

DECUMULATION: AVOIDING THE GLIDEPATH TO POVERTY

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Head of Relationship Management



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THESE SLIDES HAVE BEEN PREPARED SPECIFICALLY FOR THIS EVENT. THEY ARE NOT DESIGNED FOR DISTRIBUTION TO RETAIL INVESTORS. THIS DECK CONSISTS OF 15 SLIDES

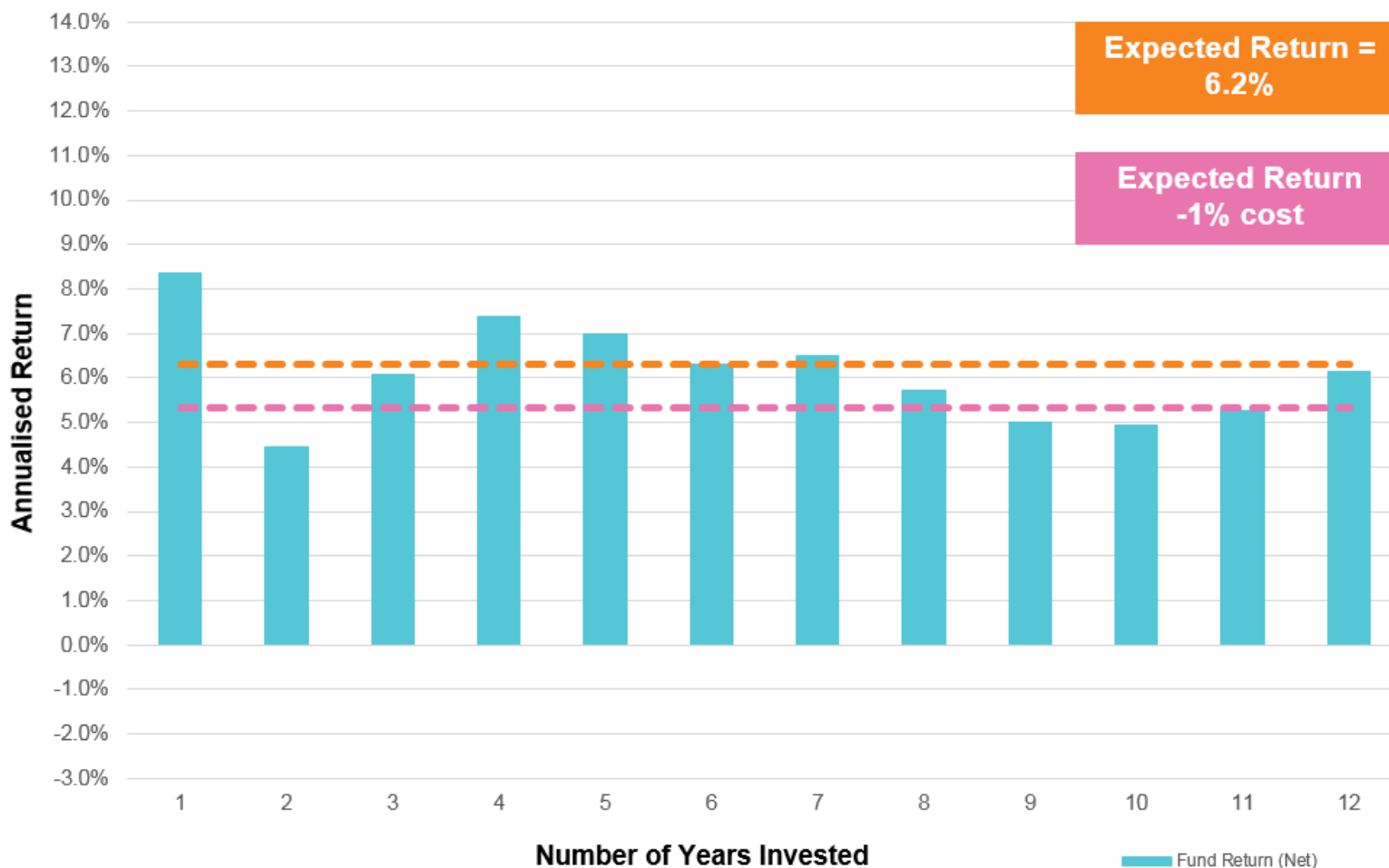
We're 7IM

We manage
money to an
expected
return.

