Our portfolios

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. Pain, in investing terms, 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 here.

As part of our research, we examine 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.
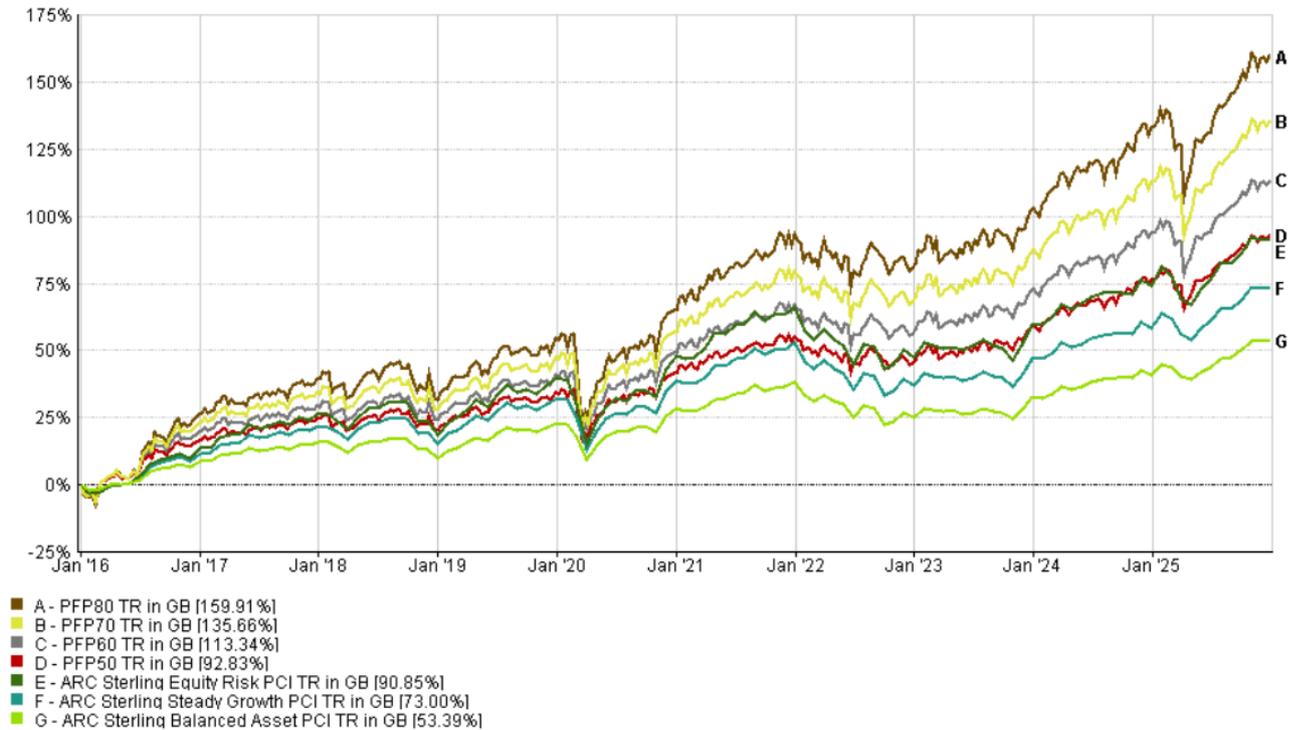
PFP vs ARC

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 the purposes of this exercise, we will exclude ARC Cautious (40% max equity) and PFP90 and PFP100, as most of our retirement clients tend to 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 December 31st 2025.

- A - PFP80 TR in GB [159.91%]
- B - PFP70 TR in GB [135.66%]
- C - PFP60 TR in GB [113.34%]
- D - PFP50 TR in GB [92.83%]
- E - ARC Sterling Equity Risk PCI TR in GB [90.85%]
- F - ARC Sterling Steady Growth PCI TR in GB [73.00%]
- G - ARC Sterling Balanced Asset PCI TR in GB [53.39%]

SOURCE: FE Analytics

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

Let's now consider risk; looking at returns in isolation does not paint the whole picture. We first examine risk vs. return over the last decade.
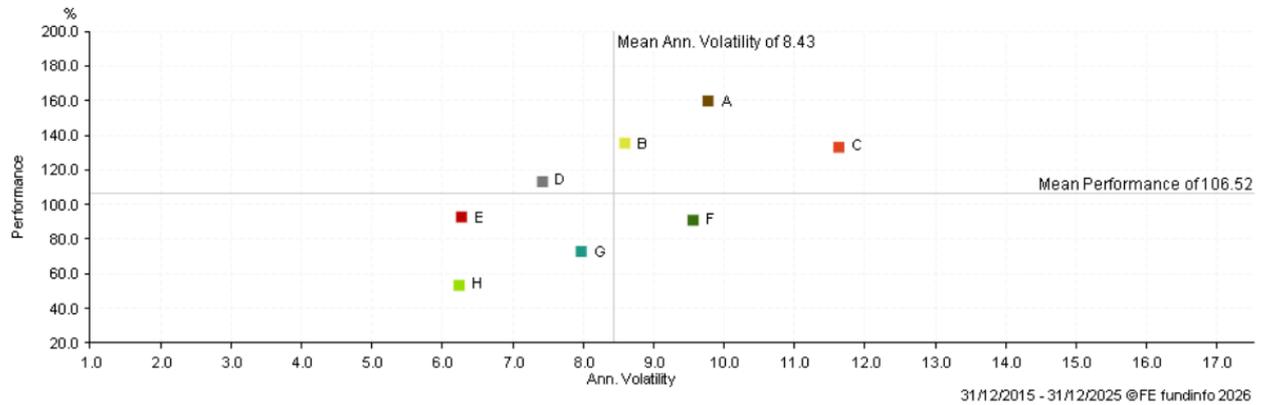
Key	Name	Performance	Annualised Volatility
A	PFP80 TR in GB	159.91	9.77
B	PFP70 TR in GB	135.66	8.59
C	FTSE 100 TR in GB	133.15	11.63
D	PFP60 TR in GB	113.34	7.42
E	PFP50 TR in GB	92.83	6.27
F	ARC Sterling Equity Risk PCI TR in GB	90.85	9.56
G	ARC Sterling Steady Growth PCI TR in GB	73.00	7.97
H	ARC Sterling Balanced Asset PCI TR in GB	53.39	6.24

