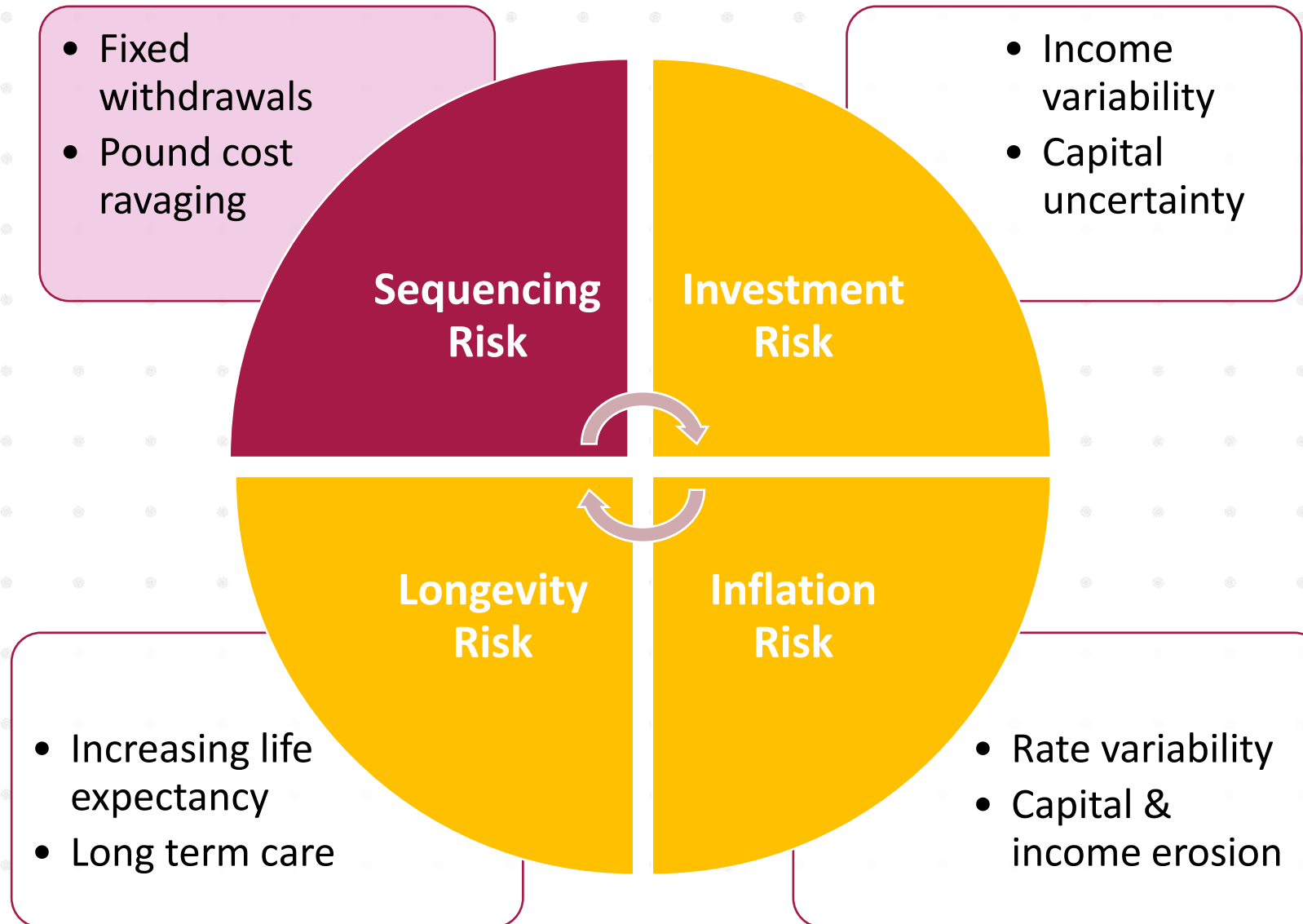


Managing Income Risks in Retirement

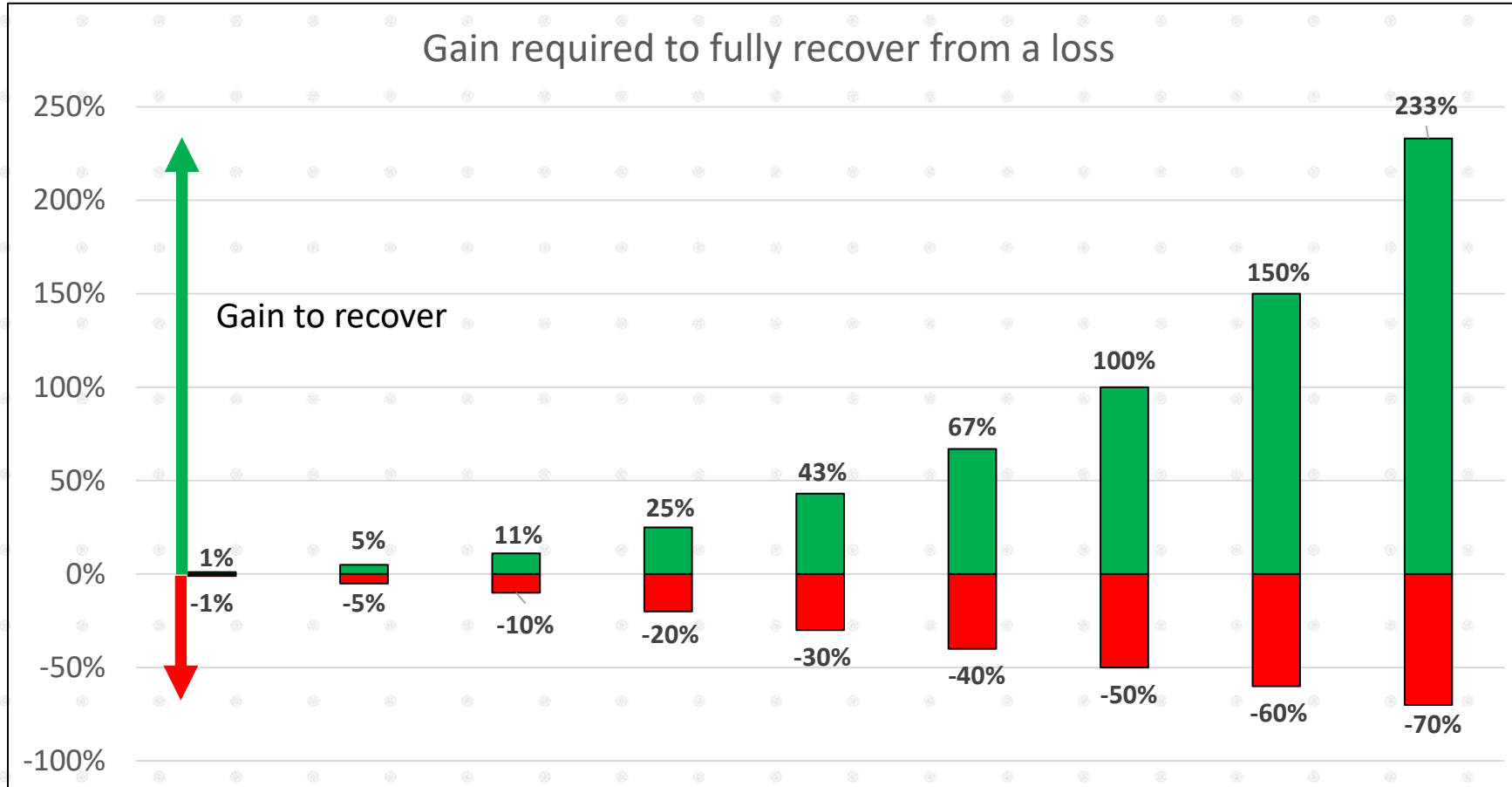
Jim Henning, Head of Investment Services



Planning **for** retirement → Planning **in** retirement



The Impact of Volatility Drag



Amplification of sequencing risk when more volatility occurs.

