

# Dynamic Investing 2013

The evolution of Investment Solutions



**Irish Life**  
Investment Managers

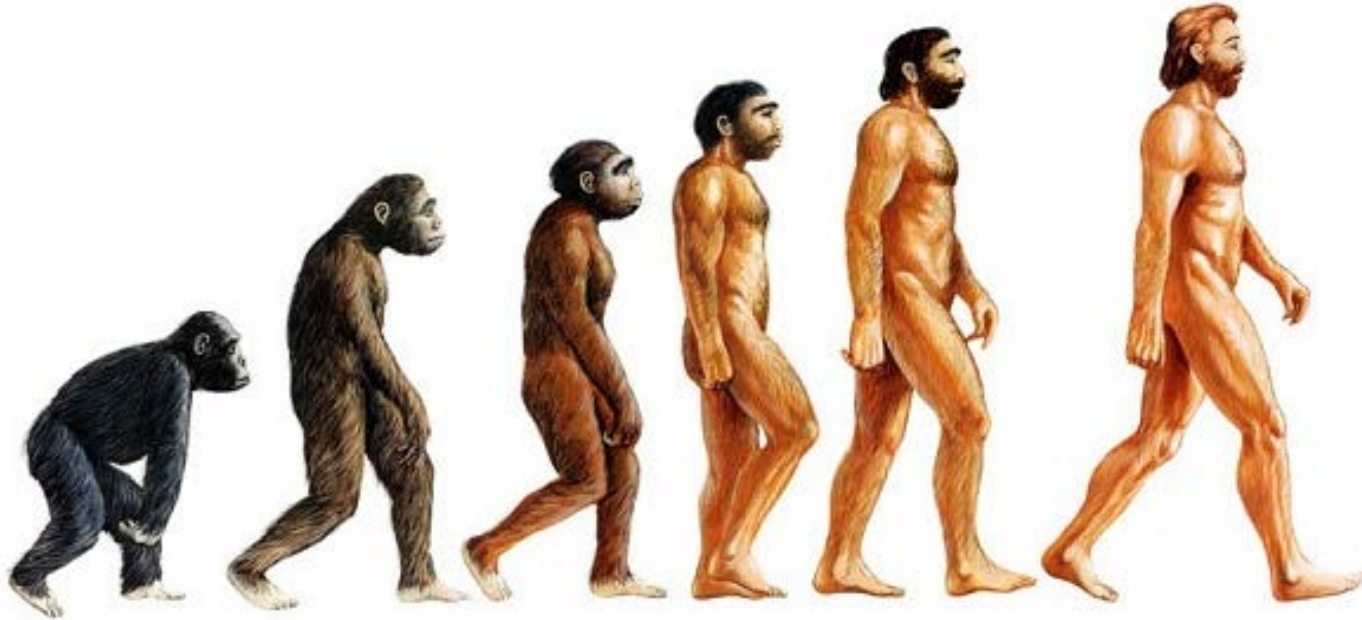
# ...to the New Normal?

A solution that suits me  
Minimise the risk  
No major shocks  
Stays on track  
Value for money