SOURCE: FE Analytics

Again, we see that the PFP portfolios have delivered strong risk-adjusted returns. For example, PFP60 (60% equities) has generated higher returns than ARC Sterling Steady Growth (60-80% equities) (113% vs 73%) with lower volatility (7.42 vs 7.97).

Note that we have included the FTSE 100 to show how bad the performance of this index has been on a risk-adjusted basis (hence why it's a favourite benchmark of many Discretionary Fund Managers)!
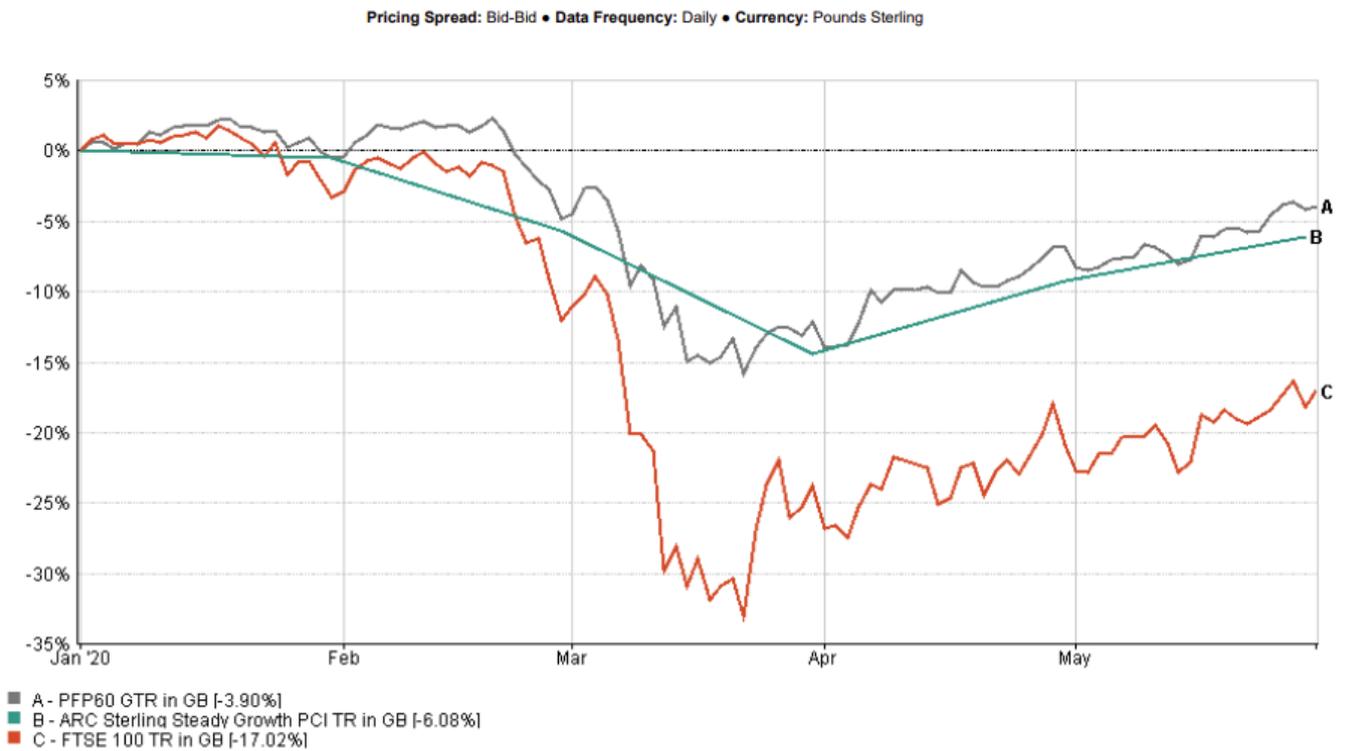
Maximum drawdown is another (key) metric to consider, as it could lead to a retiree abandoning their plan and selling their investments (everyone has a breaking point) at the worst time. If we compare PFP60 to ARC Sterling Steady Growth again, PFP60's maximum drawdown is smaller (-12.5% vs. -14.45%).

