

CashCalc Specification Sheets (Client Facing)

Average Annualised Performance Calculator

Overview

The Average Annualised Performance (AAP) calculator is used to calculate a percentage figure used when reporting the historical return of an Investment. The calculator takes the total contributions over the period of time, total withdrawals and the end value. The calculator then outputs the Average Annualised Performance; the Average Annualised Performance is calculated based on the Monetary Total Return, Percentage Total Return and the Duration of Policy. The calculator does not work out the return during each year (if longer than 1 year). Also, it does not weight the return according to when withdrawals are made.

Assumptions

Below is a list of all assumptions made in order to perform the calculation:

- Duration of the policy is in days/months/years
- Figures are rounded up to the nearest pound
- The total contributions are all the contributions made since the commencement date
- The start date is the day the policy commenced
- The start date is assumed to be a date in the past
- End date is the day the policy ended or is due to end
- Total withdrawals made is the total amount of withdrawals for the whole duration of the policy
- The end value is the value of the policy at the end date selected, or a predicted end value if the end date is in the future
- Average annualised return takes account for leap years in every calculation regardless of the time amount/period selected

Calculations Breakdown

The calculations require five parameters in order to calculate the given output, these being:

- Start date of the policy
- End Date of the policy
- Total contributions
- End value
- Total withdrawals

Monetary total return = End Value - (Contributions - Withdrawals)

$$\text{Percentage Total Return} = \frac{\text{Monetary total return}}{\text{Total contributions}} \times 100$$

$$\text{Average Annualised Return} = \frac{\text{Percentage total return}}{\text{Duration of the policy (in years)}}$$

A PDF report can be created from this calculator which contains detailed information about the relevant client's details and the outputs of the calculations performed