That's important
if you're trying to
plan your future.

**If someone told you
12 years ago you would have a
reasonably consistent 5% per year
return – how much easier would your
financial planning have been?**

Balanced Return over 12 years

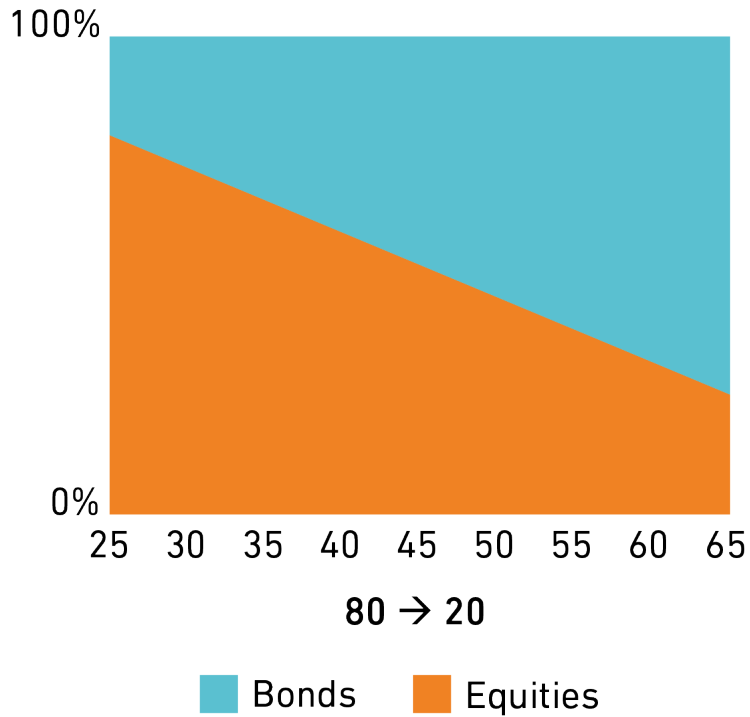


SOURCE: 7IM, 7IM BALANCED 12 YEAR PERFORMANCE TO AUGUST 2016

Risks for a saver / investor



How these risks were managed traditionally



What's changed in the world



Re-examining the traditional solution



The Retirement Glidepath: An International Perspective

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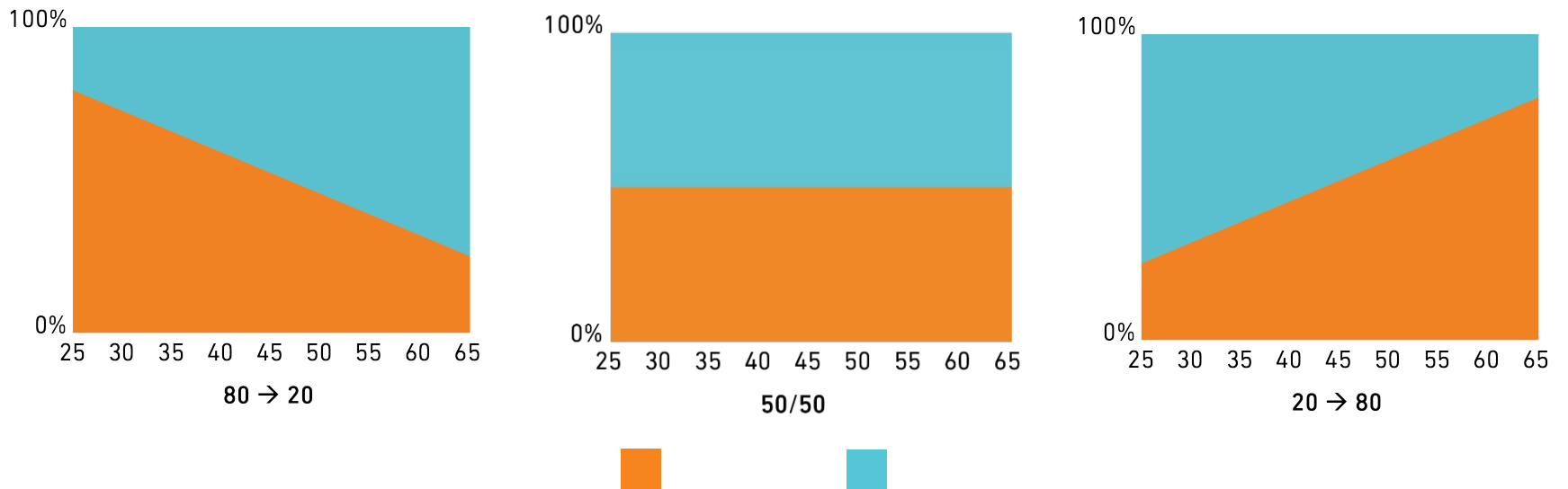
Abstract