	Fund Comparison																		Chart
Customise Columns	Alpha	Beta	Downside Risk	Info Ratio Rel.	Jensens Alpha	Max Drawdown	Max Gain	Max Loss	Negative Periods	Positive Periods	r²	Relative Return	Return	Sharpe	Sortino	Tracking Error	Treynor	Volatility	Select
Portfolio PFP50 TR in GB	3.06	0.43	6.34	-0.19	1.05	-10.38	12.53	-10.15	44	76	0.65	-1.46	6.79	0.52	0.52	7.80	7.66	6.27	☐
Index ARC Sterling Balanced Asset PCI TR in GB	0.00	1.00	6.65	0.00	0.00	-11.13	11.22	-11.01	45	74	1.00	0.00	4.37	0.14	0.13	0.00	0.87	6.24	☐
Portfolio PFP60 TR in GB	3.47	0.51	7.64	-0.06	1.73	-12.50	14.76	-12.19	44	76	0.66	-0.46	7.87	0.59	0.57	7.32	8.59	7.42	☐
Index ARC Sterling Steady Growth PCI TR in GB	0.00	1.00	8.37	0.00	0.00	-14.45	13.51	-14.45	48	72	1.00	0.00	5.63	0.27	0.26	0.00	2.13	7.97	☐
Portfolio PFP70 TR in GB	3.88	0.59	8.76	0.08	2.42	-14.61	17.18	-14.22	44	76	0.66	0.53	8.95	0.63	0.62	7.03	9.26	8.59	☐
Portfolio PFP80 TR in GB	4.28	0.67	9.90	0.22	3.10	-16.71	19.75	-16.25	44	76	0.66	1.52	10.02	0.67	0.66	6.94	9.75	9.77	☐
Index ARC Sterling Equity Risk PCI TR in GB	0.00	1.00	9.86	0.00	0.00	-17.33	15.73	-17.33	47	73	1.00	0.00	6.68	0.33	0.32	0.00	3.18	9.56	☐
Index FTSE 100 TR in GB	0.00	1.00	13.14	0.00	0.00	-24.00	19.36	-23.84	42	78	1.00	0.00	8.83	0.46	0.41	0.00	5.33	11.63	☐

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.

Pricing Spread: Bid-Bid ● **Data Frequency:** Daily ● **Currency:** Pounds Sterling

- A - PFP60 GTR in GB [-3.90%]
- B - ARC Sterling Steady Growth PCI TR in GB [-6.08%]
- C - FTSE 100 TR in GB [-17.02%]

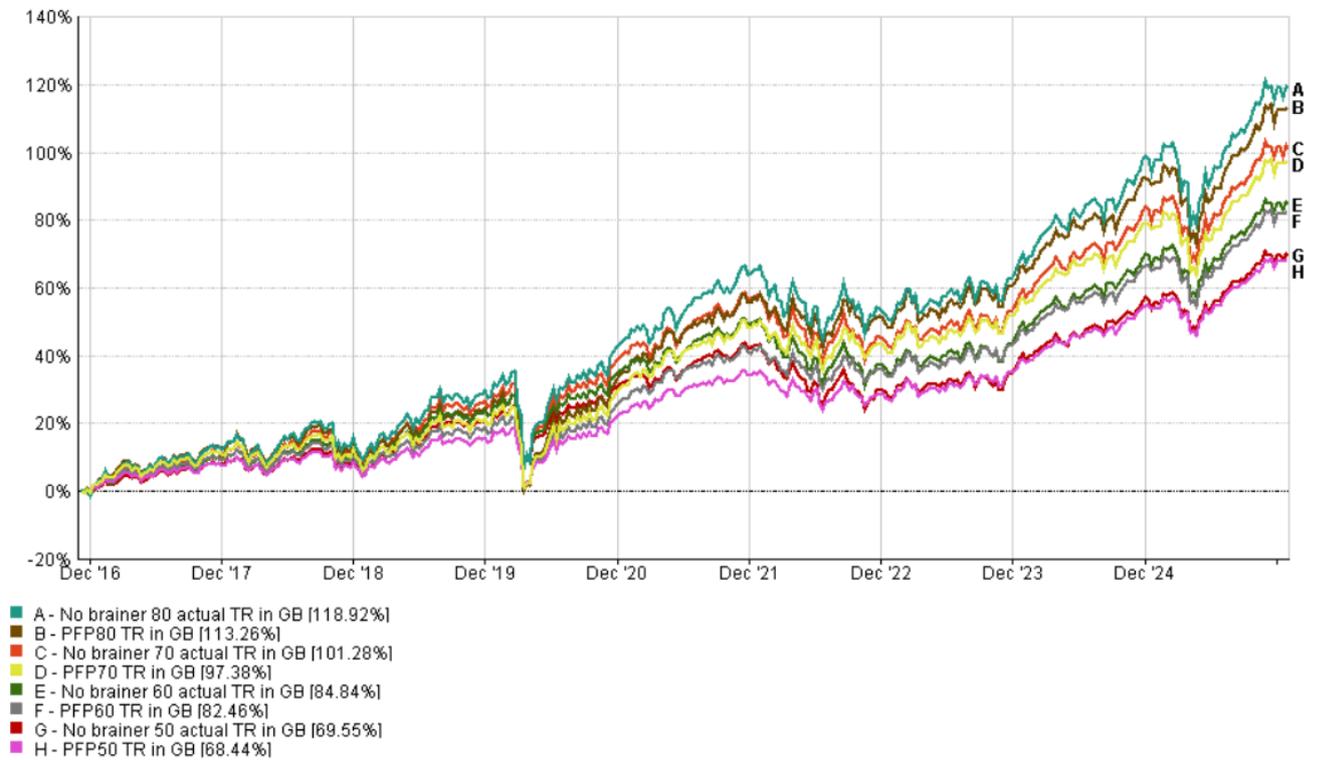31/12/2019 - 01/06/2020 Data from FE fundinfo 2025

