

# FundCalibre

## ...a ratings revolution

Clive Hale, a 35-year industry veteran, director of FundCalibre, managing director of Albemarle Street Partners and former CIO of Skandia Investment Management, introduces a new fund ratings service for investors.



**CLIVE HALE**  
Managing Director,  
FundCalibre

**I would like to introduce you to an exciting new fund ratings service 'FundCalibre'. FundCalibre is a new website designed to help investors find the most skilful managers and the best investment funds. With over 3,000 funds available in the UK, choosing a fund can be a difficult and daunting task, but choosing the right fund can make a huge difference over time.**

**That's where FundCalibre comes in.**

In the past, fund ratings were aimed at institutional clients and the small retail investor was ignored. FundCalibre is different.

For the first time retail investors will have a free dedicated ratings agency focusing on their needs. The one simple 'Elite Rating' makes it easy to identify high quality funds.

FundCalibre has been established as a joint venture, which combines Albemarle Street Partners quantitative skills and Chelsea's industry-renowned research. Albemarle are an established investment consultancy firm managed by an experienced team of former fund managers. FundCalibre is an appointed representative under Chelsea Financial Services.

### THE ELITE RATING

FundCalibre only has one Elite Rating: either a fund receives a rating or it doesn't. Other ratings agencies have all sorts of different ratings including, stars, badges, gold, diamond, platinum etc. Frankly we think the current ratings only serve to confuse everyone. Is a two star fund good or bad? Is a bronze fund any good? Different ratings mean different things for different agencies. The Elite Rating is simple and unique. We believe that either a fund manager has the ability to add real value over time for their investors and should qualify for an Elite Rating or they don't.

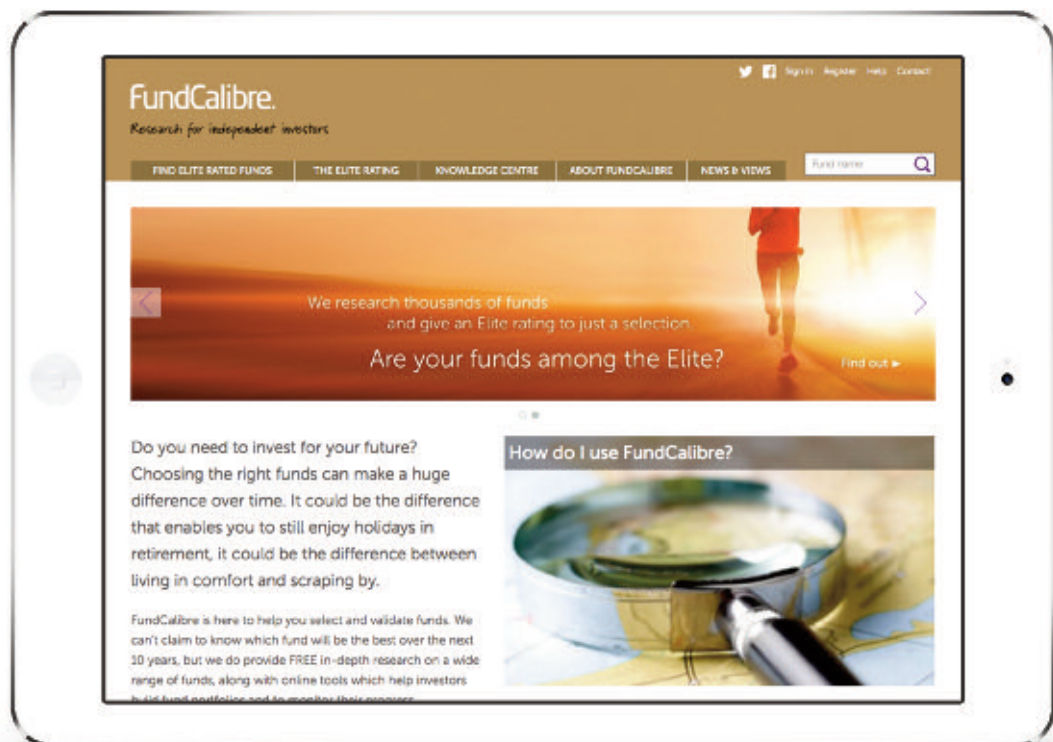
### OUR RESEARCH PROCESS

To qualify for an Elite Rating a fund must pass our rigorous research process. The process combines both quantitative and qualitative elements. We start with a quantitative screen using our unique tool, AlphaQuest. AlphaQuest was developed by Albemarle, and it forms the first part of the FundCalibre ratings process. Fund performance is a result of two things: market movements and fund manager skill. AlphaQuest goes beyond conventional past performance analysis by stripping out market movements and then analyses the volatility of the fund manager's skill - basically to see if it is indeed skill or just luck.

