



VMAPS

REPORTING - PERFORMANCE REPORTS

2020

VENTURA FM

— Performance Reports

- ✓ Back to basics
- ✓ How do we calculate performance?
- ✓ Which performance method to use?
- ✓ Performance report options
- ✓ What to look for

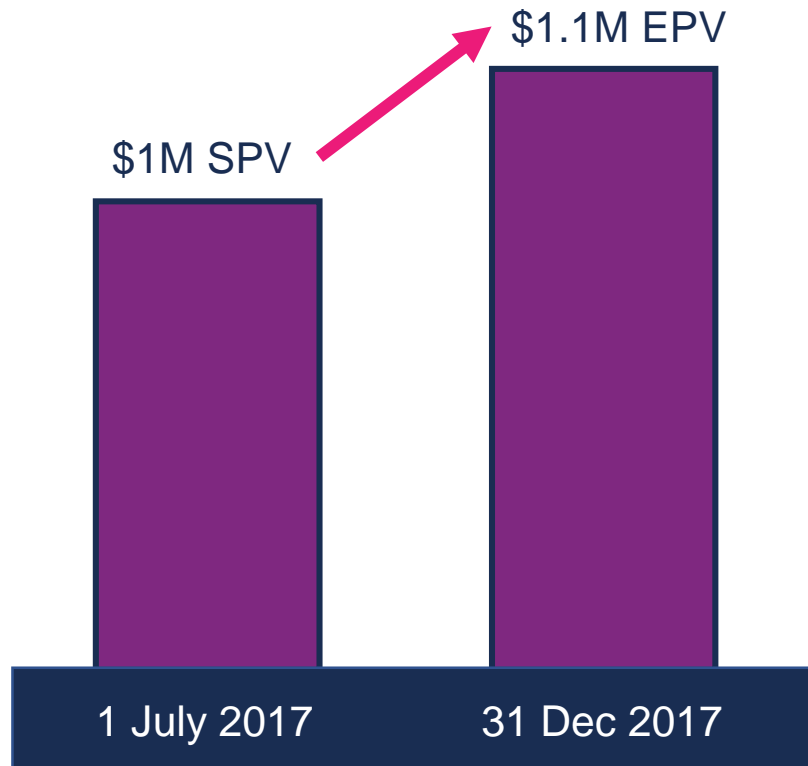


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— BACK TO BASICS

10%

\$100,000 increase in value
over 6 months



But this isn't the full story

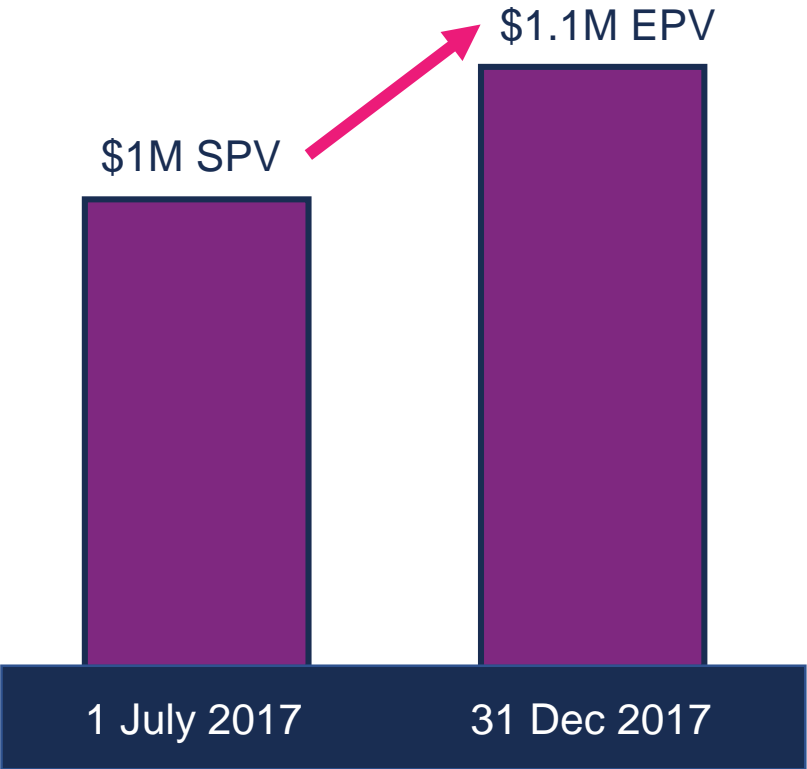
Performance isn't the difference between the Ending Portfolio Value (EPV) and the Starting Portfolio Value (SPV)