All individuals need to decide how much to save during their working years, how much to spend during retirement, and their portfolio's asset allocation in both periods. A portfolio's exposure to stocks and bonds affects key variables, such as the probability of portfolio failure, the degree of downside protection, and the expected bequest. How should this exposure evolve during retirement is the ultimate issue explored in this article. After considering declining-equity, rising-equity, and static glidepaths, the comprehensive international evidence from 19 countries and the world market over 110 years considered here ultimately suggests that a static 60-40 stock-bond allocation is a simple and remarkably effective strategy for retirees to implement.

November, 2014

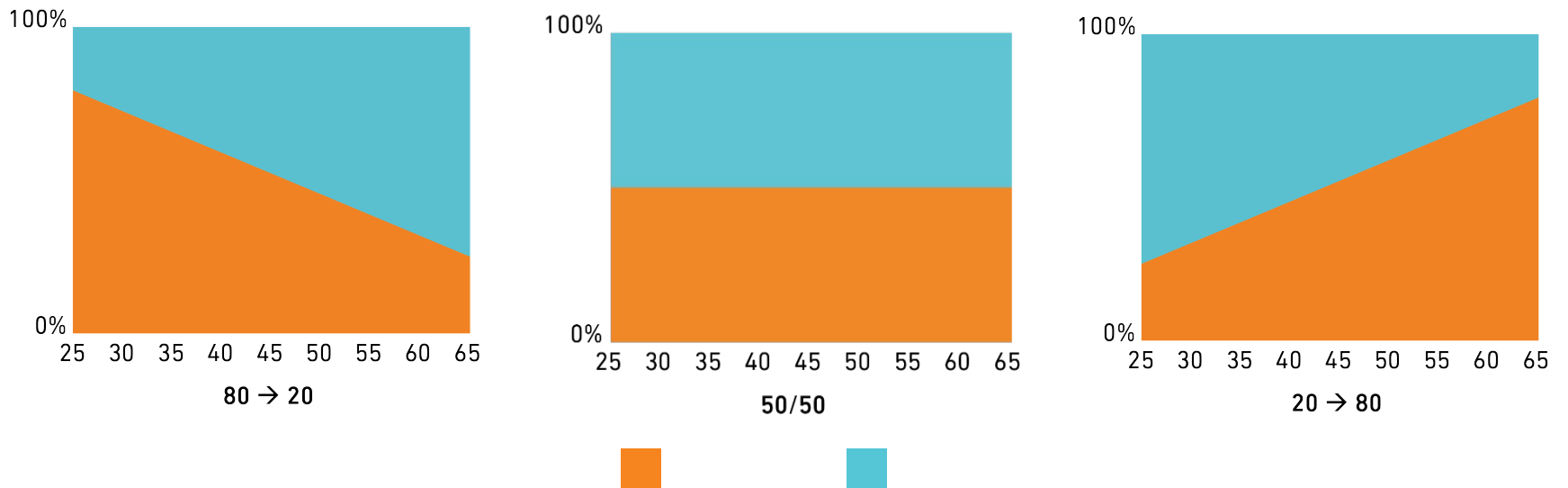
Comparing lifestyle approaches

Which Leads to the Greatest Average Wealth in Retirement?

