Our portfolios – September 2026

When designing our portfolios, our overriding objective is to give our clients the best chance of retirement success.

Simply put, we aim to generate the returns necessary to avoid our clients running out of money in retirement with the minimum amount of pain. In investing terms, pain can include minimising clients' portfolio volatility (how much it moves up and down in the short term) and maximum drawdown (how much the portfolio value falls during market stress and for how long).

Our investment approach is summarised in a blog article.

As part of our research, we have examined over a century of historical market data to see how various asset classes have performed and base our decisions on these timeframes. However, some clients understandably want to know how these portfolios have performed in recent times.

PFP vs ARC

We will start by comparing our in-house PFP (Pyrford Financial Planning) portfolios to a popular industry benchmark, Asset Risk Consultants (ARC). ARC produce the following benchmarks:

ARC Index	Risk relative to equities
Cautious	0-40%
Balanced Asset	40-60%
Steady Growth	60-80%
Equity Risk	80-110%

PFP portfolios range from 50% (PFP50) to 100% (PFP100) equities, increasing in 10% increments. For this exercise, we will exclude ARC Cautious (40% max equity) and PFP90 and PFP100, as most of our retirement clients typically hold between 50% and 80% equities.

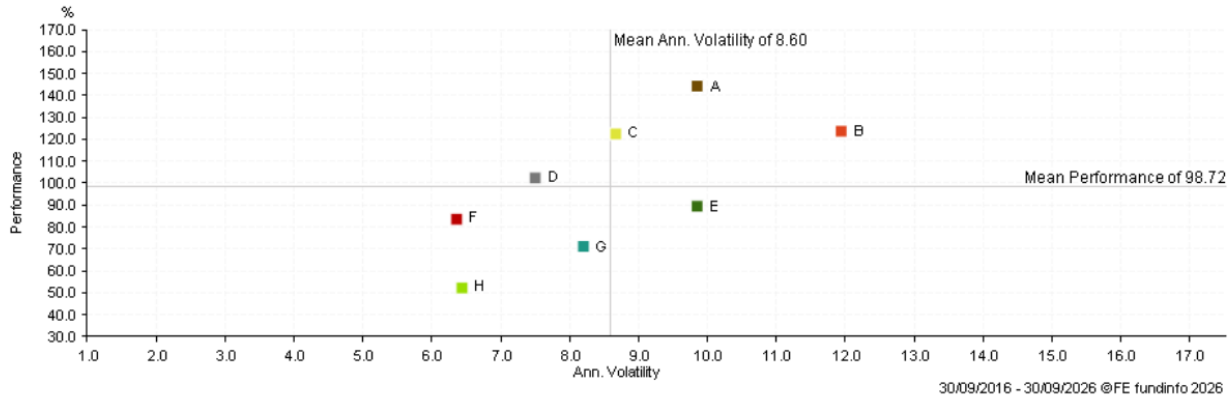
The table below shows the raw performance of the PFP portfolios versus the ARC benchmarks for the 10-year period ending September 30th 2026.



SOURCE: FE Analytics

Things look very positive for the PFP portfolios, with all but PFP 50 outperforming the ARC benchmarks. As always, more investigation is required when anyone shows you some great past performance!

Now let’s consider risk; returns in isolation don't tell the whole story. We first examine risk vs. return over the last decade.



Key	Name	Performance	Annualised Volatility
A	PFP80 GTR in GB	144.36	9.85
B	FTSE 100 TR in GB	123.77	11.94
C	PFP70 GTR in GB	122.50	8.67
D	PFP60 GTR in GB	102.32	7.50
E	ARC Sterling Equity Risk PCI TR in GB	89.51	9.85
F	PFP50 GTR in GB	83.72	6.36
G	ARC Sterling Steady Growth PCI TR in GB	71.26	8.20
H	ARC Sterling Balanced Asset PCI TR in GB	52.31	6.44

SOURCE: FE Analytics

The PFP portfolios’ returns are strong on a risk-adjusted basis. For example, PFP60 (60% equities) has generated higher returns than ARC Sterling Steady Growth (60-80% equities) (102% vs 71%) with lower volatility (7.50 vs 8.20).

We've included the FTSE 100 to show how poor the index's risk-adjusted performance has been (hence why it’s a favourite benchmark for many Discretionary Fund Managers)!

Maximum drawdown is another (key) metric to consider, as it could lead a retiree to abandon their plan and sell their investments (everyone has a breaking point) at the worst time. If we compare PFP60 to ARC Sterling Steady Growth again, PFP60's maximum drawdown is smaller (-12.5% vs. -14.45%).