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 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.
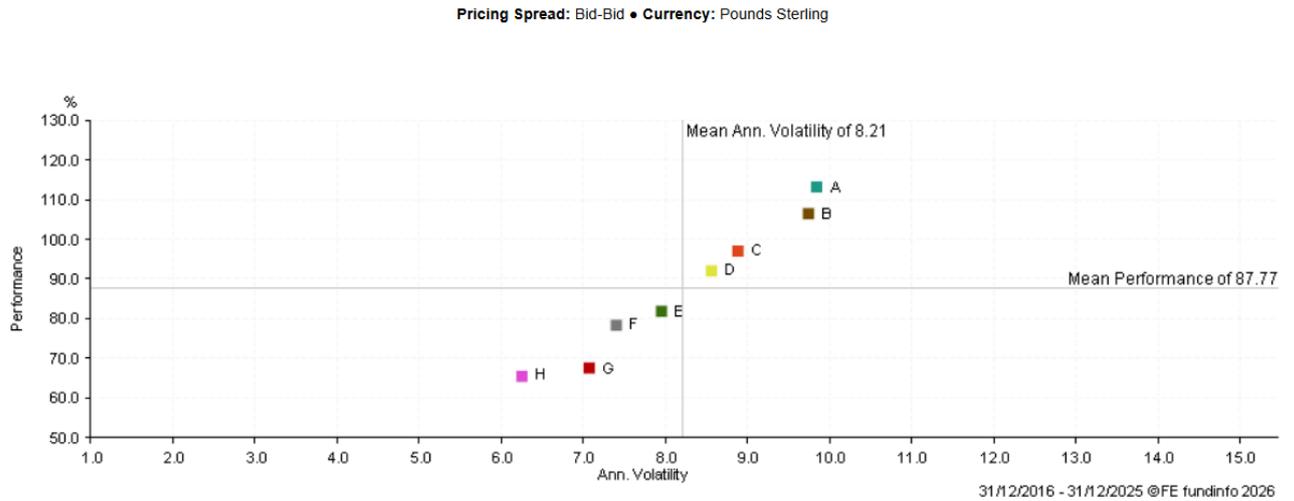

- A - No brainer 80 actual TR in GB [118.92%]
- B - PFP80 TR in GB [113.26%]
- C - No brainer 70 actual TR in GB [101.28%]
- D - PFP70 TR in GB [97.38%]
- E - No brainer 60 actual TR in GB [84.84%]
- F - PFP60 TR in GB [82.46%]
- G - No brainer 50 actual TR in GB [69.55%]
- H - PFP50 TR in GB [68.44%]

08/11/2016 - 31/12/2025 Data from FE fundinfo2026

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.

31/12/2016 - 31/12/2025 ©FE fundinfo 2026

Key	Name	Performance	Annualised Volatility
A	No brainer 80 actual TR in GB	113.21	9.84
B	PFP80 TR in GB	106.41	9.74
C	No brainer 70 actual TR in GB	97.03	8.88
D	PFP70 TR in GB	92.02	8.56
E	No brainer 60 actual TR in GB	81.88	7.95
F	PFP60 TR in GB	78.40	7.40
G	No brainer 50 actual TR in GB	67.69	7.07
H	PFP50 TR in GB	65.53	6.25

SOURCE: FE Analytics

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

The maximum drawdown shows that the PFP portfolios performed slightly worse in aggregate.
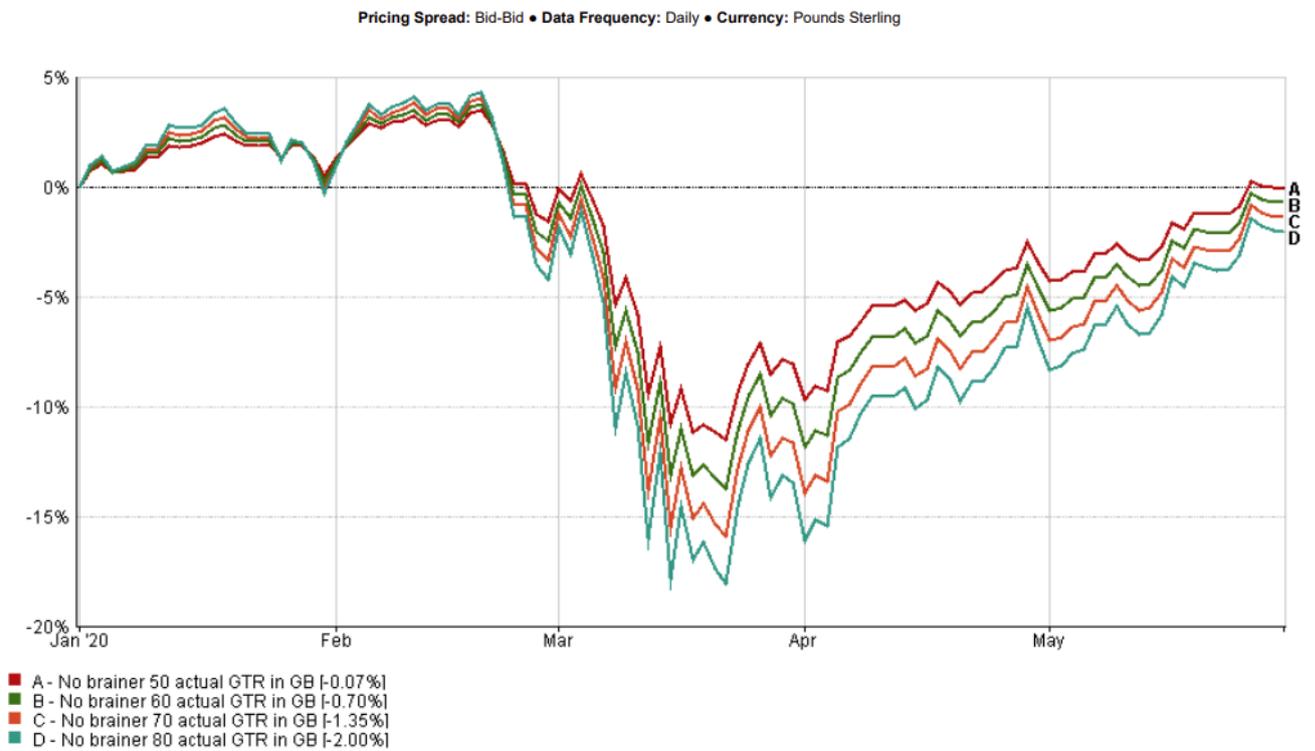
Period: (31 Dec 2016 to 31 Dec 2025) ● Return Period: Monthly ● Benchmark: Funds own Sector average ● Risk Free Rate: 3.5% ● Annualised Ratios: Yes ● Currency: Pounds Sterling