To qualify for an Elite Rating a fund manager must have been running the same mandate for at least three years. Only those managers who display consistent skill over a minimum of three years, and have more than a 60% probability of generating alpha (performance over and above the benchmark return) over the next 12 months, make it to the next stage of the process.

Once a fund has passed AlphaQuest we then arrange a meeting with the fund manager to undertake a qualitative assessment. A fund will never qualify for an Elite Rating without a face-to-face meeting.

We rigorously assess a fund manager's ability and support team. It's important that we understand why a manager has been able to beat the market in the past. We particularly look for any changes which might prevent this in the future. Is the fund too large? Has a key member of the team left? Has its investment process or philosophy changed?



**BENEFITS OF FUNDCALIBRE**

- A free independent fund ratings service designed for investors
- A rigorous quantitative and qualitative ratings process, resulting in approximately 10% of funds available in each IMA sector receiving an Elite Rating
- One simple Elite Rating
- Access free fund factsheets and build model portfolios on our website [www.fundcalibre.com](http://www.fundcalibre.com)
- Get the latest news and market commentary by signing up to the newsletter on the website

The Chelsea analysts are renowned for their high quality fund research and getting access to the leading managers. The Chelsea Core Selection outperformed its benchmark by 45% over a 10-year period and has added significant value for their clients. We were excited to combine Albemarle's quantitative skills with Chelsea's qualitative research. Together we believe we have created a powerful fund ratings team, which can add real value for investors.

Once a fund has been seen, the analysts present their findings to the fund selection committee. The committee is made up of all our analysts and directors, who together have decades of investment experience.

**A GOLD STANDARD**

FundCalibre is independent. A fund will receive an Elite Rating regardless of whether the company pays for a licence fee or not. We anticipate that relatively few managers will qualify for an Elite Rating. The quantitative analysis is rigorous, however many funds which pass this test will fail the subsequent qualitative assessment. We expect that less than 10% of available funds in each IMA sector will receive an Elite Rating.

**FUNDCALIBRE.COM**

We'd strongly encourage Chelsea clients to visit the FundCalibre website and to sign up for our e-newsletter. Unlike other fund ratings agencies, FundCalibre has been designed to help inform the consumer rather than institutions. On the FundCalibre website you will find easy to understand fund notes on many of the Elite Rated funds, including FundCalibre's opinion, which you can use to validate or narrow down your investment choices.

You can also build, save and track your own model portfolios of Elite Rated funds. You can analyse how the addition of funds will impact on your overall asset allocation. You can also examine your portfolio's performance. If you want to learn more about investments you can visit our knowledge centre which contains free information guides as well as our latest articles and fund manager interviews.

**CONCLUSION**

FundCalibre is a revolution in the fund ratings field. For the first time, consumers have an independent ratings agency designed to help them. The AlphaQuest programme is a powerful tool which can determine whether a manager is skilful or just lucky. The combination of Albemarle's and Chelsea's experience and skills has created an unparalleled team. The simple, yet prestigious, Elite Rating gives consumers a validation of their investment decision and sets a new standard in the fund ratings business. ■

Find out more at **FundCalibre.com**

A sample FundCalibre fund note



**FundCalibre FAQ**

**WHAT IS FUNDCALIBRE?**

FundCalibre is a fund ratings service. It is a joint venture between Albemarle and Chelsea. Funds which pass its rigorous ratings process are awarded an Elite Rating.

**DO I NEED TO WORRY IF MY FUND IS NOT ELITE RATED?**

No. There will be a good reason if a fund is on the Chelsea Core Selection or Selection but not Elite Rated. There will be a very high overlap of funds which are both Elite Rated and on the Chelsea Selection. However, the Chelsea methodology and the FundCalibre methodology are different. To qualify for an Elite Rating a fund has to pass various quantitative tests. One of these is that the fund manager has to have been in place for at least three years.

There are instances where the fund manager has not been in place for three years but the Chelsea team feel strongly that the fund will outperform its peers. FundCalibre has only just launched and there will be other funds which will qualify for an Elite Rating in the future.

Any fund on the Chelsea Selection or Chelsea Core Selection has been extensively researched by the Chelsea team. They will have met the fund manager and they only place funds on this list in which they have the highest conviction.

**HOW DO I BUY AN ELITE RATED FUND?**

You can buy any Elite Rated fund (which is not closed) through Chelsea via the usual means: paper application, by phone or online.

**WHAT ARE THE CHARGES?**

There are no charges for using the FundCalibre website and research. FundCalibre is a free consumer service designed to help investors with their investment decision making.

**ARE ALL ELITE RATED FUNDS AVAILABLE TO BUY?**

No. Some Elite Rated funds are closed and are not open to new investors, but are still among the best managers in their sector.

**WHY SHOULD I SIGN UP FOR THE NEWSLETTER?**

Investors who sign up to the newsletter will get the all the latest fund news, our market commentary and fund manager interviews.