(8 rows)

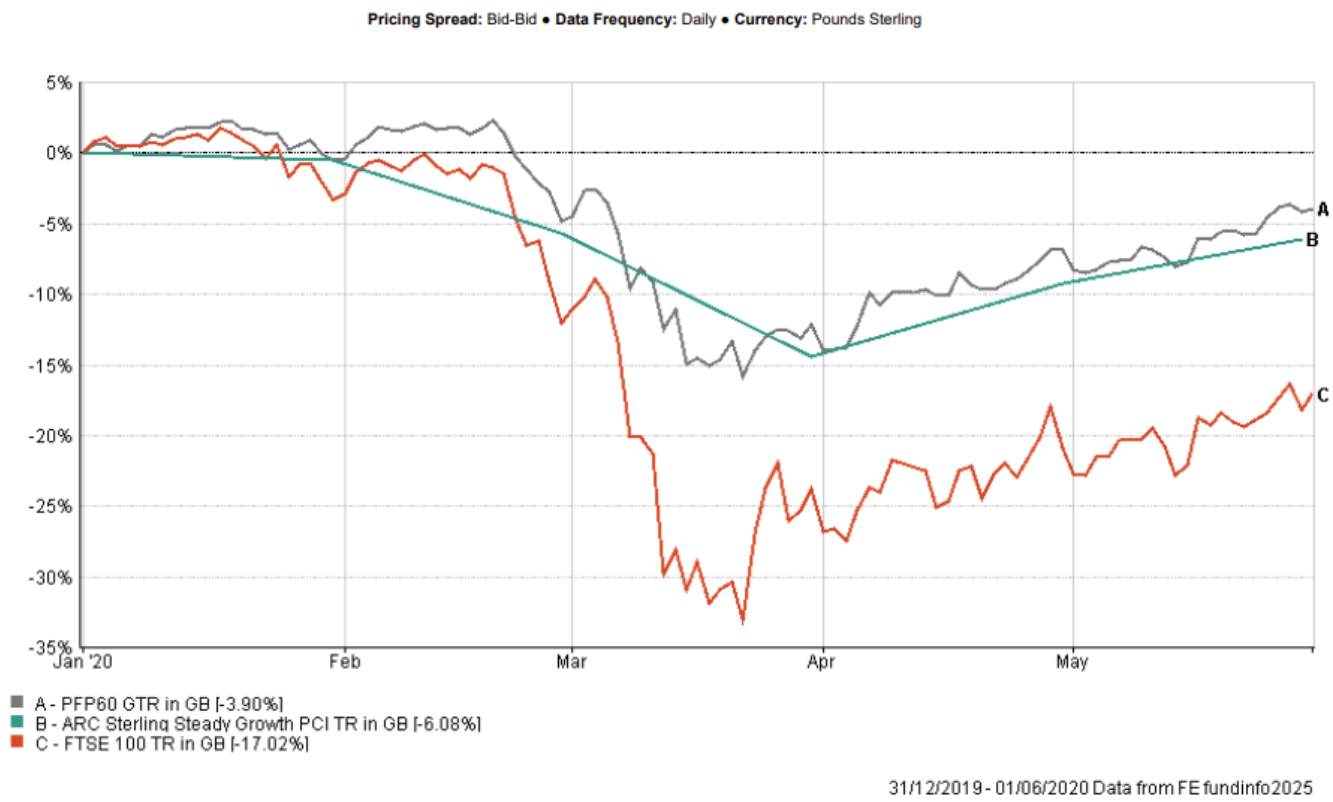
Period: (30 Sep 2017 to 30 Sep 2026) ● **Return Period:** Monthly ● **Benchmark:** Funds own Sector average ● **Risk Free Rate:** 3.5% ● **Annualised Ratios:** Yes ● **Currency:** Pounds Sterling

Fund Comparison | Chart

Customise Columns	Alpha	Beta	Downside Risk	Info Ratio Rel.	Jensens Alpha	Max Drawdown	Max Gain	Max Loss	Negative Periods	Positive Periods	r^2	Relative Return	Return	Sharpe	Sortino	Tracking Error	Treynor	Volatility	Select
Portfolio PFP50 GTR in GB	2.70	0.42	6.79	-0.18	0.69	-10.38	12.53	-10.15	41	67	0.66	-1.48	6.12	0.40	0.39	8.30	6.16	6.58	☐
Index ARC Sterling Balanced Asset PCI TR in GB	0.00	1.00	7.17	0.00	0.00	-11.13	11.22	-11.01	43	65	1.00	0.00	4.10	0.09	0.08	0.00	0.60	6.68	☐
Portfolio PFP60 GTR in GB	3.07	0.50	8.17	-0.07	1.32	-12.50	14.66	-12.19	41	67	0.66	-0.58	7.08	0.46	0.44	7.80	7.14	7.77	☐
Index ARC Sterling Steady Growth PCI TR in GB	0.00	1.00	9.01	0.00	0.00	-14.45	12.81	-14.45	44	64	1.00	0.00	5.18	0.20	0.19	0.00	1.68	8.50	☐
Portfolio PFP70 GTR in GB	3.44	0.58	9.34	0.04	1.95	-14.61	17.18	-14.22	41	67	0.66	0.31	8.04	0.51	0.49	7.47	7.83	8.98	☐
Portfolio PFP80 GTR in GB	3.81	0.66	10.53	0.16	2.59	-16.71	19.75	-16.25	41	67	0.66	1.19	8.99	0.54	0.52	7.35	8.35	10.20	☐
Index ARC Sterling Equity Risk PCI TR in GB	0.00	1.00	10.70	0.00	0.00	-17.33	15.26	-17.33	44	64	1.00	0.00	6.16	0.26	0.25	0.00	2.66	10.20	☐
Index FTSE 100 TR in GB	0.00	1.00	13.85	0.00	0.00	-24.00	31.58	-23.84	38	70	1.00	0.00	8.08	0.37	0.33	0.00	4.58	12.27	☐

SOURCE: FE Analytics

These maximum drawdowns occurred during the COVID-19 crisis in 2020. ARC returns are collated monthly; you can see how PFP60 performed relative to the comparator.