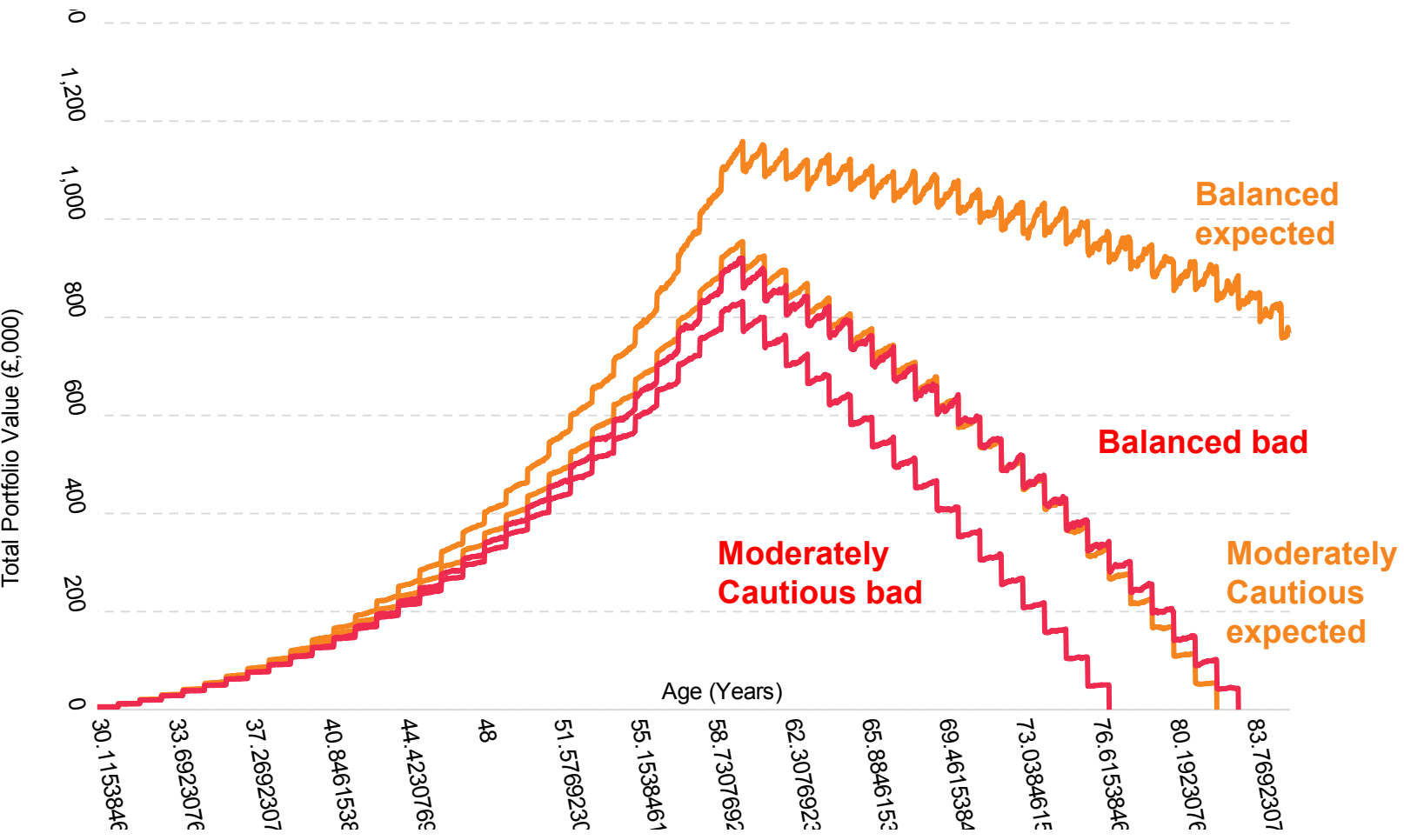


Comparing lifestyle approaches

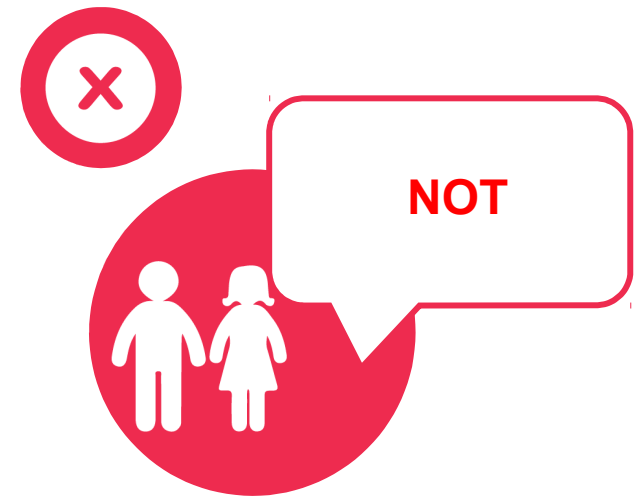
Which Leads to the Lowest Worst-Case Scenario?