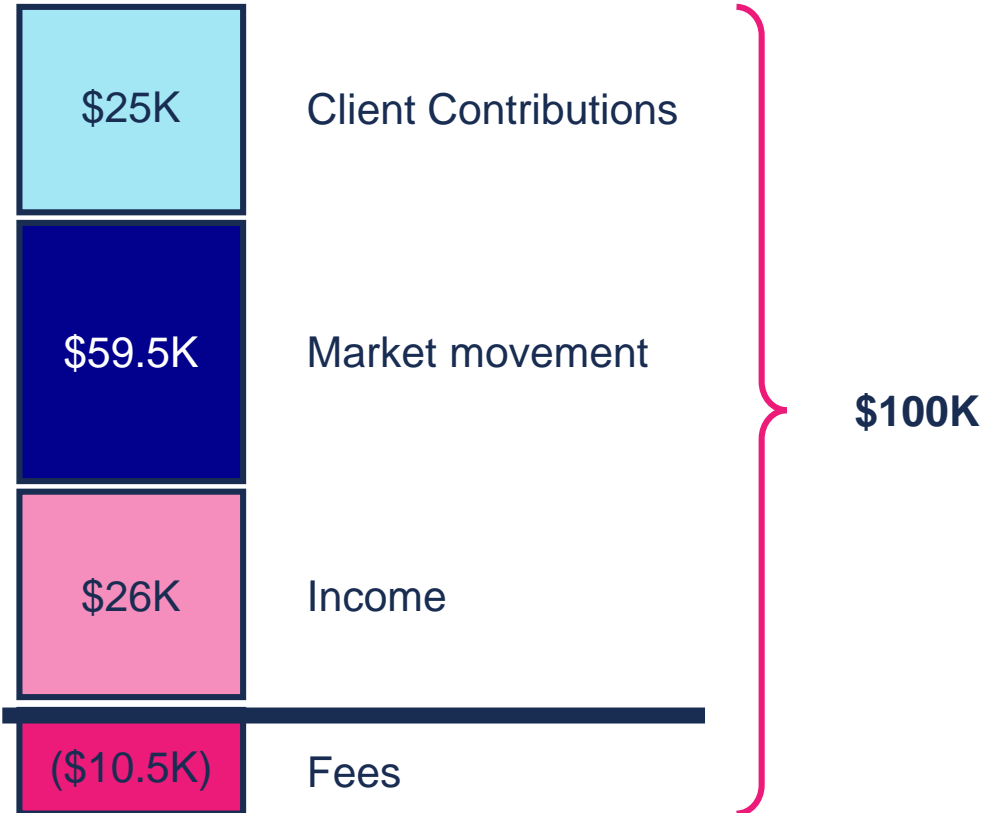
— BACK TO BASICS

10%

\$100,000 increase in value
over 6 months



The increase is the movement in value over a 6 month period. Which is different to the portfolio return