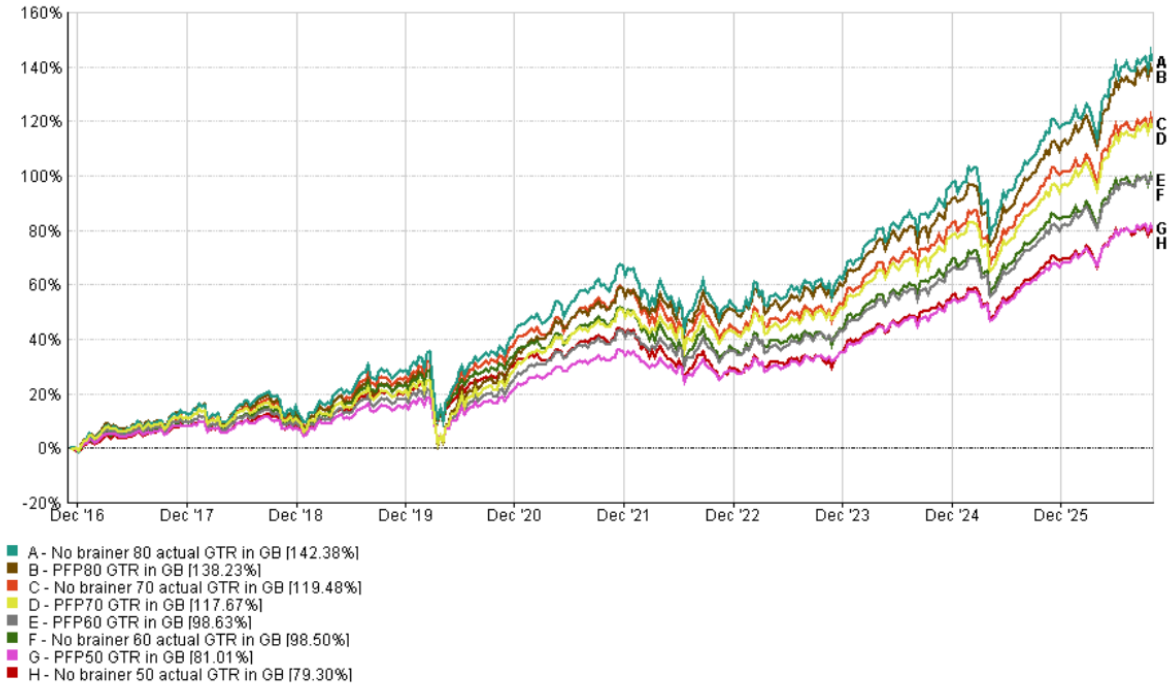
SOURCE: FE Analytics

The FTSE 100 endured a challenging period!

PFP vs No Brainer

Those who have read this far might wonder where the catch is. Much like the FTSE 100, the ARC benchmarks are not particularly challenging to outperform on a risk-adjusted basis. For example, some ARC contributors show their performance net of platform and advice costs, unfairly handicapping them. Therefore, our preferred benchmark is the "No Brainer" portfolio, which consists of two Vanguard global passive funds: one equity fund and one bond fund.

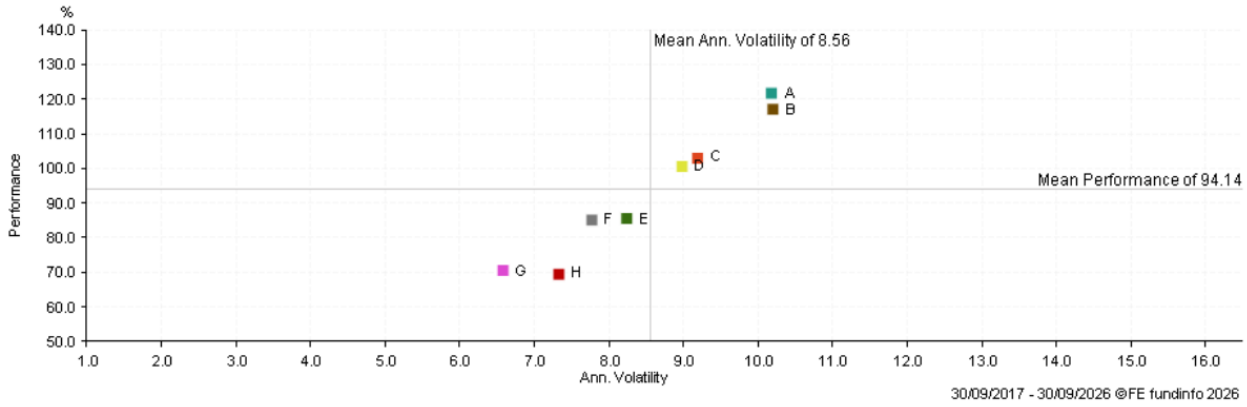
Things are now much more challenging when comparing raw returns, particularly as the equity content increases.



SOURCE: FE Analytics

Note that the comparison covers less than a decade, as the Vanguard equity fund was launched in late 2016.

If we look at risk-adjusted returns, the picture looks a little better, especially at lower equity levels.