Taking just a little more investment risk...



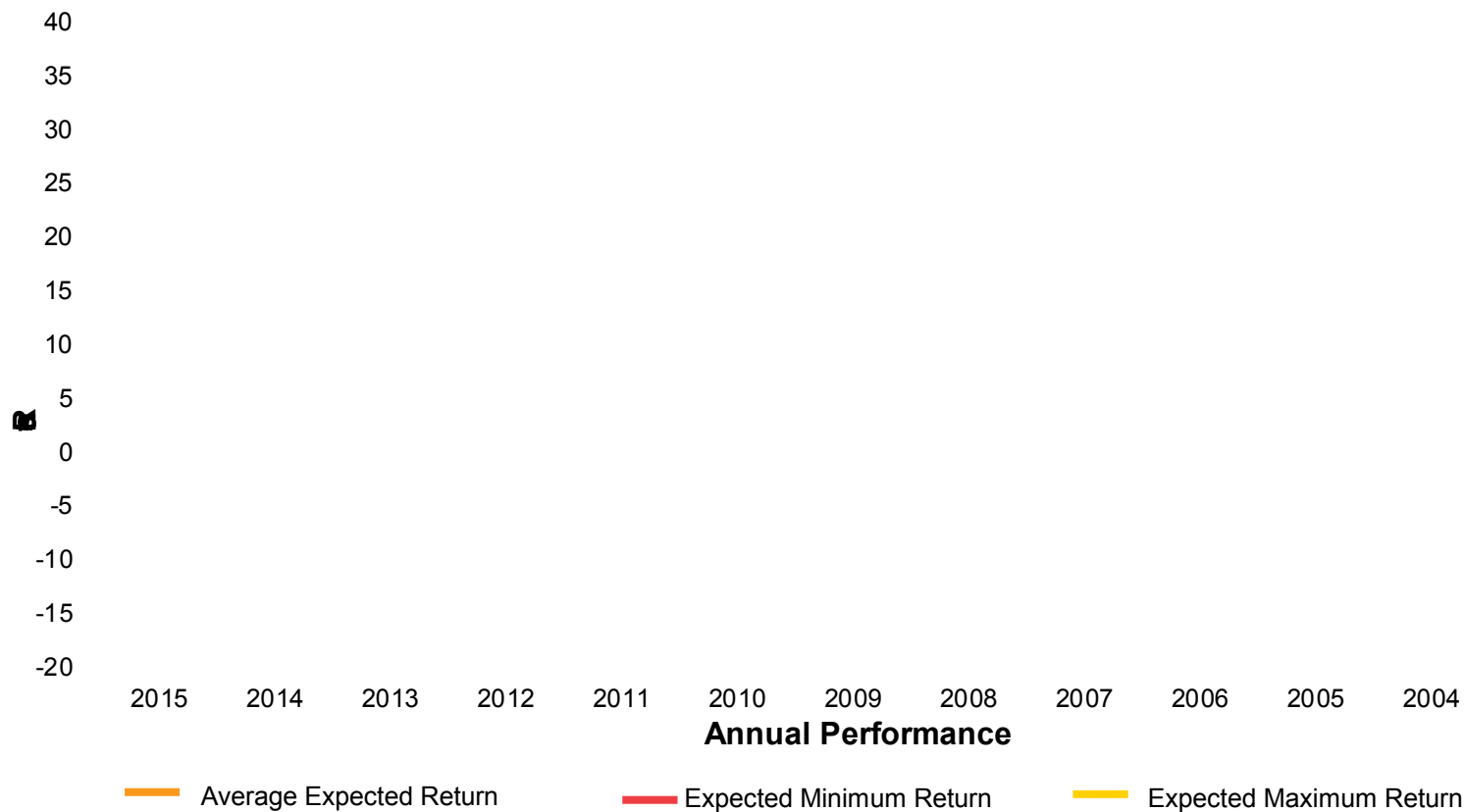
What are we saying?