Fund Comparison   Chart

Customise Columns	Alpha	Beta	Downside Risk	Info Ratio Rel.	Jensens Alpha	Max Drawdown	Max Gain	Max Loss	Negative Periods	Positive Periods	r²	Relative Return	Return	Sharpe	Sortino	Tracking Error	Treynor	Volatility	Select
Portfolio PFP80 TR in GB	3.38	0.65	10.15	0.12	2.16	-16.71	19.75	-16.25	41	67	0.67	0.84	8.39	0.50	0.48	7.01	7.47	9.74	☐
Portfolio PFP70 TR in GB	3.08	0.58	8.99	0.01	1.59	-14.61	17.18	-14.22	41	67	0.67	0.04	7.52	0.47	0.45	7.17	6.98	8.56	☐
Portfolio No brainer 80 actual TR in GB	3.96	0.63	9.93	0.16	2.65	-13.43	18.94	-13.43	39	69	0.61	1.21	8.78	0.54	0.53	7.66	8.37	9.84	☐
Portfolio PFP60 TR in GB	2.78	0.50	7.84	-0.10	1.02	-12.50	14.66	-12.19	41	67	0.67	-0.78	6.64	0.42	0.40	7.53	6.31	7.40	☐
Portfolio No brainer 50 actual TR in GB	2.59	0.43	7.25	-0.17	0.61	-12.16	13.10	-8.54	39	69	0.55	-1.46	5.91	0.34	0.33	8.54	5.59	7.07	☐
Portfolio No brainer 60 actual TR in GB	3.05	0.50	8.19	-0.07	1.28	-11.67	14.76	-10.09	42	66	0.58	-0.56	6.87	0.42	0.41	8.10	6.78	7.95	☐
Portfolio No brainer 70 actual TR in GB	3.51	0.56	9.04	0.04	1.97	-11.65	16.84	-11.65	42	66	0.60	0.32	7.83	0.49	0.48	7.81	7.67	8.88	☐
Portfolio PFP50 TR in GB	2.48	0.42	6.50	-0.20	0.46	-10.38	12.53	-10.15	41	67	0.67	-1.60	5.76	0.36	0.35	8.06	5.38	6.25	☐

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 No Brainer 50, which many might not expect.
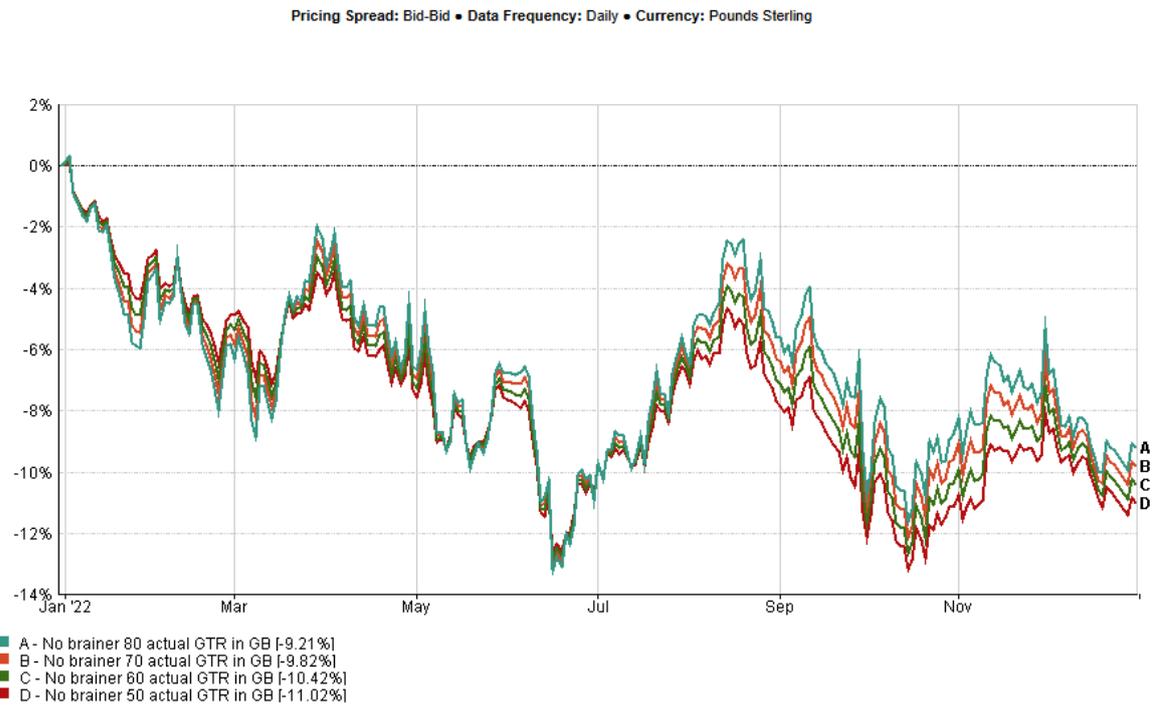
You can see that during the COVID turbulence, the No Brainer portfolios behaved as expected, with equity-heavy funds falling further.