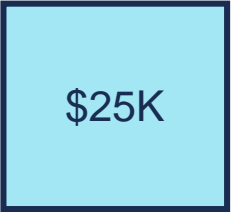
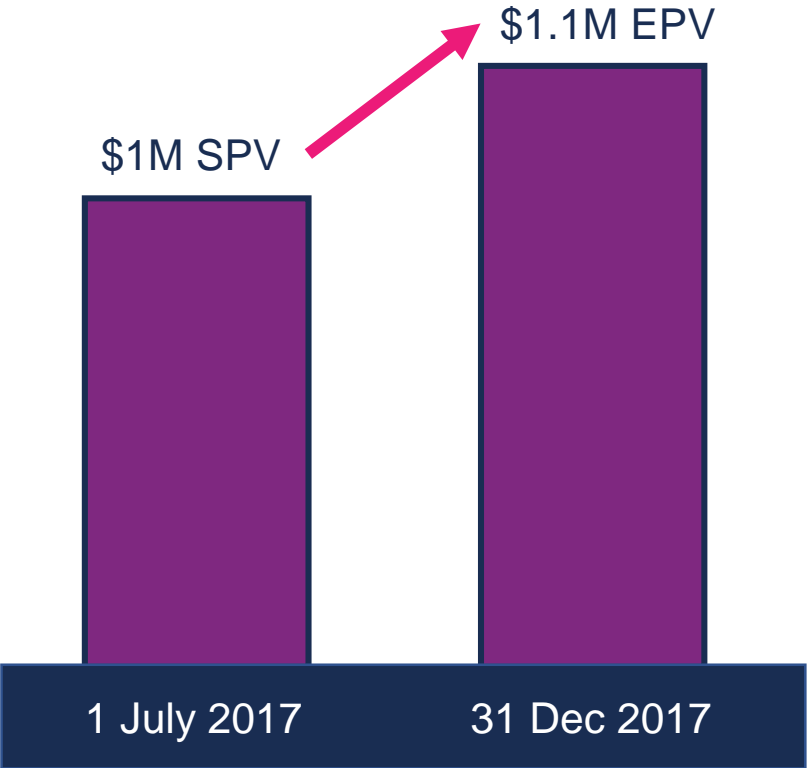


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BACK TO BASICS – PORTFOLIO RETURN

10%

\$100,000 increase in value
over 6 months



Client Contributions

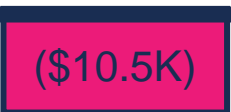
PORTFOLIO RETURN



Market movement



Income



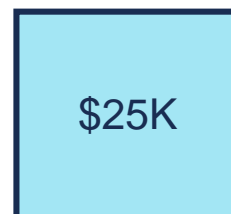
Fees



PERFORMANCE

10%

\$100,000 increase in value
over 6 months



\$25K

Client Contributions (CC)

\$1M SPV

\$1.1M EPV

\$1M SPV

1 July 2017

31 Dec 2017

The ending market
value includes the
fees charged.

So the percentage
return is *after*
expenses.

PORTFOLIO RETURN

End Portfolio Value – Start PV – CC

\$1.1M - \$1.0M - \$25K

Start PV \$1.0M

= 7.5%

After expenses

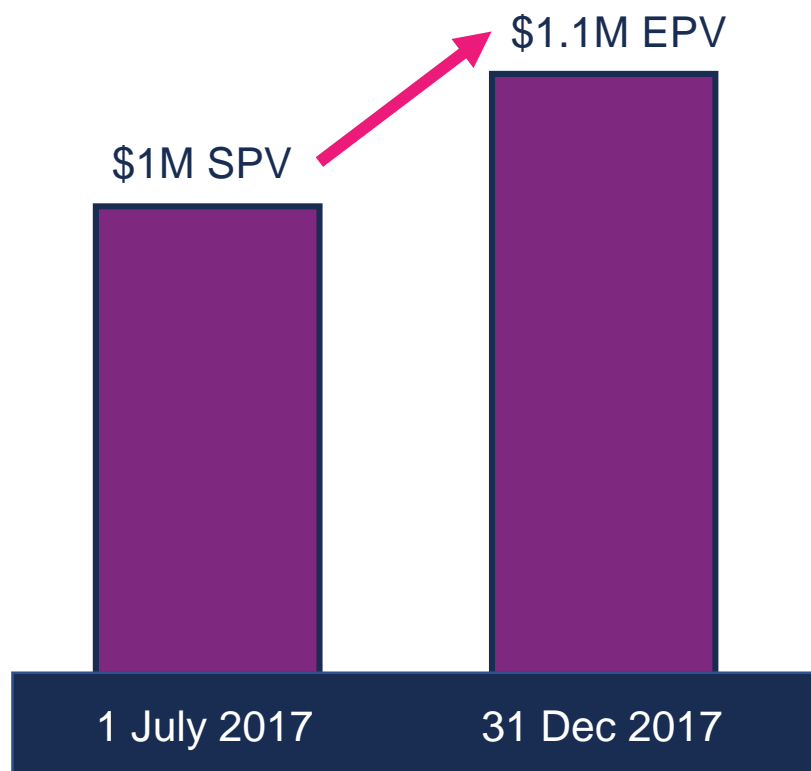


VMAPS

— PERFORMANCE

10%

\$100,000 increase in value
over 6 months



\$25K

Client Contributions (CC)