Take the *minimum* amount of investment risk required to meet financial goals.

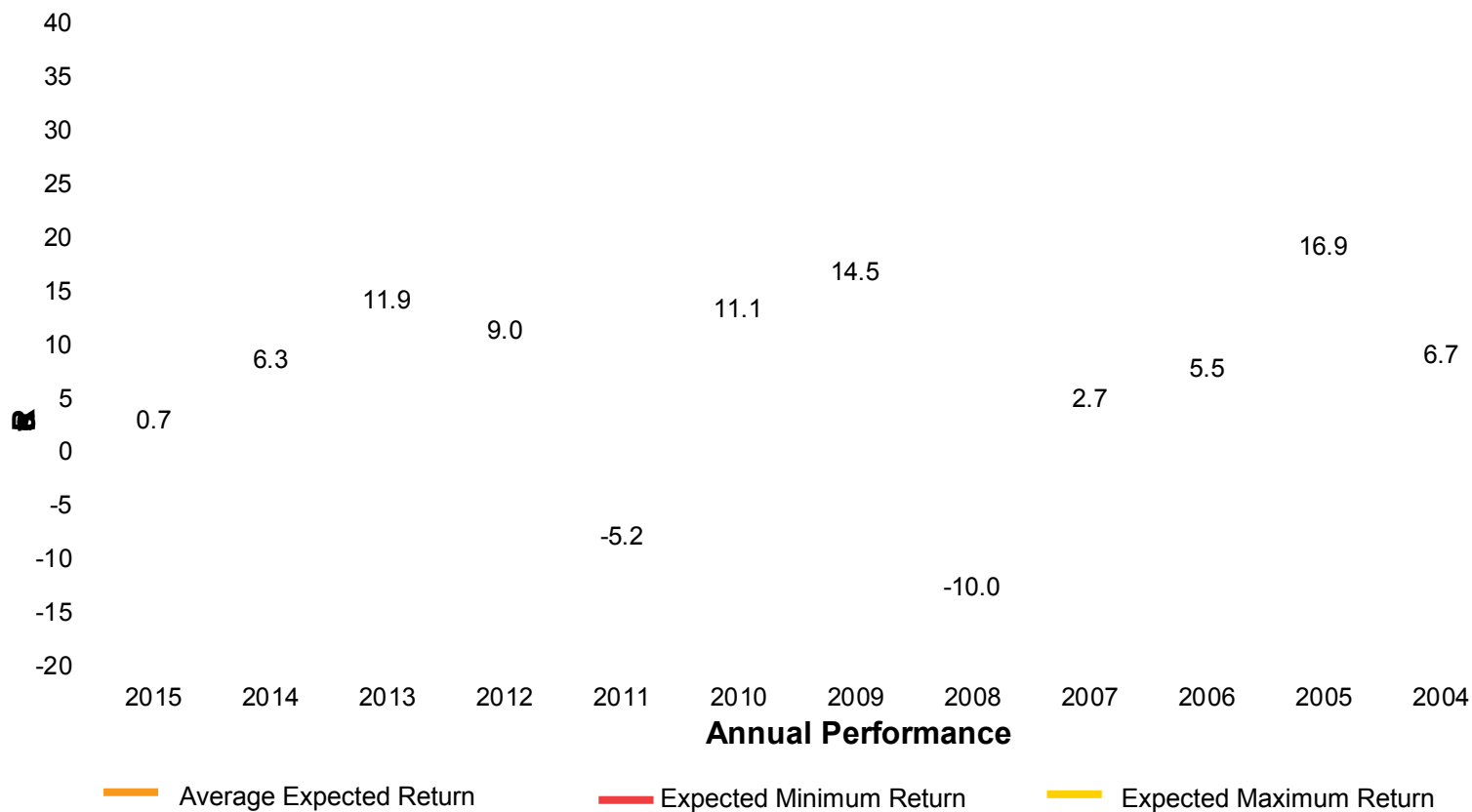
It *may* be more than you are comfortable with in isolation, but consider the likely trade off between investment risk and goal risk.