■ A - No brainer 50 actual GTR in GB [-0.07%]
■ B - No brainer 60 actual GTR in GB [-0.70%]
■ C - No brainer 70 actual GTR in GB [-1.35%]
■ D - No brainer 80 actual GTR in GB [-2.00%]

31/12/2019 - 01/06/2020 Data from FE fundinfo 2025

SOURCE: FE Analytics

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

- A - No brainer 80 actual GTR in GB [-9.21%]
- B - No brainer 70 actual GTR in GB [-9.82%]
- C - No brainer 60 actual GTR in GB [-10.42%]
- D - No brainer 50 actual GTR in GB [-11.02%]

31/12/2021 - 30/12/2022 Data from FE fundinfo 2025

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 lies in our desire to minimise downside risk during challenging periods, rather than maximising upside when things are good. Below, we outline how we attempt to do this.

Equities

We will first look at equities.

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 been a drag on returns over at least the last fifteen years.

Growth of Wealth
Monthly: 1/1/2011 - 31/12/2025
Converted GBP using London Close Rates

- MSCI World Index (net div., GBP)
- MSCI World Small Value Index (net div.)
- MSCI Emerging Markets Index (net div., GBP)
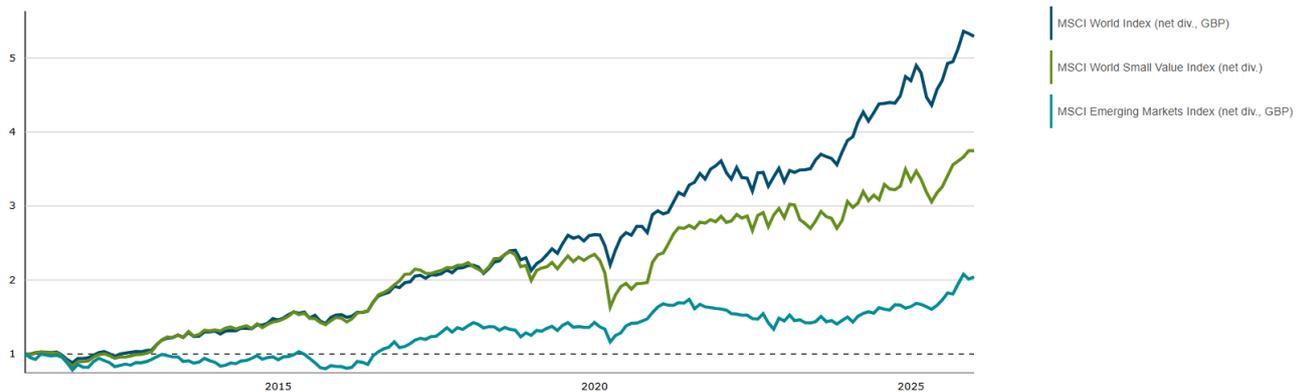
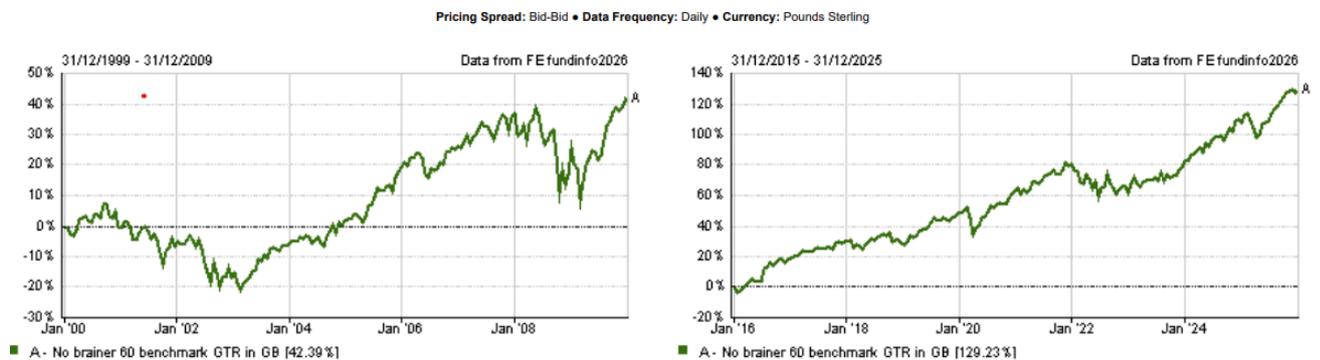SOURCE: Dimensional Fund Advisors

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

Growth of Wealth
Monthly: 1/1/2000 - 31/12/2009
Converted GBP using London Close Rates