Key	Name	Performance	Annualised Volatility
A	No brainer 80 actual GTR in GB	121.67	10.18
B	PFP80 GTR in GB	117.05	10.20
C	No brainer 70 actual GTR in GB	102.96	9.19
D	PFP70 GTR in GB	100.57	8.98
E	No brainer 60 actual GTR in GB	85.60	8.24
F	PFP60 GTR in GB	85.11	7.77
G	PFP50 GTR in GB	70.61	6.58
H	No brainer 50 actual GTR in GB	69.52	7.33

SOURCE: FE Analytics

Note: The comparison is over 9 years rather than 10 due to the Vanguard equity fund.

The maximum drawdown analysis indicates that the PFP portfolios performed slightly worse on average.

(8 rows)

Period: (30 Sep 2017 to 30 Sep 2026) ● **Return Period:** Monthly ● **Benchmark:** Funds own Sector average ● **Risk Free Rate:** 3.5% ● **Annualised Ratios:** Yes ● **Currency:** Pounds Sterling

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Portfolio No brainer 50 actual GTR in GB	2.62	0.43	7.69	-0.18	0.63	-12.16	13.10	-8.54	39	69	0.55	-1.55	6.04	0.35	0.33	8.81	5.89	7.33	☐
Portfolio No brainer 60 actual GTR in GB	3.19	0.50	8.47	-0.07	1.41	-11.67	14.76	-10.09	42	66	0.57	-0.55	7.11	0.44	0.43	8.40	7.29	8.24	☐
Portfolio No brainer 70 actual GTR in GB	3.75	0.56	9.32	0.05	2.20	-11.65	16.84	-11.65	42	66	0.59	0.44	8.18	0.51	0.50	8.13	8.35	9.19	☐
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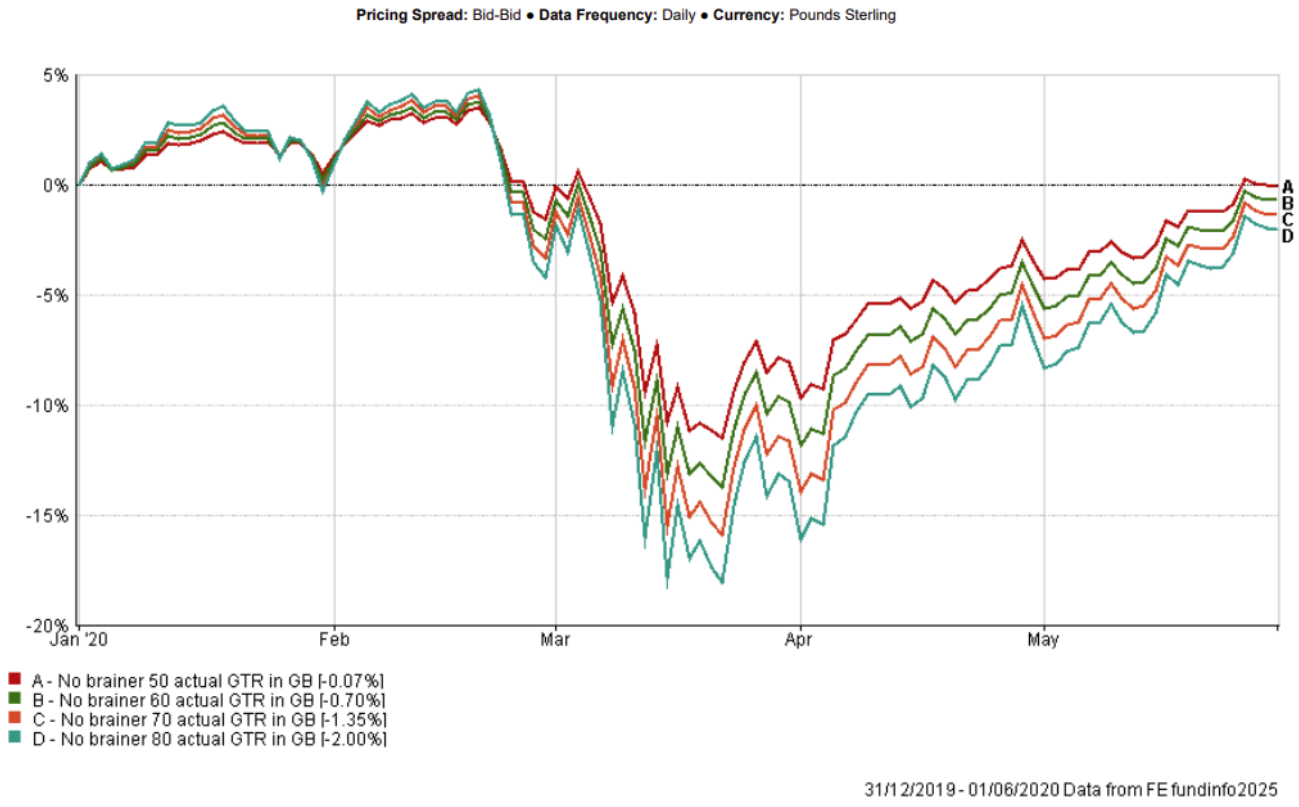
SOURCE: FE Analytics

