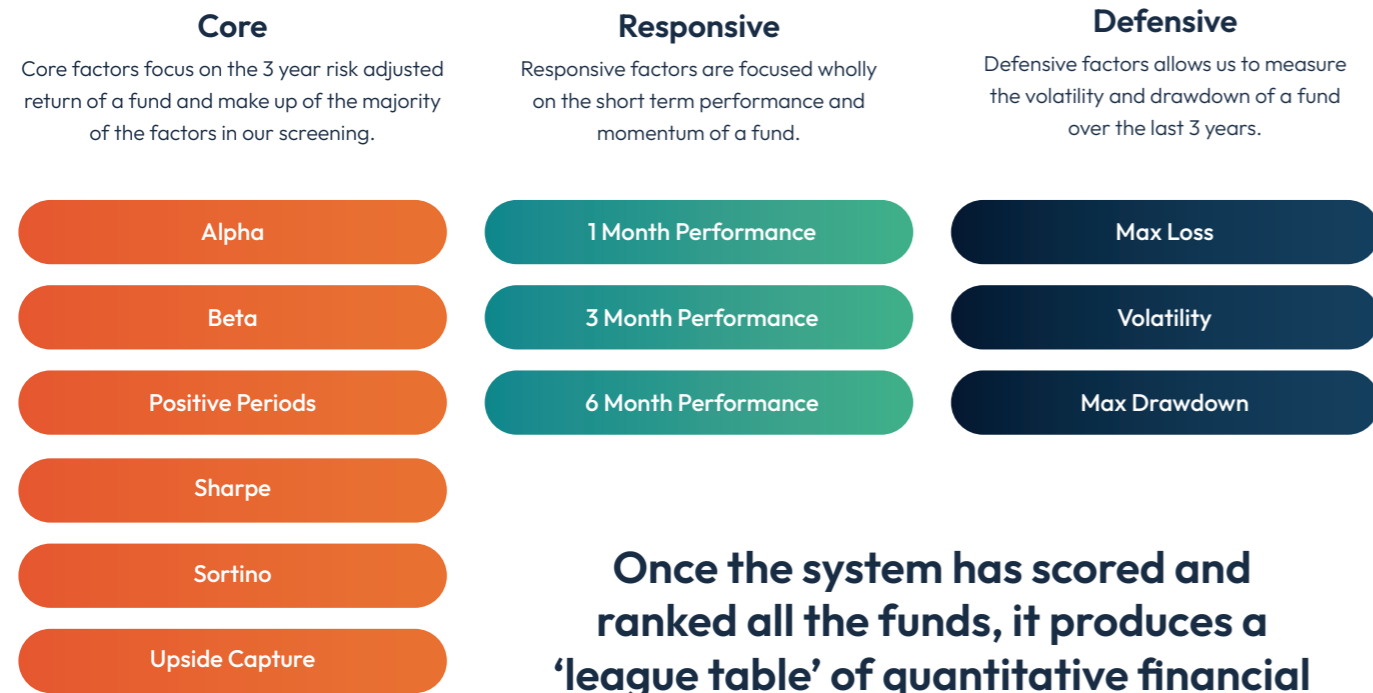
**To provide sensible, unbiased asset allocation and focus our attention on fund selection as a more consistent way to produce repeatable, quantifiable outperformance via Data Driven Investing.**



# How does AQ work?

At each point of review, the AQ (Adaptive Quant) 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.



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

IA Sector	Fund Ratio Importance												Total	Rank
	High			Neutral			Low							
	C	C	C	R	R	R	C	C	C	D	D	D		
Fund 1	84.03	78.99	91.18	100	81.93	55.04	98.74	61.76	100	99.58	44.96	81.93	812.23	1
Fund 2	90.76	87.82	86.13	90.76	55.88	86.55	78.15	56.3	94.12	97.48	68.91	61.34	763.03	2
Fund 3	16.81	95.8	90.34	95.8	84.03	78.57	62.61	73.53	92.02	99.16	39.5	73.95	716.55	3
Fund 4	97.06	90.76	75.63	84.87	27.73	84.45	90.34	78.15	94.12	83.19	93.28	21.85	715.76	4
Fund 5	73.11	79.41	77.73	88.66	62.61	57.14	90.34	68.91	89.5	73.53	63.45	54.62	708.19	5
Fund 6	37.82	97.9	94.54	74.37	88.24	52.52	78.15	71.01	65.97	76.05	39.92	9.83	693.07	6
Fund 7	39.92	73.95	65.55	95.38	80.25	73.53	62.61	65.55	89.5	88.66	62.61	67.65	664.49	7
Fund 8	15.13	71.85	89.08	86.55	81.93	49.58	78.15	46.64	75.21	84.87	30.25	84.45	654.92	8
Fund 9	77.31	63.45	78.15	95.38	21.85	39.5	62.61	26.89	81.51	97.9	9.24	97.06	654.54	9
Fund 10	81.93	81.51	59.66	65.97	73.53	80.25	62.61	69.33	75.21	81.09	68.07	48.32	654.54	10
Fund 11	83.19	94.12	87.39	44.96	98.74	48.74	78.15	51.26	52.52	46.22	55.04	62.61	652.9	11
Fund 12	18.07	98.32	96.64	96.64	48.74	39.92	37.82	44.12	81.51	97.48	12.18	95.38	651.13	12
Fund 13	57.14	71.01	75.63	66.39	80.25	65.13	78.15	57.98	70.59	71.85	61.76	65.55	648.49	13