What you need to know to plan - 1



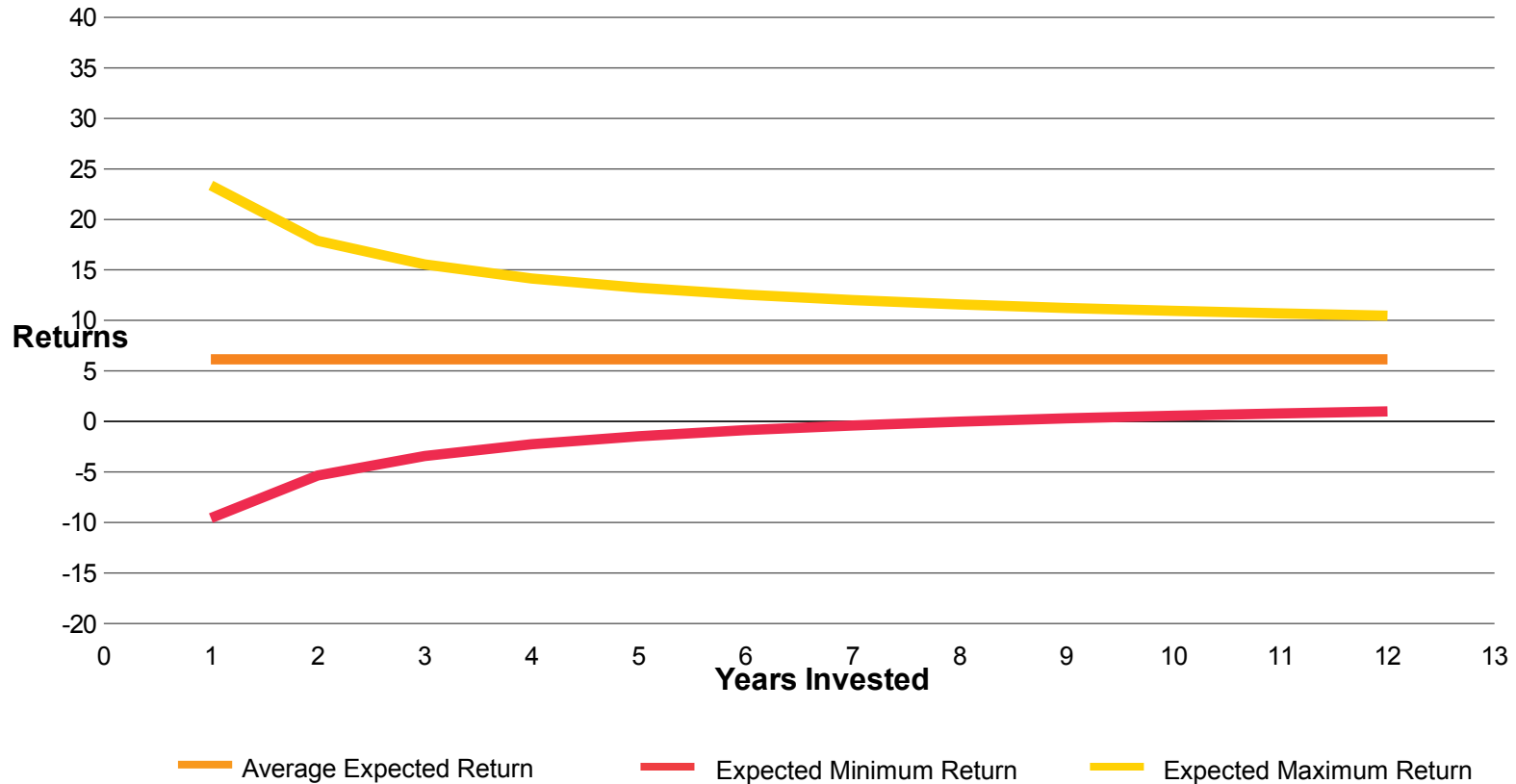
N.B. Expected Maximum and Minimum Return ranges given current market assumptions and current Strategic Asset Allocation are based on 90% confidence level.