Save me from  
myself



# Evolution of Investment

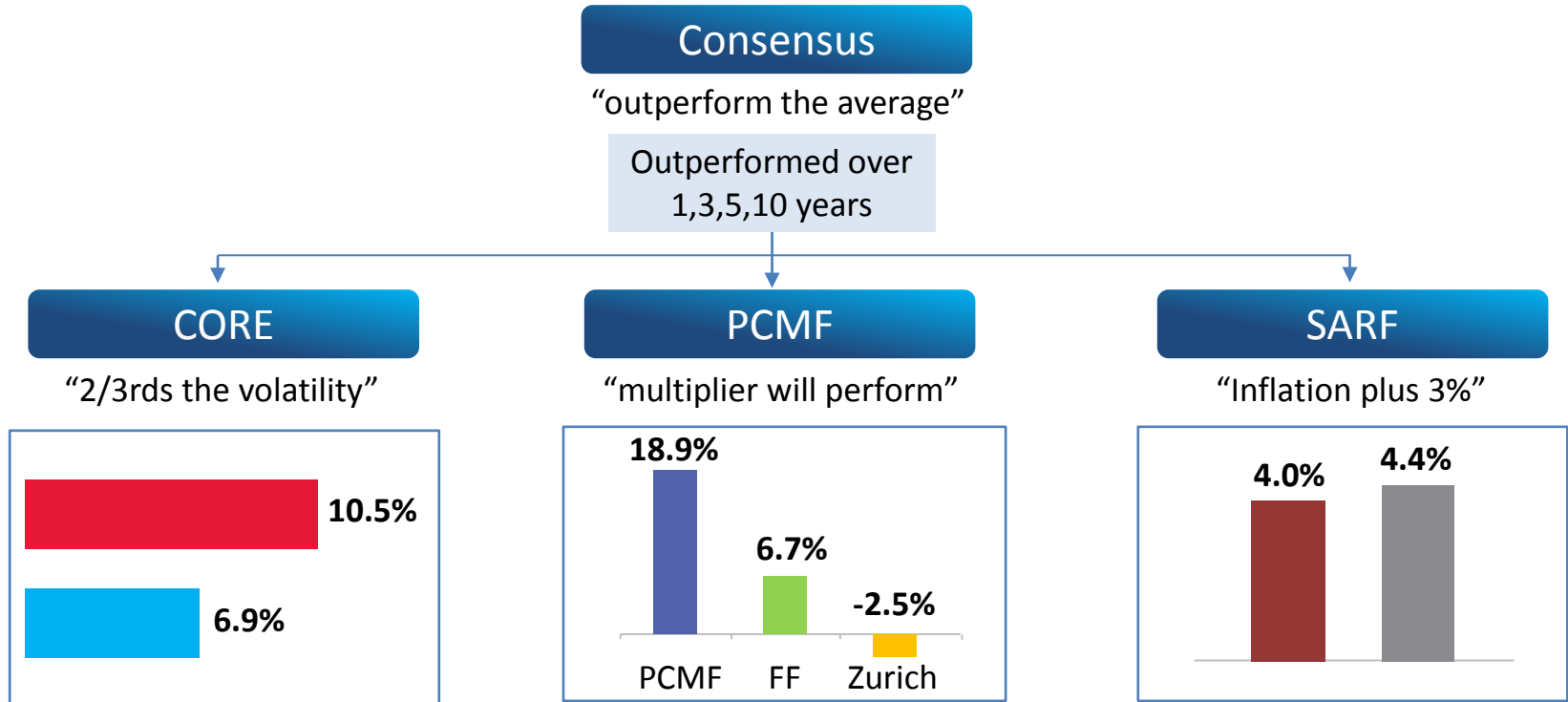


Single Manager  
Active Managed  
Fund

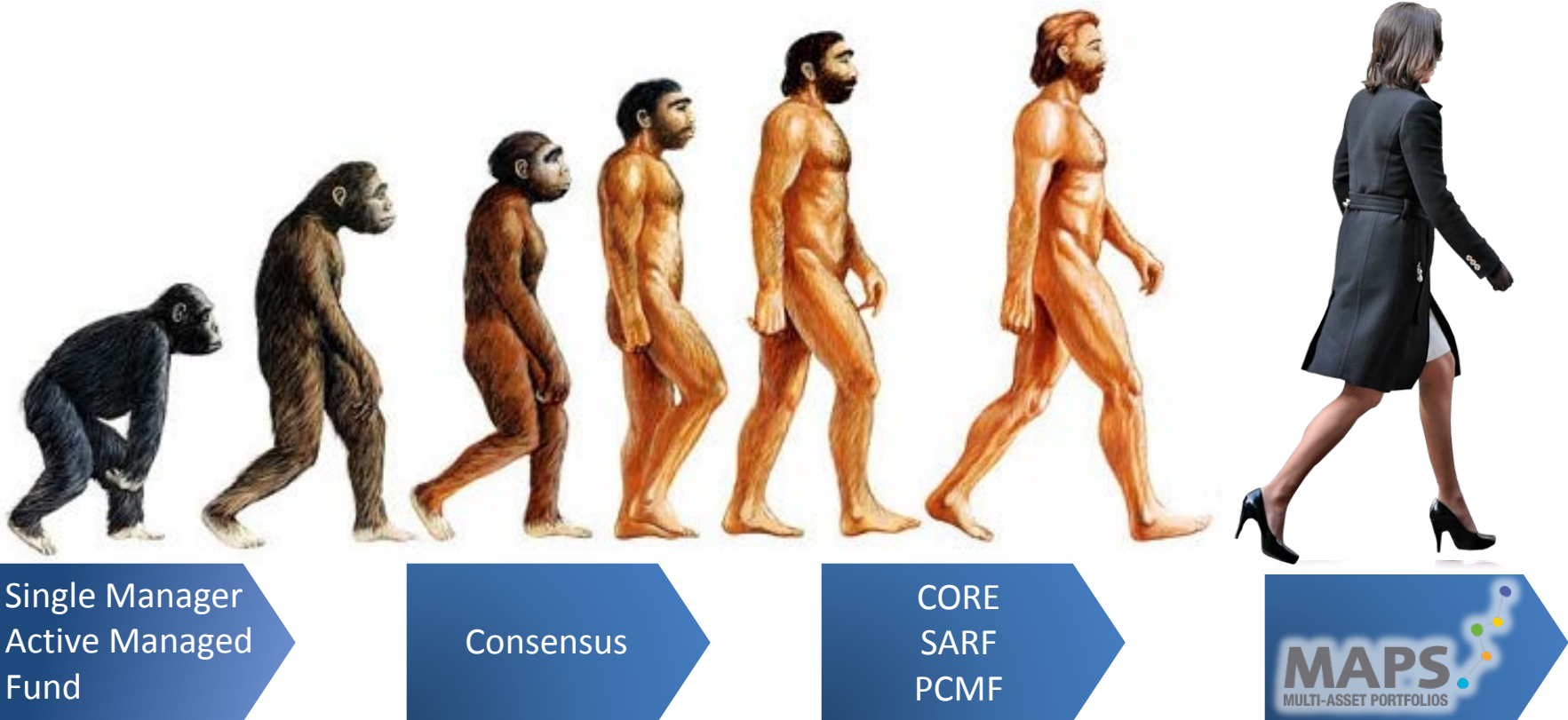
Consensus

CORE  
SARF  
PCMF

# Evolution of Investment



# Evolution of Investment



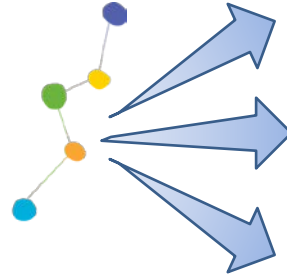
# Agenda

“ A solution that suits me”