PORTFOLIO RETURN

EPV - SPV - CC + FEES

\$1.1.M - \$1.0 - \$25K + \$10.5K

SPV \$1.0M

= 8.55%

Before expenses

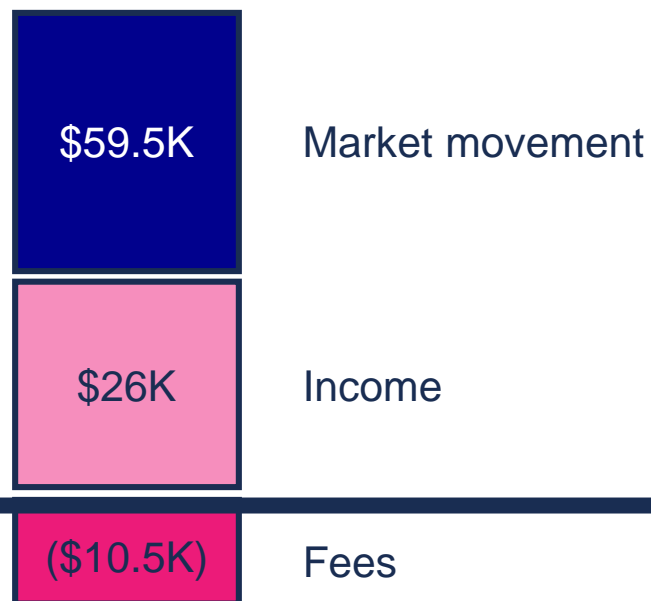
To get the return
before expenses.

We add the amount
of fees back in.



PERFORMANCE

PORTFOLIO RETURN



Taxes Paid & Franking Credits

- non-resident withholding tax
- Foreign tax paid (\$800)
- Franking credits \$4,300

Franking credits are not part of the portfolio's movement in value.

Taxes paid maybe refundable depending on the circumstances of the investor. So they are included (added back in) to portfolio boost returns.



PERFORMANCE

Portfolio return before expenses

EPV – SPV – CC + FEES + Foreign Tax + Franking Credits

\$1.1M – \$1.0 – \$25K + \$10.5K + \$800 + \$4300

SPV \$1.0M

=9.06%

Before expenses

We add back the
taxes paid and
franking credits

Pre taxes paid and franking credits

= 8.55%

Before expenses

= 7.5%

After expenses



— TIME WEIGHTED RETURN (TWR)

Compound return of our daily return

We take the product of the daily return + 1.

$$\text{TWR \%} = [((\text{DR}_1 + 1) \times (\text{DR}_2 + 1) \times \dots \times (\text{DR}_n + 1)) - 1] \times 100$$

The **time-weighted** rate of **return** is a measure of the compound rate of growth in a portfolio. This method eliminates the distorting effects created by the size and timing of inflows and withdrawals. The measure is used to compare the **returns** of investment managers.

The TWR formula requires the return to be calculated for every day in the period. This daily return (DR) is calculated using the same simple formula shown in previous slides.



— RETURN ON AVERAGE VALUE

The performance returns using the **Return on average value** method is calculated by dividing the **total dollar return** by the **average of the portfolio's market value** for each day in the performance period.

The average market value is taken from the portfolio's balance history, a database containing the total market value of the portfolio for each day.



— WHICH PERFORMANCE MEASURE TO USE?

Return on Average Value vs Time weighted (cumulative return)

Using either method will generally achieve a similar performance result.

Return on average value smooths out any large market movement or the timing of expenses.

Time Weighted Return is a daily cumulative return. So if you have a large market movement at the beginning of a reporting period it will take time to work its way out of the performance return.

