

ARC Launches IHT Portfolio Index

ARC Research Limited (ARC), a member of Independent investment consultancy the ARC Group, is pleased to announce today the launch of the ARC Inheritance Tax Portfolio Index ('AIP'). Building on the success of its Private Client and Charity Indices (PCI and ACI), the AIP is designed to be used as an investment performance yardstick by investors and is based on the actual returns being delivered by IHT portfolio managers.

The AIP index has been launched with 10 contributors, providing thousands of real portfolio performance figures net of fees for portfolios that are specifically targeting IHT mitigation. The data represents a range of different sizes and styles of manager with the new indices having the 5 years of history, from December 2012.

'This type of portfolio has been increasingly popular as a tool for IHT mitigation, but there was no suitable peer group yardstick available and no standardisation of performance reporting. The AIP provide investors with the confidence that data has been collected in the same rigorous manner for all the data contributors.' Daniel Hurdley, Director of ARC Research, commented. 'Adding the AIP to the suite of our unique peer group indices, will allow trustees and intermediaries to place performance of IHT portfolios against a suitable peer group'.

ARC's Inheritance Tax Portfolios Indices are available free of charge through a web-based subscription service (www.suggestus.com) along with the PCI, ACI and a range of other analysis for intermediaries. The PCI and ACI are widely used across the investment management industry.

The indices are based on real performance numbers net of fees supplied by participating investment managers. Each provides ARC with the performance figures of the portfolios which they manage on an anonymous basis, which allows ARC to ascertain the 'average' of each manager.

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Graham Harrison, ARC Managing Director, said: “What people like about the indices is that they are based on the actual returns that investment managers are producing for real client portfolios. There are no pre-set asset allocations, no concentration limits and no simulated or model performances are used.”

'The indices give ARC a unique insight into the investment management industry. ARC Group, founded in 1995 provides independent analysis and advice to a global client base and has proven expertise in advising on large, complex, multi-managed investment structures and their performance, across the full range of traditional and non-traditional asset classes. The ARC Group's goal is to help people get the best out of the investment management industry.'

General information on AIP:

The AIP are built from high quality real portfolio data with no model or simulated data in the calculations. We place a lot of importance on the accuracy and believability of the data. Our robust methodology is constructed in line with IOSCO Guidelines for Benchmarks. The indices are published quarterly with monthly data and month-end estimates (coming soon) and are freely available for anyone to use in performance comparisons.

The ten Data Contributors (Blankstone Sington, Brooks Macdonald, Cazenove Capital, Charles Stanley & Co, Close Asset Management, Investec Wealth & Investment, J M Finn, Sarasin & Partners, Smith & Williamson Investment Management and Stellar Asset Management) pay to participate in the service for three key reasons:

- *High quality reporting targeted for each stakeholder group (investment teams, Board members, internal risk/performance, compliance, marketing, clients):*
 - *Market intelligence reports*
 - *Marketing factsheets*
 - *Details of all AIP subscribers*
- *Unique insight into performance relative to peers delivered both in the reports and in a regular discussion:*
 - *Commentary on industry trends*
 - *Analysis of style versus peer group*
 - *Assistance with honing the marketing message*
- *Third party validation of internal risk controls:*
 - *audit spreadsheets*
 - *outlier identification*

To summarise, the ARC index framework is widely accepted as an independent mechanism which allows managers to verify with numbers their investment narrative, for both internal and external audiences.

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