What you need to know to plan - 1



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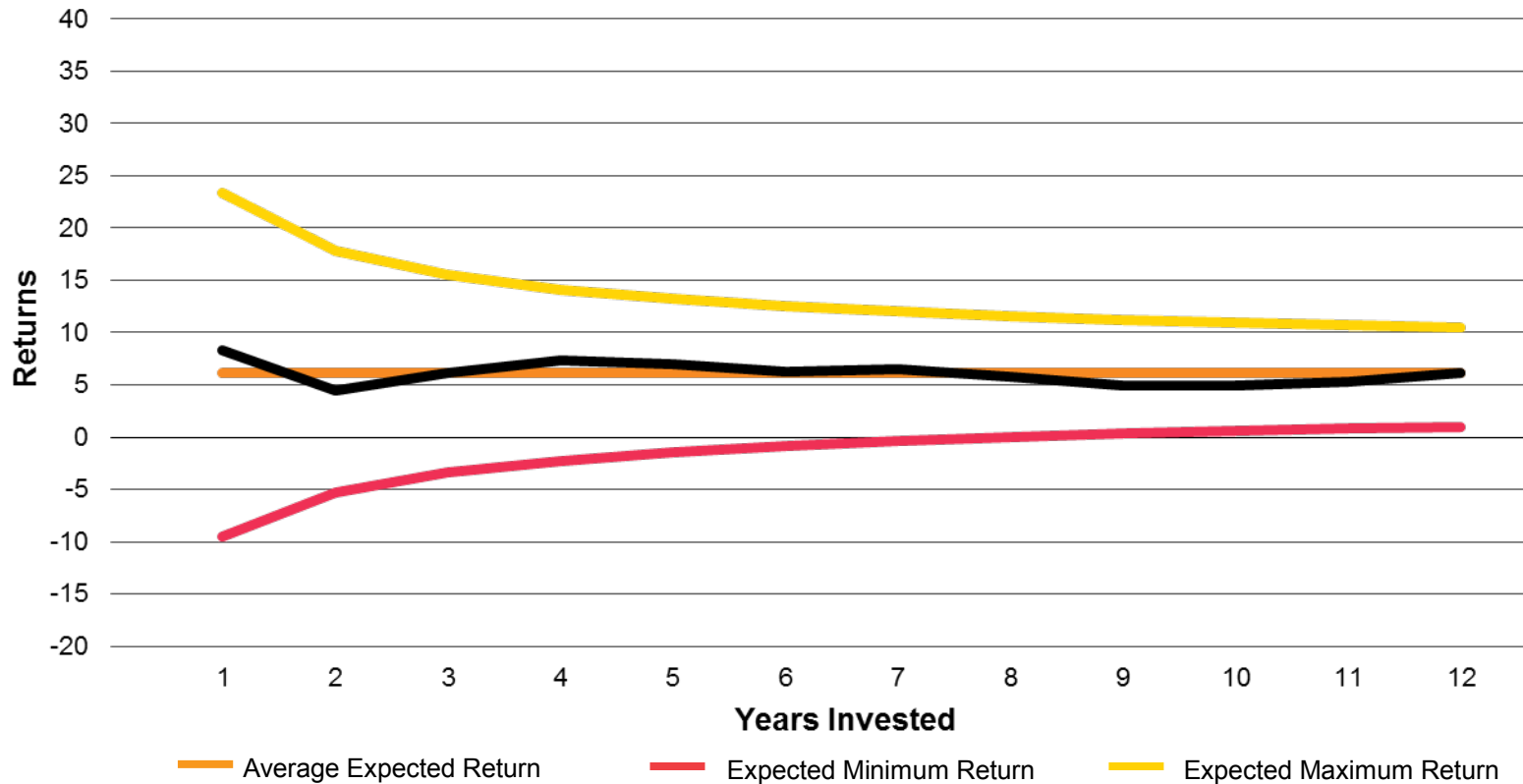
What you need to know to plan - 2



N.B. Expected Maximum and Minimum Return ranges are based on 90% confidence level

SOURCE: FE ANALYTICS, 7IM, MORNINGSTAR 2016. 7IM
BALANCED FUND, C ACCUMULATION

What you need to know to plan - 2



N.B. Expected Maximum and Minimum Return ranges are based on 90% confidence level

SOURCE: FE ANALYTICS, 7IM, MORNINGSTAR 2016. 7IM BALANCED FUND, C ACCUMULATION AS AT 31 AUG 2016

Thank you

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