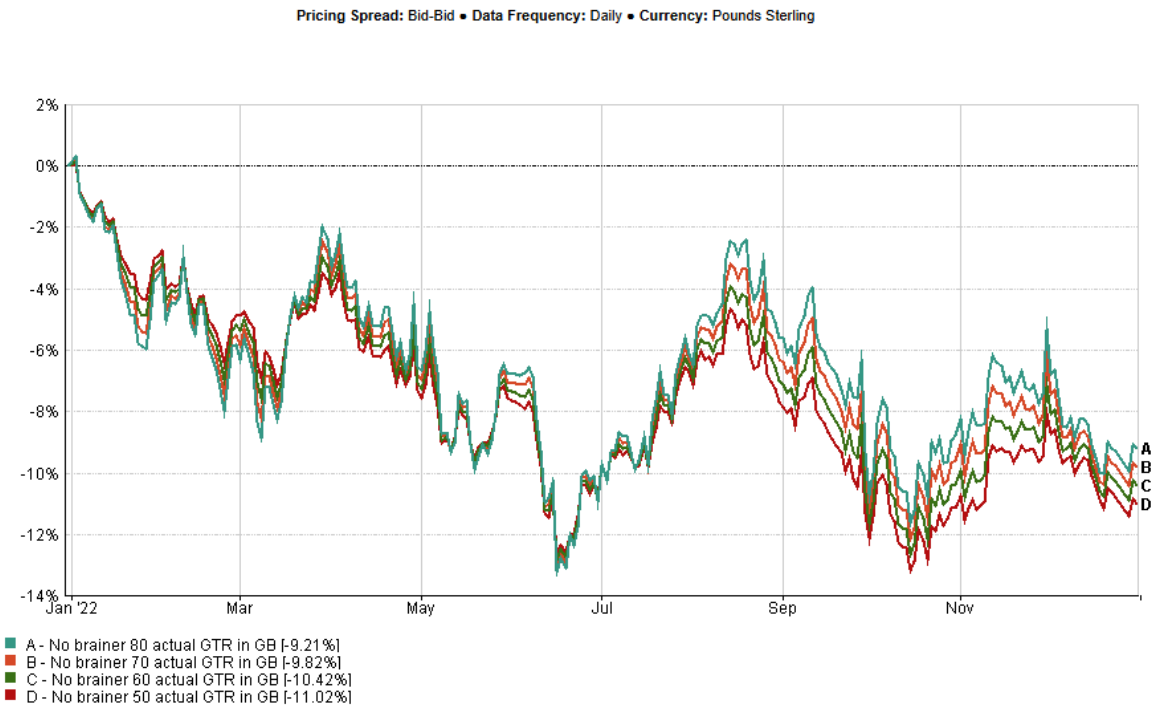
This analysis raises an interesting point. Among the No Brainer portfolios, the 70% equity option shows the smallest maximum drawdown (-11.65%). This is lower than the No Brainer 50, which many might not expect.

During the COVID turbulence, the No Brainer portfolios behaved as expected, with equity-heavy funds falling further.



SOURCE: FE Analytics

However, in 2022, the opposite occurred: the 50% equity portfolio posted the largest declines.



SOURCE: FE Analytics

Why not No Brainer?

Based on the analysis above, you may be wondering why we chose a PFP-type model over the No Brainer.

The answer is our desire to minimise downside risk during challenging periods, rather than maximise upside when things are good. Below, we outline how we attempt to do this.

Equities

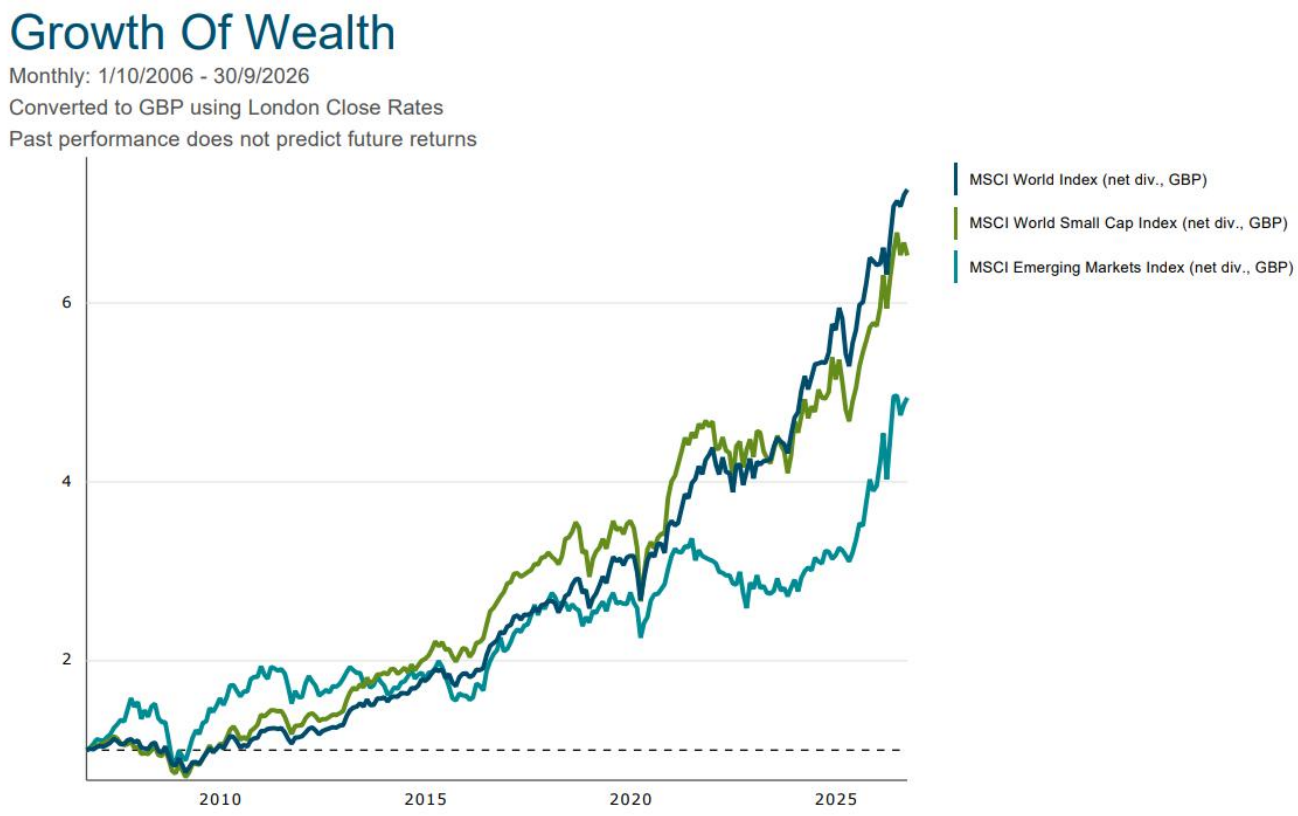
We will first look at equities (shares).