MSCI Emerging Markets Index (net div., GBP)
MSCI World Small Value Index (net div.)
MSCI World Index (net div., GBP)
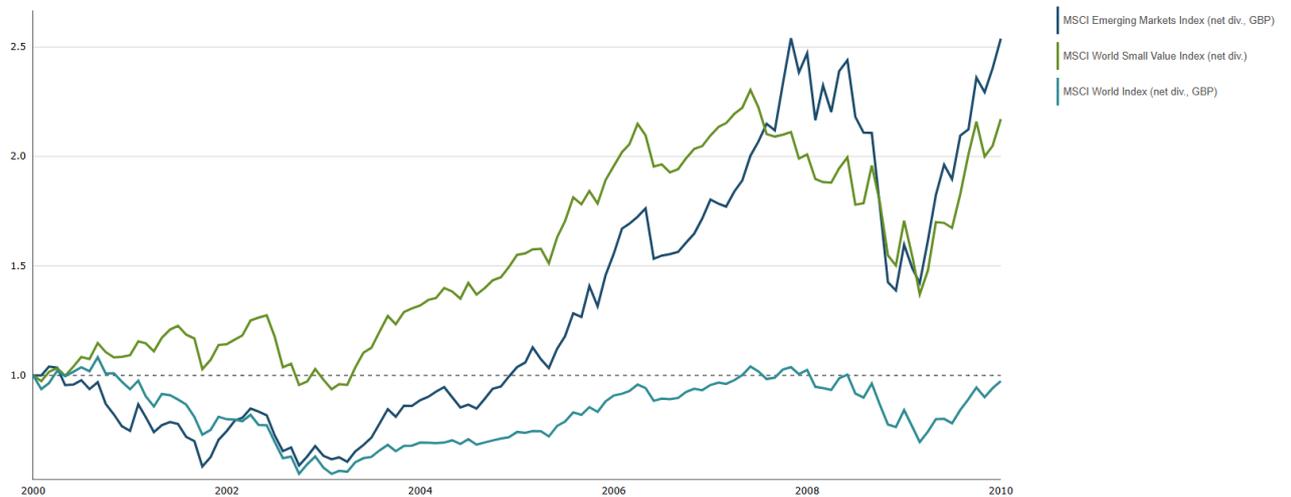
SOURCE: Dimensional Fund Advisors

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

Pricing Spread: Bid-Bid ● Data Frequency: Daily ● Currency: Pounds Sterling

31/12/1999 - 31/12/2009   Data from FE fundinfo 2026

■ A - No brainer 60 benchmark GTR in GB [42.39 %]

31/12/2015 - 31/12/2025   Data from FE fundinfo 2026

■ A - No brainer 60 benchmark GTR in GB [129.23 %]

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 have found it challenging not to feel the urge to reduce their expenditure (which we'd consider to be a real shame, as you only have one retirement to enjoy).
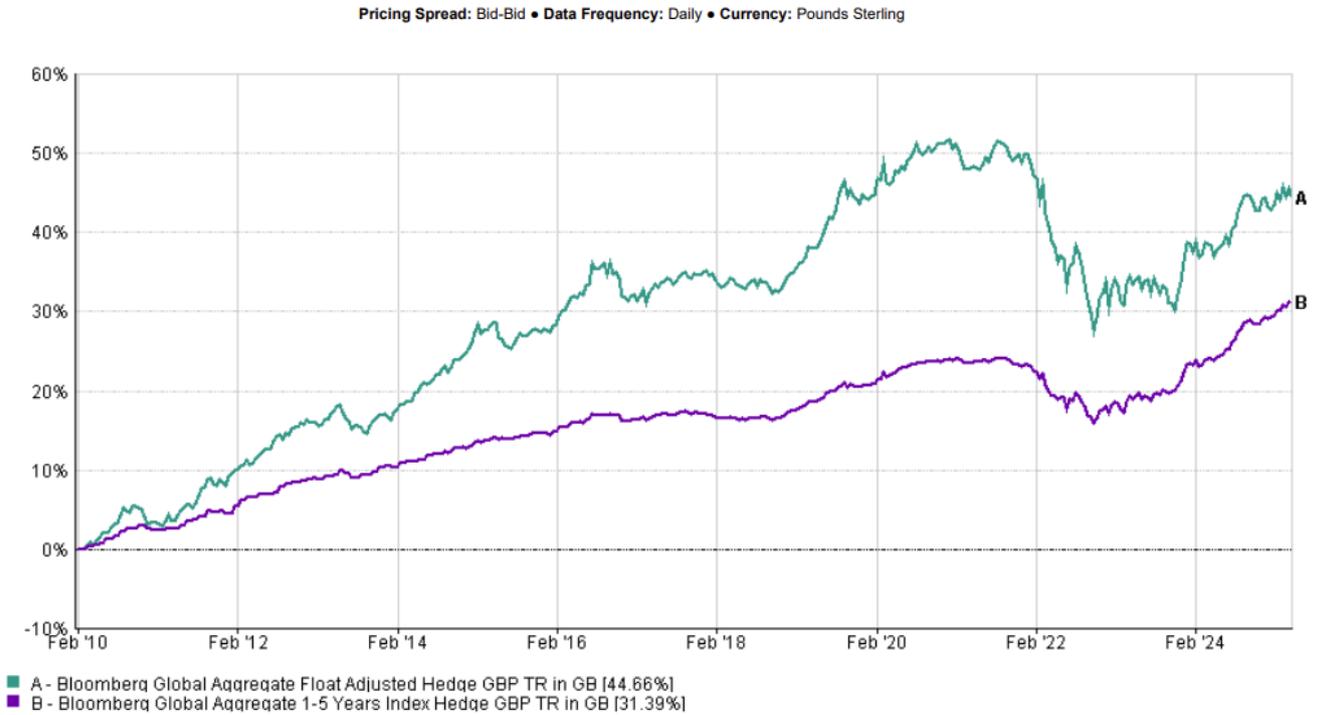

