

select: Retirement Income (RI)

The Copia Select: Retirement Income portfolios are designed to address the needs of an investor in decumulation who is facing a different set of risks to that of an accumulating investor.

The portfolios are designed to address the four main risks in decumulation below:



The Consumer Duty regulations have underlined the importance of addressing these risks to advisers' clients as they can be classed as 'foreseeable harms'.

What is it?

A purpose-built decumulation portfolio strategy which addresses the differing needs and risks of investors during the decumulation stage of their investment lifecycle.

Select: Retirement Income is built by Copia's expert investment team who produce a portfolio of complementary assets that attempts to mitigate sequencing risk. We do this by quantitatively investing a larger proportion of assets in sources of alternative risk which typically have lower correlation to traditional asset classes, such as equity and fixed income, when compared to a traditional accumulation portfolio.

This unique philosophy attempts to mitigate the worst of the effects of pound cost ravaging.

Further benefits:

- Recognition of the differing risks faced by decumulation investors vs accumulating investors leads to a tailored risk management approach to increase the probability of achieving retirement income goals.
- Meets the requirements of the FCA's Thematic Review on retirement income with a purpose built decumulation strategy.

Key Points

- Asset allocation optimised to balance trade-off between expected return and sequencing risk
- Value for money charges: (0.15% DFM fee*)
- Purpose-built for the needs and risks associated with decumulating a pension pot.

Costs

	RI 1	RI 2	RI 3	RI 4	RI 5
DFM Fees *	0.15	0.15	0.15	0.15	0.15
Ongoing charges figure *	0.28	0.23	0.21	0.20	0.18

Asset allocation process

Sequencing risk is the negative impact on an investment portfolio of drawing a fixed regular income from the portfolio during periods of market drawdown. During these periods that fixed withdrawal makes up a larger percentage of the capital value, so has a larger detrimental impact on performance. Therefore, there is a clear benefit to such an income client in reducing the likely size of expected portfolio drawdowns.

The **Select Retirement Income** models have been designed, built, and tested in a similar fashion to the highly successful **Select: Accumulation** models, using the standard Copia quantitative methodologies. Instead of looking for the best risk-adjusted returns, we look to find the optimal portfolio that balances the mitigation of sequencing risk with the need for capital growth. Our methodologies identify the optimal mix of assets within the pre-determined constraints, attempting to minimise mean historic drawdown while also attempting to maximise expected returns through long-term asset class correlations, and by leveraging sources of alternative beta assets not normally present in an accumulation portfolio.

Please see the below table for an example of some of the asset classes available to invest within the portfolio universe and their correlations.

	Global Aggregate Bonds	Global Equity	UK Large Cap Equity	US Large Cap Equity	Japanese Large Cap Equity	Asia ex-JP Equity	UK Core Real Estate	European Ex-UK Core Real Estate	US Core Real Estate	Asia Core Real Estate	Global Core Real Estate
Global Aggregate Bonds	100%										
Global Equity	12%	100%									
UK Large Cap Equity	9%	89%	100%								
US Large Cap Equity	8%	94%	78%	100%							
Japanese Large Cap Equity	11%	70%	59%	63%	100%						
Asia ex-JP Equity	19%	83%	73%	66%	55%	100%					
UK Core Real Estate	-44%	9%	17%	10%	-3%	9%	100%				
European Ex-UK Core Real Estate	-44%	44%	48%	36%	23%	33%	55%	100%			
US Core Real Estate	-29%	25%	25%	30%	3%	17%	68%	47%	100%		
Asia Core Real Estate	-13%	43%	45%	37%	11%	40%	43%	49%	66%	100%	
Global Core Real Estate	-31%	34%	35%	35%	7%	26%	69%	63%	96%	78%	100%