The PFP portfolios differ from No Brainer in the following ways:

- We are slightly overweight in emerging markets (MSCI Emerging Markets Index, which is the benchmark) vs developed markets (MSCI World Index).
- We are also slightly overweight in small-cap value shares (MSCI World Small Value Index).

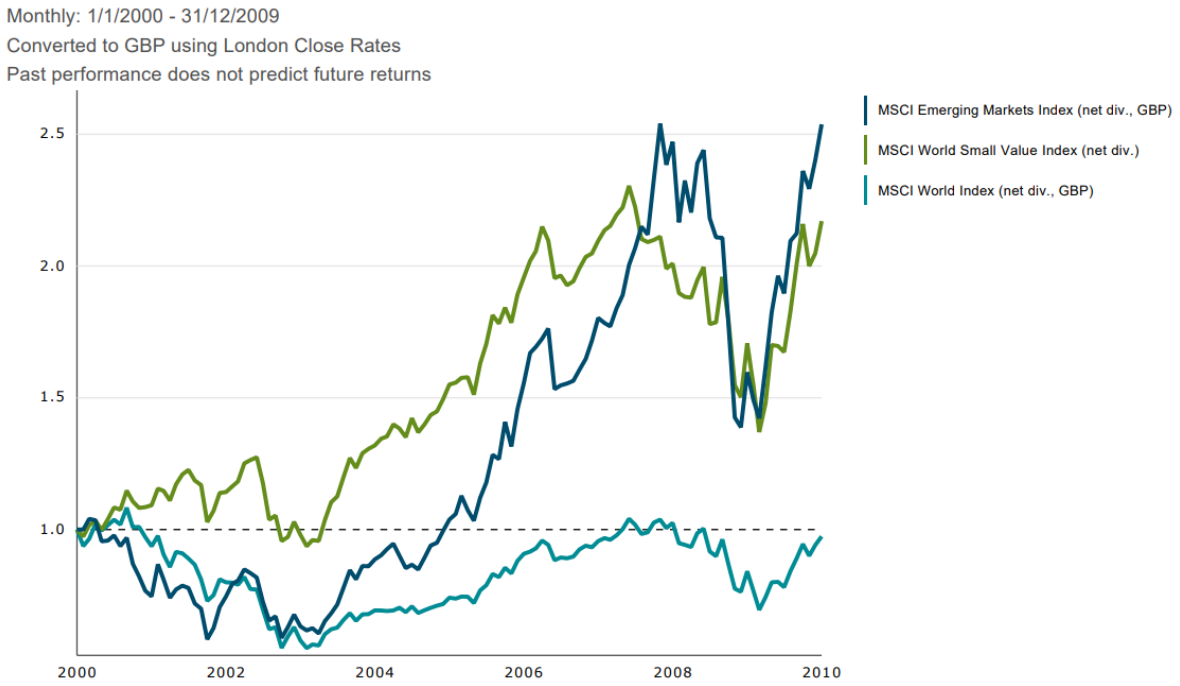
(This is a similar approach to that taken by Tim Hale at Albion Strategic Consulting).

Both have dragged on returns over the last twenty years.



