COFUNDS LAUNCHES A NEW GENERATION ASSET ALLOCATION TOOLSET BUILT AROUND FRESH WAYS TO CAPTURE RISK TOLERANCE

Cofunds, the UK’s largest intermediary fund platform, has introduced Portfolio Planning - a new asset allocation tool service powered by Distribution Technology’s Dynamic Planner.

At the core of Portfolio Planning is a dynamic model of asset behaviour which continually adjusts itself to market movements. Based on these historical inputs, the model provides a reasonable guide to the range of potential outcomes clients face when investing in portfolios of assets and the impact this could have in meeting their goals.

The results from this model have been tested against historical data and existing UK models to ensure accuracy and consistency.

Portfolio Planning is a very flexible service. It can be used to review automatically all a client’s investments whether held in a Cofunds ISA, PEP, Insurance Portfolio Bond or unwrapped. These can be combined with the holdings of the client’s partner if required, and other holdings not on the Cofunds platform can be added manually. Pension products are to be included as part of future plans for development.

The process starts with a questionnaire to assess the client’s attitude to risk and data fields to enter the client’s goals for income and future capital requirements (e.g. to pay off a mortgage at a future date).

The system then produces an asset allocation model to meet the client’s profile and details of the changes required to move a portfolio into place. The model indicates asset classes and sectors but does not pick funds. However, a firm can preset its fund choices into the model if it chooses to reflect the funds it has on panel.

The final stage is to print a full report that explains the factors that have been taken into consideration, likely outcomes for the suggested portfolio and the risk parameters.

Andy Creak, Managing Director, said, “All our research has indicated that good asset allocation tools are seen as key by many advisers.

It is important to remember that no model’s output can be better than its input. Distribution Technology have put a lot of effort into refining their questionnaire to make it simple to use but very effective in capturing the factorial analysis required to build risk profiles. Instead of using theoretical gambling games, Portfolio Planning asks 18 attitudinal questions. Distribution Technology’s detailed research has shown
that purely numerical questions may not be properly understood and answers may exaggerate people’s fear of loss and leave them with portfolios too conservative for their long term needs.

We have been working with 14 IFA firms testing this model for the last three months to make sure it is fit for purpose. They report that it has been an extremely valuable addition to their advice process. It is not only a very sophisticated and comprehensive package - it is also very simple to use and provides output that clients can easily understand.

I would like to emphasise that Portfolio Planning is the adviser’s servant - not his master. It captures a client’s stated needs, his attitude to risk and current assets and combines these automatically with current market forecasts. The adviser can review the portfolios that the Dynamic Planner suggests and make whatever changes he or his client need to be wholly comfortable.

Distribution Technology was chosen after a rigorous and lengthy selection process and Cofunds will continue to work with Distribution Technology to enhance and improve Portfolio Planning year by year.”

-ENDS-

Notes to Editors

Demonstration
If any journalist would like a demonstration of Portfolio Planning at Cofunds City offices, we will be happy to arrange it.

Advisers
The following advisers who have been testing Portfolio Planning have agreed that they will be glad to discuss it with journalists

Tony Antczak at The R A Roberts Partnership Ltd on 0161 831 0808
Glynn Bartley at Taylor Patterson Associates Ltd on 01772 555 073

For further information please call

Richard Eats 0207 398 7054
Anthony Wolfe 0207 398 7551

Distribution Technology Limited is the leading provider of comprehensive web based financial and investment planning tools aimed at large enterprises in the UK. Its clients include a number of blue chip financial services institutions including life, pension and investment companies, wealth managers and banks. Its Dynamic Planner technology was used by the FSA to provide a benchmark for financial advice in Consultation Paper CP04/11 www.distribution-technology.com
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Cofunds:

Cofunds Limited, launched in January 2001, is the leading independent fundmarket for intermediaries with assets under administration in excess of £7.95 billion (at 07/07/2006). It is an independent company providing a one-stop fundmarket that provides flexible, reliable, convenient administration and management services for intermediaries and their clients. It does not offer investment management or advice, nor does it compete with intermediaries by offering its services direct to the end client. Cofunds exists to serve the needs of fund managers, intermediaries and their clients.

Cofunds is authorised and regulated by the Financial Services Authority.