The published VMAPS performance in the model profiles use TWR



PERFORMANCE REPORT OPTIONS

CUSTOM REPORTING OPTIONS AVAILABLE

☒ **Portfolio performance**

Report period: 12 months to date ▼ 01/02/2017 to 31/01/2018

Cash: Include ▼ Excluded assets: ☐ exclude

Franking credits: Include ▼ Foreign tax paid: Include ▼

% Return method: Time Weighted Return ▼ % Return periods: 3 mths, 1 yr, 2 yrs, 5 y ▼

Display % returns: Before and after exper ▼ Benchmark 1: ABS Australian CPI ▼

Benchmark 1 margin: 4.5 % p.a. Benchmark 2: None ▼

Benchmark 2 margin: 0 % p.a.

Chart 1: Value v cumulative net ▼ Chart 2: Returns over time ▼

Charts date range: Report period ▼ Price; Qty; Amnt: Default rounding ▼

Percent: Default rounding ▼ Portfolios (if applicable): Selected portfolio only ▼

Performance

Select the reporting period

Return Method: TWR or Average Value

Include a margin over the benchmark selected

The different return periods

Select an appropriate benchmark i.e. ABS Australian CPI

PERFORMANCE REPORT

Portfolio performance

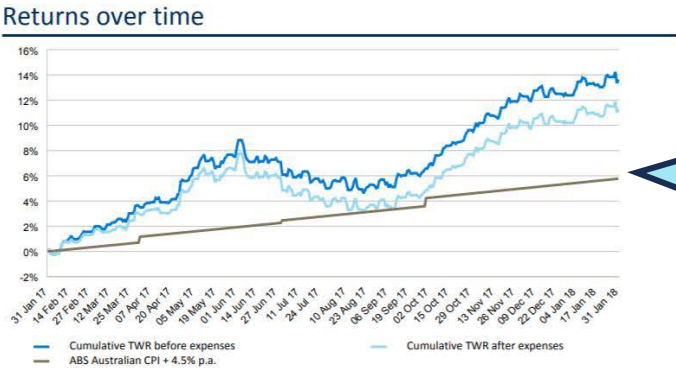
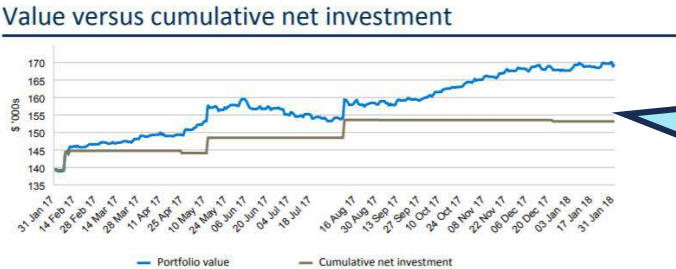
01 Feb 2017 to 31 Jan 2018

Movement in value		\$
Starting market value	139,257.11	
Net addition	13,915.32	
Realised and unrealised gains/losses	15,216.21	
Total income net of foreign tax paid	4,215.54	
Total expenses	-3,205.77	
Ending market value	169,398.41	
Movement in value	30,141.30	

Portfolio returns		\$
Realised and unrealised gains/losses	15,216.21	
Total income	4,430.69	
Franking credits	375.11	
Total dollar return before expenses	20,022.01	
Total expenses	-3,205.77	
Total dollar return after expenses	16,816.24	

Periods to 31 Jan 2018	3 mths	1 yr	2 yrs p.a.	Since inception p.a.
Portfolio return before expenses (TWR)	3.52%	13.64%	11.22%	5.5%
Portfolio return after expenses (TWR)	3.18%	11.31%	8.34%	2.65%
ABS Australian CPI + 4.5% p.a.	1.12%	5.77%	5.82%	5.91%

The portfolio's inception date for performance calculation purposes is 14 Apr 2015.
Portfolio total dollar and percentage returns are inclusive of franking credits. Percentage returns have been calculated using the Time Weighted Return (TWR) method.