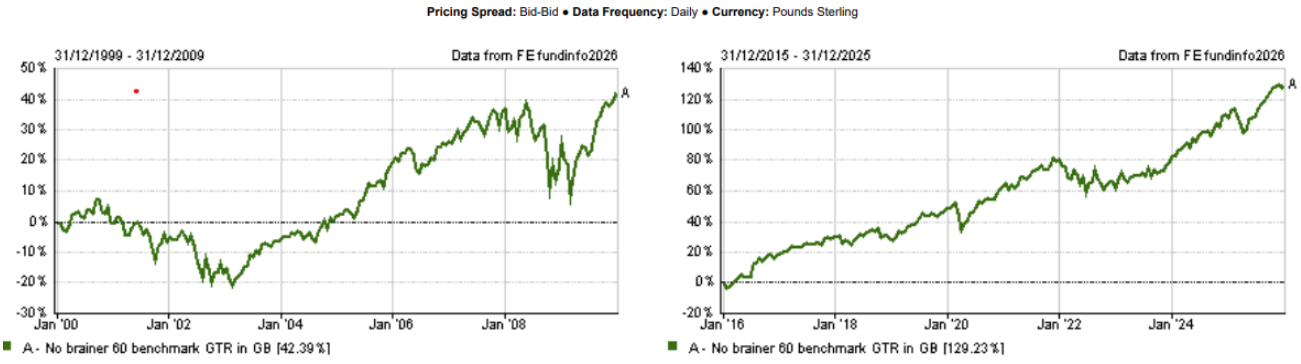
SOURCE: Dimensional Fund Advisors

However, during the "lost decade" from 2000 to 2010, the situation was reversed, with developed markets ending the decade with broadly flat returns.



SOURCE: Dimensional Fund Advisors

The No Brainer 60 portfolio returned around **42%** from 2000 to 2010 (bond returns helped mitigate the lacklustre returns of equities) and **129%** from 2015 to 2025.



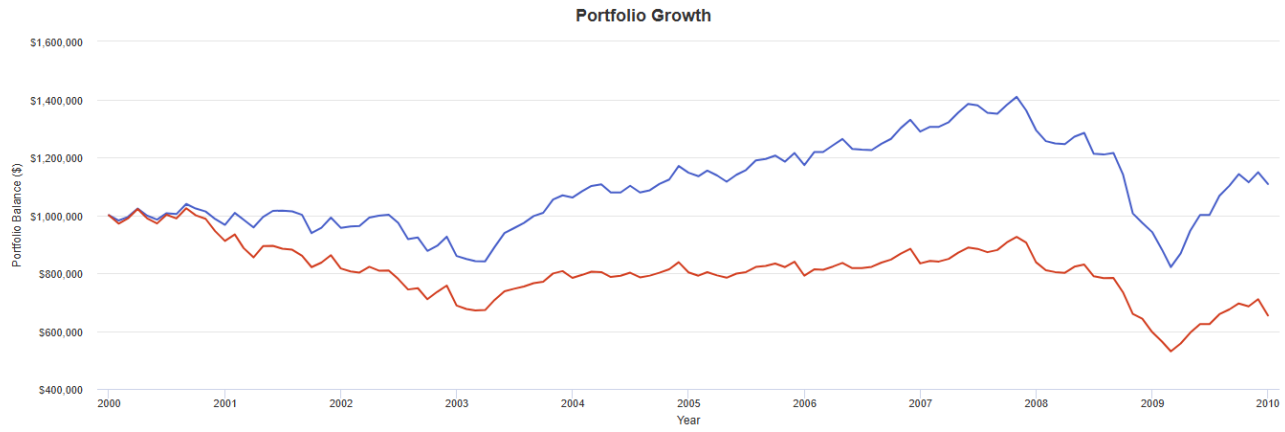
SOURCE: FE Analytics

We want our portfolio tilts to work when No Brainer returns are weaker, effectively smoothing the range of returns (and therefore portfolio balances) when comparing decades, because we don't know which decade we will get.

As an example, below, we compare a "No-Brainer" portfolio to one tilted toward small-cap value shares over the same time periods as above and examine how a retiree drawing an income may have fared.

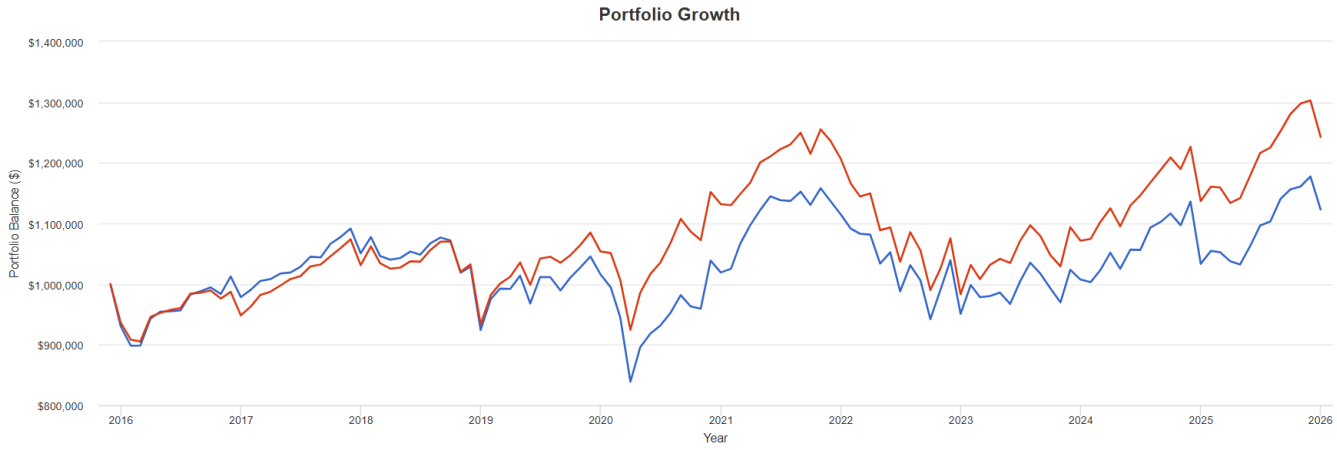
The starting balance is $1,000,000 (US-based data), and an inflation-adjusted $50,000 is withdrawn from each portfolio each year. Both portfolios contain 60% equities and 40% bonds.