So reduce volatility to mitigate the sequencing risk

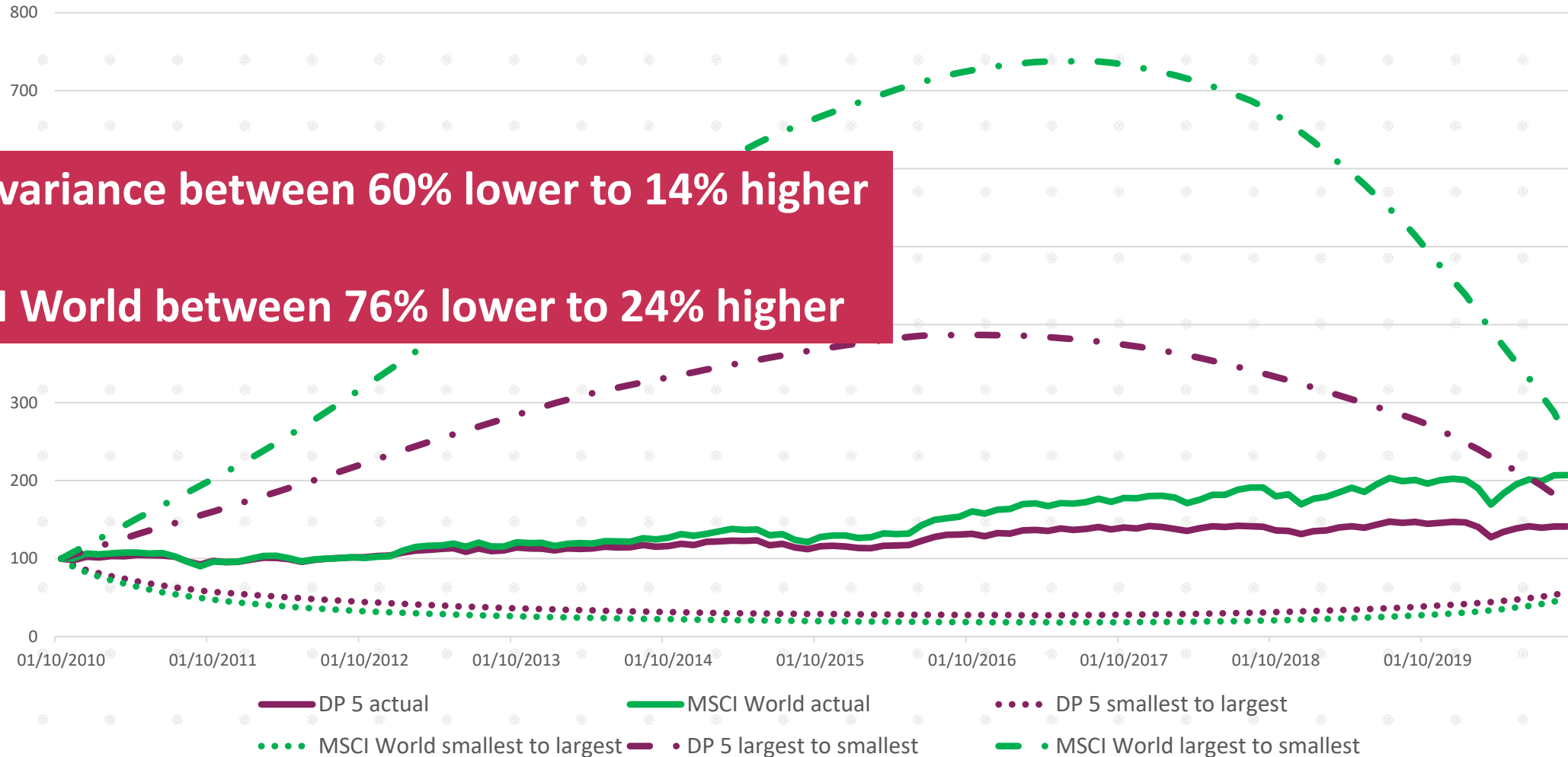
Getting off to the right start...

Assuming 2.5% inflation adjusted

Fixed initial 4% withdrawal over last 10 years - payable monthly

DP5 variance between 60% lower to 14% higher

MSCI World between 76% lower to 24% higher



Ways to control monthly volatility?

Less in Fixed Income



**Risk of short term correlation with equities
Over exposure to Inflation risk**

No exposure to physical property



Liquidity gating risk

Greater use of cash



Short term downside protection

Use of absolute return strategies



**Ideally 'Market Neutral Hedge funds
More negatively correlated to equities in short term
Less inflation risk than bonds**



Mandates and objectives focused on short term risk

Designed to manage sequencing risk



- **Consistency of Risk Throughout the Review Process**
- **Monthly oversight**
- **Fully integrated our new Monte Carlo Cash Flow Planning Tool**
- **All in one place**

THANK YOU