The movement in value of the portfolio over the period selected

We add back the foreign tax paid

We include the franking credits which is not part of the portfolio valuation

The timing of the contributions received from the client

The benchmark with the +4.5% margin applied



WHERE TO FIND THE NUMBERS

From the Cash Book Summary screen

Select cash book: **AUDCASH - MAIN CASH ACCOU** ▼

From: **1/2/17** Until: **31/01/18**

Transaction type: **All Transaction types** ▼

Submit ☐ All portfolios

Export to Excel

	Transaction Type	Transaction Amount
+	Sundry Deposit	\$30.00
+	Rollover Deposit	\$951.96
+	Superfund Contribution	\$17,132.80
+	Superfund Withdrawal	(\$1,587.44)
+	Interest Receipt	\$176.22
+	Stock Purchase	(\$79,388.78)
+	Stock Sell	\$68,700.51
+	Income	\$4,039.52
+	Advice Fee	(\$1,030.00)
+	Portfolio Fee	(\$2,068.24)
+	GST on Fees	(\$90.00)
+	Tax Payment	(\$2,612.00)

Net addition
 Rollover Deposit +
 Superfund Contributions
 – Superfund Withdrawal
 – Tax payment

Total expenses
 Advice Fee +
 Portfolio Fee +
 GST on Fees

Portfolio performance

01 Feb 2017 to 31 Jan 2018

Movement in value

	\$
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Note: Insurance premiums (for on platform insurance) and Superfund Withdrawal (off platform insurance payments) are included in net additions so have no impact on performance.



WHERE TO FIND THE NUMBERS

Investment movements

01 Feb 2017 to 31 Jan 2018

Investments continued

		Investment movements				
Asset		Starting market value	Purchases	Sales	Net adj and other	Gain/loss
		\$	\$	\$	\$	\$
ASX Listed						
WPL	WOODSIDE PETROLEUM LIMITED FPO	-	1,245.86	-	-	78.94
Totals		93,808.13	52,461.56	-43,899.46	-	10,679.01
Managed Funds						
INT0011AU	MORNINGSTAR MULTI ASSET REAL RETURN Z	-	10,961.52	-	-	518.41
INT0016AU	MORNINGSTAR INTERNATIONAL SHARES HDGD Z	20,553.92	1,631.31	-7,848.09	-	2,982.93
INT0017AU	MORNINGSTAR INTERNATIONAL SHARES UNHDG Z	2,394.59	6,259.41	-203.37	-	1,038.95
INT0082AU	MORNINGSTAR INTERNATIONAL BONDS HDGD Z	4,003.90	-	-2,127.91	-	23.48
INT0097AU	MORNINGSTAR DIVERSIFIED ALTERNATIVES Z	6,573.27	264.59	-6,811.29	-	-26.57
Totals		33,525.68	19,116.83	-16,990.66	-	4,537.20
Totals for all assets		127,333.81	71,578.39	-60,890.12	-	15,216.21

Portfolio performance

01 Feb 2017 to 31 Jan 2018

Movement in value

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Realised and unrealised gains/losses

This can be found on the last page of the Investment movements report in the Gain/Loss column which can be selected from the reports menu



WHERE TO FIND THE NUMBERS

Total income net of foreign tax paid

This can be found on the last page of the Income report selected from the reports menu.
Gross Income excluding franking credits less foreign tax

Income

01 Feb 2017 to 31 Jan 2018

Income summary ^(a)

	Interest \$	Unfranked \$	Franked \$	Franking credits \$	Other Aust \$	Gross foreign \$	Trust cap gains \$	Non-assess \$	Gross excl franking credits \$	Aust taxes \$	Foreign taxes \$	Expenses withheld \$	Cash \$	DRP \$	To be received \$
Income transactions															
Dividends	-	252.26	856.16	366.93	-	-	-	-	1,108.43	-	-	-	1,108.43	-	-
Foreign dividends	-	-	-	-	-	1,244.64	-	-	1,244.64	-	186.69	-	1,057.95	-	-
Trust income	188.23	687.67	7.00	8.18	446.65	389.61	154.24	10.47	1,883.87	-	28.46	-	1,761.84	-	93.57
Interest	193.75	-	-	-	-	-	-	-	193.75	-	-	-	193.75	-	-
Totals	381.98	939.93	863.16	375.11	446.65	1,634.25	154.24	10.47	4,430.69	-	215.15	-	4,121.97	-	93.57
Totals for all income	381.98	939.93	863.16	375.11	446.65	1,634.25	154.24	10.47	4,430.69	-	215.15	-	4,121.97	-	93.57

Portfolio performance

01 Feb 2017 to 31 Jan 2018

Movement in value

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WHAT TO LOOK FOR?