For someone retiring in January 2000, the tilted portfolio's (blue) final balance is higher than the starting balance ($1.1m) at the end of the decade. Conversely, the “No Brainer” portfolio (red) is down to around $650,000. A retiree may find it hard not to feel the urge to cut spending (which we’d consider a real shame, since you only have one retirement to enjoy).



SOURCE: Portfolio Visualizer

From December 2015 to December 2025, the situation reversed ($1.12m for the tilted portfolio vs $1.24m for the “No Brainer”), but more importantly, the tilted portfolio's ending balance remains positive. Unlike the “No Brainer,” it has given a reasonable outcome in both scenarios.

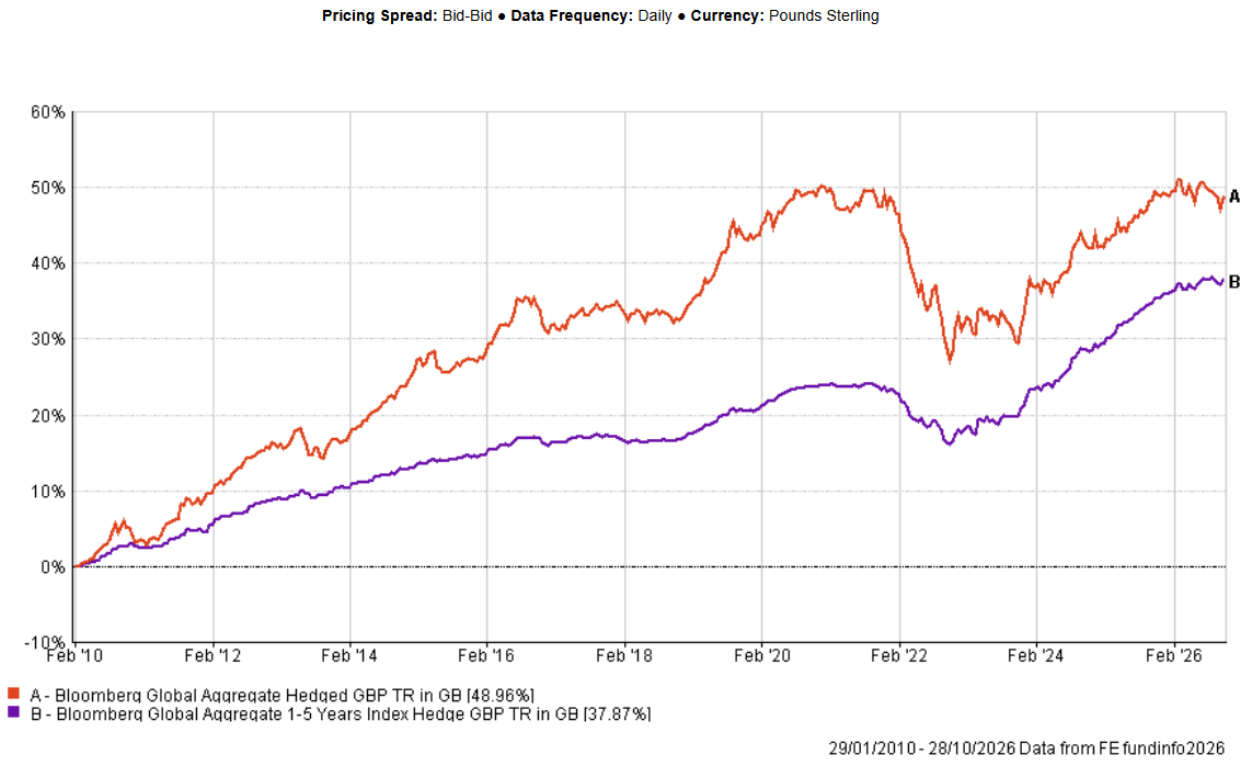


SOURCE: Portfolio Visualizer

Bonds

The PFP portfolios contain bonds with shorter durations than those within the no-brainer portfolios.

This will tend to result in lower returns over the long term.



SOURCE: FE Analytics

However, a shorter duration can limit bond drawdowns during inflationary periods and rising interest rates. 2022 was an example when inflation was temporarily (slightly) elevated.



A - Bloomberg Global Aggregate 1-5 Years Index Hedge GBP TR in GB [-4.77%]
B - Bloomberg Global Aggregate Hedged GBP TR in GB [-12.15%]

31/12/2021 - 30/12/2022 Data from FE fundinfo2026

SOURCE: FE Analytics

As with equities, we seek to minimise downside risk.

Disclaimers

- All performance figures are in Pounds Sterling (£GBP) unless stated otherwise.
- Past performance is used as a guide only. It is not a guarantee of future returns, and the returns achieved may be lower than those illustrated.
- The value of any investment can go up and down, and you may not get back the full amount invested.
- Other than deposit-based savings, investments should be viewed over the medium to long-term - a period of 5 years plus.
- The financial services sector uses many different benchmarks and benchmarking entities. Therefore, other benchmarks exist. Please conduct your own due diligence and research to ensure the benchmark is reasonable for the investments against which it is being compared.
- Nothing in this document constitutes personalised financial advice.