Source: J.P. Morgan Asset Management 2019 Long-Term Capital Market Assumptions

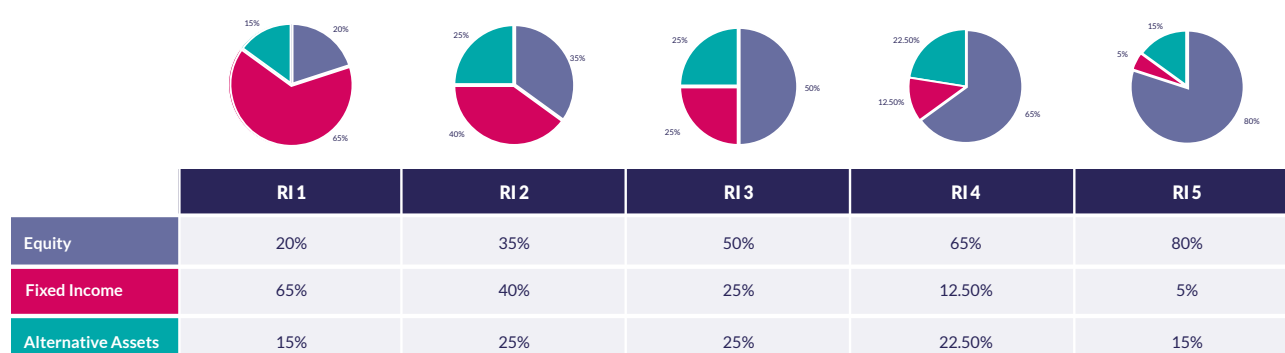
The Strategic Asset Allocation (SAA) for the **Select: Retirement Income** range is built using a quantitative methodology which attempts to maximise a set optimisation function. This calculation is written in the Python programming language and uses the following inputs to create model portfolio strategic weights.

Process inputs

- 1) Capital Market Assumptions – Provided by Blackrock. These are the same assumptions used to build our flagship **Select: Accumulation** product.
- 2) Refinitiv Eikon – Provider of market data used for optimisation process.
- 3) Strategic sizing constraints defined by Copia Capital Management to ensure portfolios are structured optimally.
- 4) Tactical positioning overlay guided by Copia Capital Managements expert investment team to ensure strategy is fit for purpose and optimal for current market conditions.

These inputs are broadly similar to what is currently in use for **Select: Accumulation** with the target objective and asset allocation constraints optimised to meet the unique needs of a decumulation investor in line with the Consumer Duty requirements and the expected outcomes of the FCA's Thematic Review of the retirement income space.

The output of this process is five broadly diversified portfolios with high level asset allocations as follows:



Why choose Copia?

Copia Capital is an award winning Discretionary Fund Manager (DFM). We work exclusively with IFAs and our aim is to construct superior portfolios to meet client needs across the full risk-return spectrum. 'There's a better way to do this' is our business mantra and we pride ourselves on having a unique, market-challenging approach.

Copia offers a proven route for IFAs to reliably de-risk their investment activities with a range of industry-leading portfolio services. Working in partnership with us allows IFAs to achieve great client outcomes, because every investment decision is underpinned by Copia's data driven approach and technical know-how.

Copia are pure B2B specialists. Unlike some other discretionary fund managers, we are 100% B2B, whole of market and unfettered (no in-house funds). We will never work directly with retail investors and we have no ambitions to. Instead, we leave that to our customers, you, the IFA community.

Whatever your needs, we are here to add value to your business, to drive efficiencies and to ensure that you have access to the same cost advantages and expertise as institutional investors.

Enhanced MPS options

If you are interested in Copia Select, then you may also be interested in:

copia:mps plus

Build your own IFA investment brand with 'white-labelled portfolios' backed by full marketing support and Copia's expertise.

MPS Plus is our added-value service range. Constructed around our MPS portfolios, this service helps you build your own unique IFA investment brand. Each portfolio in the MPS Plus range can be 'white-labelled' with your own identity, and the service includes ongoing marketing support, with branded content and other services including quarterly investment committee meetings with our fund management team.

Matching your clients' life stages

The Copia Select range of portfolios has a product to suit every stage of your clients' life stages:



copia:mps custom

Designed in partnership with Copia to satisfy your clients' very specific personalised investment objectives.

Copia's premium portfolio service is MPS Custom. This service offers bespoke portfolios which have been designed to satisfy the specific requirements of your firm's client base.

Engaging the MPS Custom service involves us working in partnership with you to first define your clients' precise portfolio specifications and then creating and managing a personalised investment strategy to suit the client's goals. In addition to meetings with your quarterly investment committee, we support you with branded marketing materials, regular updates and highly responsive support.

Performance

To see the latest Copia monthly and quarterly performance reviews, including trends in the Risk Barometer, go to:

www.copia-capital.co.uk/select

Understanding the risks

- Investment model portfolios may not be suitable for everyone
- The value of funds can increase and decrease, past performance and historical data cannot guarantee future success
- Investors may get back less than they originally invested.

Important information:

Copia does not provide any advice and is not required to assess the suitability of the product provided or offered to your Client.

This illustrative document is intended for investors where advice has been given by Advisers. The value of investments may go down as well as up, investors may not get back the amount invested, figures quoted relate to the past and past performance is not a reliable indicator of future. Models are prepared in accordance with tolerance to risk and not client circumstances.

Copia only exercises discretion in terms of the model portfolio's composition and its rebalancing so that it continues to meet its overall generic strategy and objectives; the model is not referable to any specific client. Information from given sources is taken to be reliable and accurate, which Copia cannot warrant for accuracy or completeness.

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