



Pacific Asset Management Efficient Passive MPS – Strategy Review – March 2026

This review provides a comparative assessment of the Pacific Asset Management Efficient Passive MPS Strategy, based on the information supplied, supporting documentation, and publicly available materials at the time of writing.

The analysis focuses on key areas including investment philosophy, portfolio construction, asset allocation, performance characteristics, and the potential role of each solution within a structured Centralised Investment Proposition (CIP).

Where relevant, observations have been made in the context of how the solution may support financial planning outcomes, rather than purely investment-led comparisons.

Strategy & Objective

The Pacific Efficient Passive MPS range is a globally diversified, multi-asset portfolio suite built around a disciplined Strategic Asset Allocation (SAA) framework.

The core objective is simple:

- Deliver long-term investment returns through efficient market exposure
- Maintain consistent risk alignment across portfolios
- Achieve this through low-cost passive implementation

The range consists of five portfolios:

- Defensive
- Conservative
- Balanced
- Adventurous
- Aggressive

Each portfolio is aligned to a defined risk level, with equity exposure ranging from:

- 28% (Defensive)
- 47% (Conservative)
- 70% (Balanced)
- 84% (Adventurous)
- 98% (Aggressive)

All portfolios launched in January 2017, providing a meaningful live track record across market cycles.

Investment Philosophy & Edge

The philosophy is firmly grounded in:

“Asset allocation drives long-term returns — not manager selection or market timing.”

Key principles:

- Markets are efficient → capture beta through passive instruments
- Costs matter → minimise fees and turnover
- Diversification is essential → across global asset classes

What differentiates PAM?

While many passive MPS solutions look similar on the surface, PAM introduces two important structural edges:

Optimisation-led SAA (Core Differentiator)

- Proprietary optimisation process using:
 - Volatility
 - Correlation
 - Long-term return data
- Built using multi-decade historic data (not forecasts)

This leads to:

- More robust and stable portfolio construction
- Reduced reliance on short-term assumptions

2. “Efficient” Passive Implementation

Unlike simple static allocations:

- Excludes asset classes requiring tactical timing (e.g. commodities, gold)
- Focuses only on:
 - Highly liquid assets
 - Long-term return drivers (equities & bonds)

Portfolio Construction & Process

Asset Universe

- Global equities (developed + emerging)
- Investment grade bonds
- Government bonds
- Cash

Importantly:

- No high yield, EM debt, or illiquid assets
- No reliance on tactical asset allocation

Optimisation Framework

The portfolio construction process is highly structured:

- Mean-variance optimisation
- Long-term correlation modelling
- Equal weighting across time periods
- Currency considerations:
 - Hedged fixed income
 - Unhedged equities

This results in:

- Repeatable, systematic portfolios
- Avoidance of “corner solutions” (e.g. over-concentration in one asset class)

Rebalancing Approach (Key Feature)

A notable differentiator is the “smart rebalancing” methodology:

- Not time-based (e.g. quarterly)
- Triggered when tolerance bands are breached

Benefits:

- Reduced transaction costs
- Lower turnover
- Allows winners to run (within limits)
- Maintains risk discipline

Underlying Implementation

- Passive funds (primarily Vanguard and L&G)
- Example (Defensive portfolio):
 - 16% global equity
 - 25% corporate bonds
 - 23% gilts
 - 20% global bonds

Total cost:

- c.0.25% total portfolio cost (excluding advice/platform)

Performance Overview

One of the key strengths of the PAM range is the full-cycle track record (since 2017).

Defensive Portfolio

- Since inception: 3.3% p.a. vs 2.8% ARC Cautious
- Volatility: 5.3% vs 3.9%

Conservative Portfolio

- Since inception: 5.3% vs 2.8% ARC Cautious
- Sharpe ratio: 0.5 vs 0.2

Balanced Portfolio

- Since inception: 7.2% vs 4.3% ARC Balanced
- Strong relative consistency across periods

Adventurous Portfolio

- Since inception: 9.0% vs 5.5% ARC Steady Growth

Aggressive Portfolio

- Since inception: 10.2% vs 6.5% ARC Equity Risk

Key Observations

- Consistent outperformance vs ARC benchmarks across the range
- Returns driven by:
 - Strategic allocation
 - Cost efficiency
 - Rebalancing discipline
- Volatility broadly aligned with risk targets

Strengths

Robust Investment Process (Standout Feature)

- Genuine optimisation framework (not marketing-led)
- Evidence-based and repeatable

Smart Rebalancing Approach

- Improves efficiency vs rigid models
- Reduces unnecessary cost drag

Clean Passive Implementation

- No hidden complexity
- Highly transparent underlying holdings

Strong Track Record Since 2017

- Covers multiple environments:
 - COVID
 - Inflation shock
 - Rate rises

Cost Efficiency

- 0.25% total portfolio cost
- Competitive vs peers

Clear Risk Structure

- Defined volatility targets
- Clean mapping across portfolios

Key Risks & Considerations

No Tactical Flexibility

- Deliberately excludes:
 - Commodities
 - Alternatives
- Could lag in specific market environments

Pure Beta Exposure

- No alpha generation
- Entirely dependent on:
 - Asset allocation
 - Market returns

Optimisation Model Risk

- Relies on historic relationships:
 - Correlation
 - Volatility
- These can change over time

Behavioural Risk

- Will not always “feel” differentiated
- Requires adviser framing

Role in a Portfolio / CRP® Context

This is where the PAM range is particularly strong.

Core CIP Solution

- Highly suitable as a centralised investment proposition
- Especially for firms wanting:
 - Structure
 - Repeatability
 - Governance alignment

Accumulation Portfolios

- Balanced / Adventurous portfolios well suited
- Strong alignment with long-term compounding

Decumulation (Selective Use)

- Useful as core growth engine
- But:

Needs layering with:

- Cashflow modelling
- Income strategy
- Risk segmentation

Governance & Consumer Duty Alignment

The range demonstrates:

- Clear target market definition
- Transparent structure
- Fair value assessment framework

This aligns well with:

- Consumer Duty expectations
- Centralised Retirement Proposition governance

Peer Context (Positioning)

Within the MPS / multi-asset space, the Pacific Efficient Passive range sits in a similar structural bracket to Aspen, but with a slightly different emphasis in how portfolios are built and maintained.

Category	Positioning
Passive MPS (e.g. Vanguard, HSBC)	Similar philosophy
Active MPS (e.g. Tatton, Quilter)	Lower cost, less alpha
Multi-asset funds (e.g. Vanguard LifeStrategy)	More structured, less flexible

Money Wise UK View

The Pacific Efficient Passive MPS range is a thoughtful and well-engineered passive solution.

What stands out is not the use of passive funds, many providers do this, but how the portfolios are constructed and maintained.

The optimisation framework, combined with disciplined rebalancing, creates a proposition that is:

- Systematic
- Repeatable
- Grounded in long-term data

From a financial planning perspective:

This is exactly the kind of structure that works well within a Centralised Investment Proposition.

Balanced reflections:

1. The optimisation-led approach is a genuine differentiator — this is not “off-the-shelf passive”.
2. The rebalancing methodology is subtle but important in improving outcomes over time.
3. The absence of alternatives keeps the portfolios clean, but may limit diversification in certain environments.
4. The track record since 2017 provides a level of credibility many passive MPS solutions lack.

Overall

This is a high-quality, process-driven passive MPS range.

Not designed to outperform through bold calls.

Not designed to chase trends.

Instead:

Built to deliver efficient, consistent, long-term outcomes.

And for many firms — particularly those building structured, scalable propositions — that is exactly what is required.

Disclaimer

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Review Completed: March 2026