Core, Responsive and Defensive factors, each scored from 1-100

Total score = addition of each ranked score, each with different weighting applied via Scenario Modifier (Defensive or Neutral)

# The AQ Process

## The AQ Fund Monitoring Process

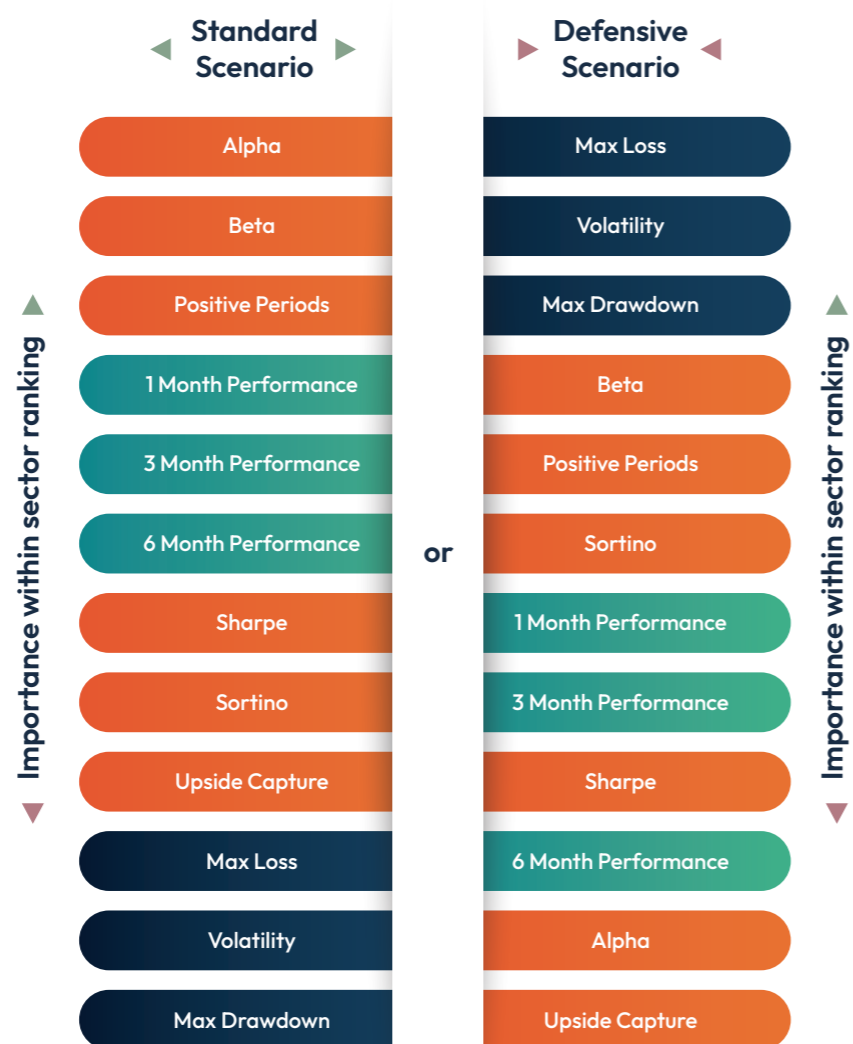
At each portfolio review, the Investment Team meticulously gathers data on every possible portfolio permutation, amassing a comprehensive database of well over 135,000 individual data points in each sweep. This thoroughness ensures that no potential investment avenue is overlooked.

AQ can operate with different areas of focus, to allow the Investment Team to select a scenario 'gear' for each sector that we invest in. 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 'standard' and clear evidence needs to be demonstrated in order to move a sector 'defensive'.

**We include 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.**

**The system 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.**

**Our database 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.**



## The AQ Asset Allocation Process

After the AQ fund monitoring process, a rigorous evaluation that assesses the performance and risk of all existing portfolio positions, has been run, the Investment Team samples allocation data from 1000+ independent multi-asset funds and model portfolios run by professional investors, categorised and sorted according to risk profile.