SOURCE: Portfolio Visualizer

Over the last decade (December 2015-December 2025), the situation has 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.
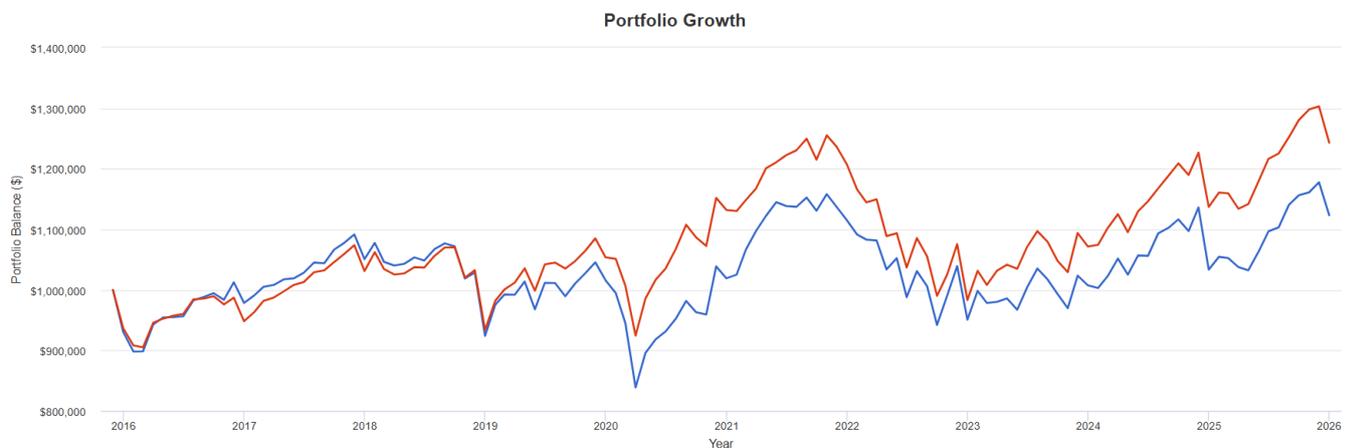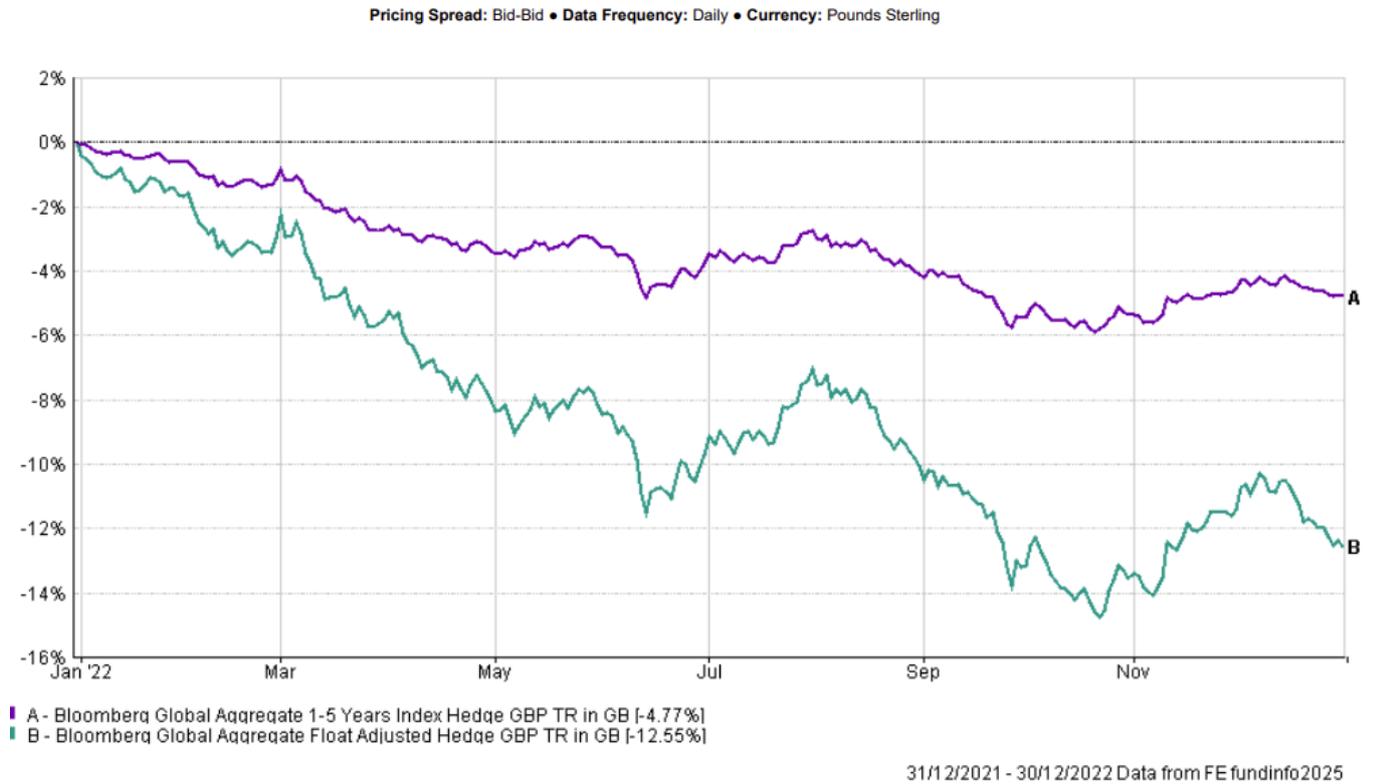

SOURCE: Portfolio Visualizer

Bonds

Our 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.

■ A - Bloomberg Global Aggregate Float Adjusted Hedge GBP TR in GB [44.66%]
■ B - Bloomberg Global Aggregate 1-5 Years Index Hedge GBP TR in GB [31.39%]

29/01/2010 - 10/04/2025 Data from FE fundinfo 2025

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 Float Adjusted Hedge GBP TR in GB [-12.55%]

31/12/2021 - 30/12/2022 Data from FE fundinfo 2025

SOURCE: FE Analytics

As with equities, we are seeking to minimise downsides.

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.