Press Release

29/09/2025

ebi calls for investment industry to modernise its approach to portfolio rebalancing

ebi Portfolios, the £4.7bn multi-award-winning discretionary fund manager, is calling on the investment industry to move away from outdated portfolio rebalancing strategies that risk undermining investor outcomes.

In its rebalancing whitepaper **Tolerance-Based Rebalancing: Data Not Date**, ebi challenges the dominance of traditional calendar-based rebalancing where portfolios are adjusted on fixed dates such as quarterly or annually. ebi believes this approach is outdated, inefficient and can lead to unnecessary trading costs and inconsistent performance.

The whitepaper urges portfolio managers and advisers to review their rebalancing strategies to ensure they meet modern expectations for performance, risk management, and cost efficiency.

Using over 30 years of portfolio data and real-world trading costs, the study examined a range of approaches to rebalancing, including calendar-based rebalancing and tolerance-based rebalancing (TBR).

The research revealed that returns can vary widely with a calendar approach, while TBR can deliver more consistent outcomes and cost savings.

The research finds that a back-to-target tolerance-based rebalancing approach offers an average net rebalancing premium of 0.13% p.a compared to a traditional annual rebalancing approach (averaged over 10 different risk levels), with the highest net rebalancing premium standing at 0.28% p.a. for the 60% equity / risk level.

Additionally, the research showed that the back-to-target TBR approach led to required only 26 rebalances over 31 years, compared to 31 for annual rebalancing, reducing trading costs and time out of the market.

"In line with focusing on end-investor outcomes, now is the right time to look again at traditional portfolio rebalancing methods to see how we can make things better for end investors," said Harry Hitchcock, Chief Operating Officer at ebi.

"Our whitepaper shows that with the right rebalancing strategy; portfolios could potentially deliver improved returns without increased risk. Our research finds that TBR consistently

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outperforms traditional rebalancing methods, and this is why we use a TBR approach for our clients. We would urge portfolio managers and advisers to look again at the approaches they are using to make sure they are getting the best possible outcomes for their clients."

Download the full report Tolerance-Based Rebalancing: Data Not Date here.

Disclaimer: It is important to note that tolerance-based rebalancing may not always provide a benefit, particularly during periods of high market volatility, where frequent rebalancing can lead to increased trading activity and higher transaction costs.

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Notes to Editors

Founded in 2010, ebi's sustained growth is driven by an innovative investment proposition in conjunction with an award winning technology suite.

Offering a range of passively managed investment products, ebi has particular expertise in sustainable and factor model portfolios.

ebi strives to be at the forefront of ESG investing. Observing a lack of low-cost, diversified, passive, systematic ESG investment solutions in the marketplace – rather than waiting for such products to become available, it collaborated with leading sustainable investment managers to introduce cutting-edge sustainable investment solutions that are fair, robust, and transparent for end-clients.

Launched by an IFA, ebi understands the requirements of advisers in supporting their clients. Its award winning technology helps facilitate client conversations, mitigate risk and supporting advisers and their business.

Acquired by Parmenion in 2022, ebi continues to operate independently, but with the support and resources to help it achieve its ambitious growth plans.

To learn more, [visit ebi.co.uk](https://ebi.co.uk).