RETURNS THAT JUST DON'T LOOK CORRECT

Percentage returns

Periods to 01 February 2018

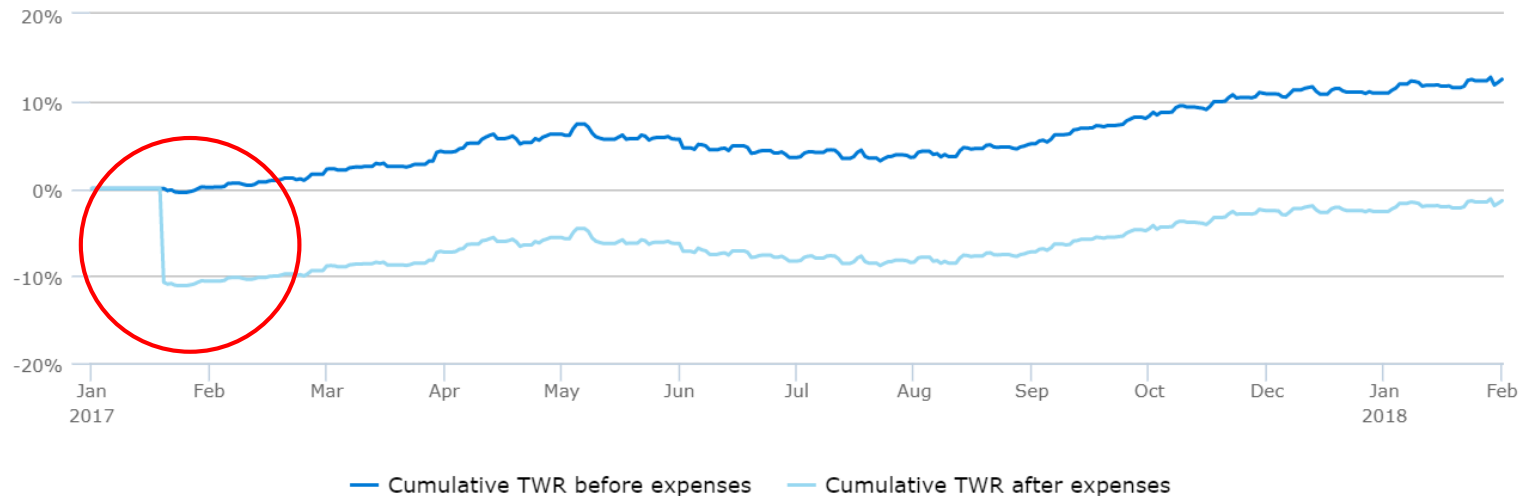
Portfolio return before expenses (TWR)

12.28%

Portfolio return after expenses (TWR)

-1.38%

Cumulative returns over time



Portfolio performance

From 26/01/2017 to 01/02/2018 [Update](#) [Rebuild history](#)

26 Jan 2017 to 01 Feb 2018

Time weighted return is a cumulative return. In this example the highlighted area on the graph could be due to the timing and size of the expenses charged.

Go to Portfolio Details and select Portfolio Performance.
Download the excel spreadsheet and select the Returns over time tab



WHAT TO LOOK FOR?

Identify the date causing the issue (13/2/18) and run the performance report after that date.
Or run the report for the same period using return on average value.

Percentage returns

Periods to 01 February 2018

Portfolio return before expenses (TWR)

Since 14/02/2017

12.5%

Portfolio return after expenses (TWR)

10.46%

Cumulative returns over time





VMAPS

NEED TO KNOW MORE?

Meet your VMAPS Representatives:



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