This provides a clear, comprehensive, and crowd-sourced view of the tactical positioning of other investment strategies. We use this diverse range of insights, gathered from a wide array of professional investors, as a baseline allocation for each portfolio, against which all portfolio allocation tilts are made.

These two huge data analysis exercises ensure that the AQ portfolios are reviewed in a robust, unbiased and repeatable manner. Investors can relax knowing that their investment strategy is being retested and scrutinised from the ground up at every review.



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# Our Portfolio Ranges

We offer our AQ investment process in three distinct portfolio families; 8AM AQ Classic, 8AM AQ Sustainable and 8AM AQ Global. All portfolios utilise the same framework of proactive, adaptive, quantitative screening of funds and a huge sampling of data to blend these picks with stable asset allocations.



## 8AM AQ Classic

Our original portfolio range launched in 2020, based on the original research of the 8AM investment team from 2016 to test and develop AQ as well as the surrounding investment process and principles.

8AM AQ Classic is formed of a range of six, risk-rated portfolios covering client risk profiles from 3/10 – 8/10. Our 'Classic' portfolios offer balanced blends of Active and Passive managers; selected, held and monitored based on unbiased quantitative merit.

The AQ process screens every retail-appropriate Unit Trust and OEIC, as well as a huge, and growing sample of risk-adjusted peer Tactical Asset Allocations from leading UK investment managers to enable repeated, consistent portfolio optimisation at each 2-month review.

Every AQ portfolio utilises clear reporting and decision rationale to enhance client engagement – our original range set a precedent for transparency and clear value that we target in all our strategies.



## 8AM AQ Sustainable

Our second range to be launched joined 8AM AQ Classic in early 2022. The brief was to design and operate a version of the portfolios with defined ESG screens that allowed the investment process to operate as effectively as possible.

The investment team utilises the Morningstar™ Sustainability Ratings as their primary metric by which to determine the universe of funds that may be used. This relative measure takes a huge number of sustainability factors, and boils the whole calculation down to a simple 1-5 score, creating a straightforward and scrutable target of keeping the portfolios at a weighted Morningstar™ Sustainability Rating of 4/5 or above.

The portfolios are offered at 5 distinct levels of risk, covering 3/10 – 7/10. All other facets of the AQ investment process and product are identical to 8AM AQ Classic.



## 8AM AQ Global

Building on 8 years of ongoing research and development, we launched the 8AM AQ Global range in 2024. This suite of 3 portfolios targets defined levels of global equity exposure at 60%, 80% & 100% respectively.

The variation for the AQ Global range is in its equity allocation principles. All AQ portfolios utilise our proprietary allocation methodology to align portfolios with crowdsourced portfolio data to provide unbiased, tactical insight over the short term.

In the case of the AQ Global range, the strategic base assumption for equity allocation is the MSCI World Index with crowdsourced allocation data sampled from a sub-set of providers aligned with this benchmark.

The 8AM AQ Global range was created to allow investors with higher risk appetites, to access the evidence-based alpha-generation of AQ fund selection, with a greater level of portfolio concentration, whilst maintaining a cost effective portfolio OCF of less than 0.30%.

## Email Reporting

Depending on preference, we provide client-friendly reports to help inform, increase engagement and demonstrate clear ongoing value. Every two months, clients that opt in will automatically receive a report in their inbox detailing any portfolio alterations made at the last optimisation point in plain English. This automated and ongoing process, reinforces the key tenets of our investment process of repeated, ongoing testing to ensure their portfolios are aligned appropriately, whilst using big data to combat bias.


In addition, we provide the option to deliver factsheets and portfolio change reports to clients on your behalf, as well as an extensive range of additional reporting for our adviser partners to inform and ensure we are providing consistent value, relative to our benchmarks and peers.

We offer a wealth of other information, updates and documents to support you and your clients.

**All documents, factsheets, guides and reports are available on our 8AM Adviser Portal 24/7.**



## 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 wealth of supporting documentation and data available 24/7 through our 8AM Adviser Portal, as well as a team of experienced individuals ready to support you however we can.**



If you have any questions, please don't hesitate to call our dedicated team on:

☎ 0203 327 3277

✉ [portfolios@8amglobal.com](mailto:portfolios@8amglobal.com)

🌐 [8amglobal.com](http://8amglobal.com)

📍 1-5 Stud Offices, Redenham Park, Andover, Hampshire, SP11 9AQ

Additionally team members can be reached:

### Paul Hogg

Head of Distribution

[paul.hogg@8amglobal.com](mailto:paul.hogg@8amglobal.com)

### Nicole Boeri

Head of Adviser Relationships

[nicole.boeri@8amglobal.com](mailto:nicole.boeri@8amglobal.com)

### Ash Weston

Head of MPS

### Tom McGrath

Chief Investment Officer

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