**broker360**



**MAPS**  
MULTI-ASSET PORTFOLIOS



- Minimise Risk
- No Major Shocks
- Stays on Track
- Value for Money

**The MAPS Solution**

**Eunice Dreelan**

**The Risk Rating Solution**

**Graham Fox**

**Q + A**

# MAPS

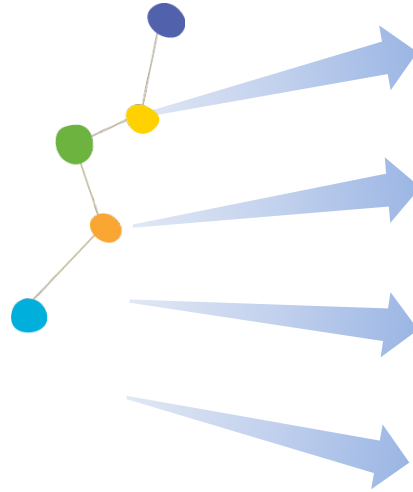
MULTI-ASSET PORTFOLIOS



Eunice Dreelan

# MAPS

MULTI-ASSET PORTFOLIOS



- Minimise Risk
- No Major Shocks
- Stays on Track
- Value for Money



# The Next Generation



RISK RATING



FUND



Map 2



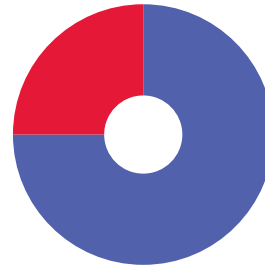
Map 3



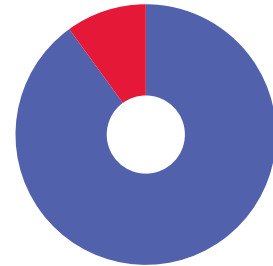
Map 4



Map 5



Map 6



# The Next Generation



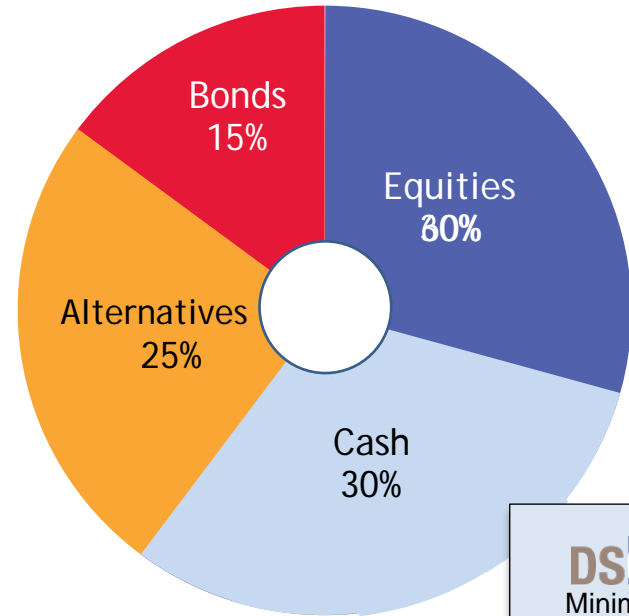
RISK RATING



FUND



4



**DSC™**  
Minimise  
Drawdown

# The Next Generation



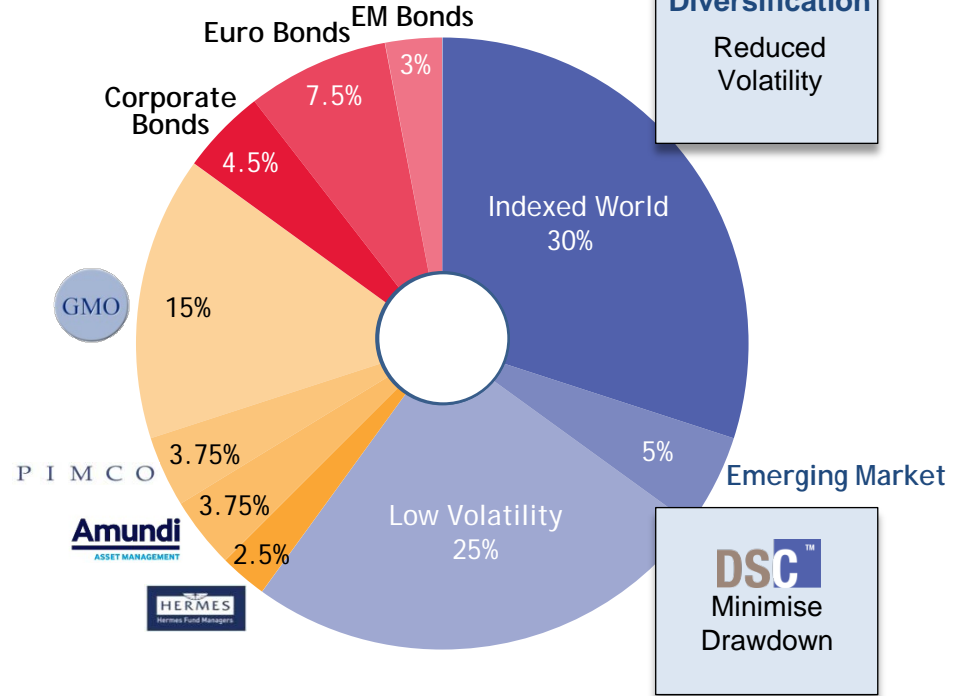
RISK RATING



FUND



4



# The Next Generation



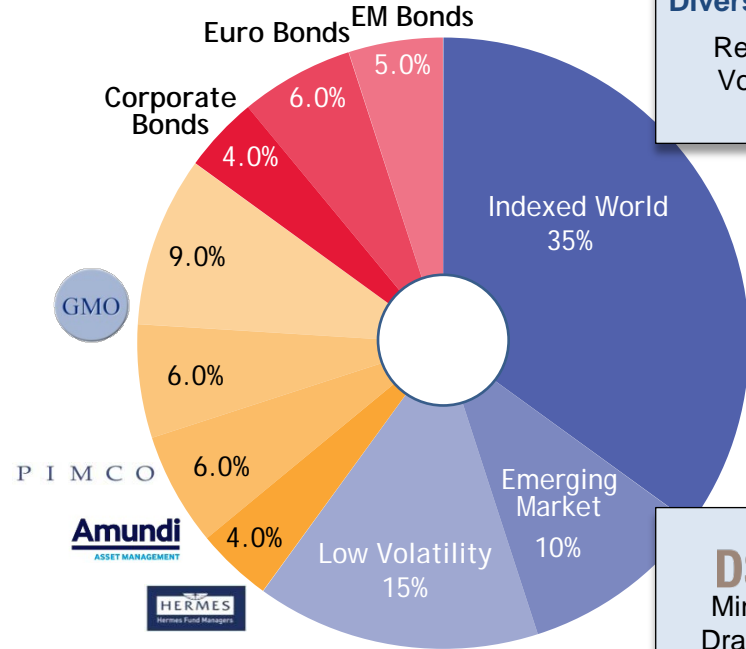
RISK RATING



FUND



4



**Diversification**

Reduced  
Volatility

**DSC™**  
Minimise  
Drawdown

# The Next Generation



RISK RATING



FUND



4

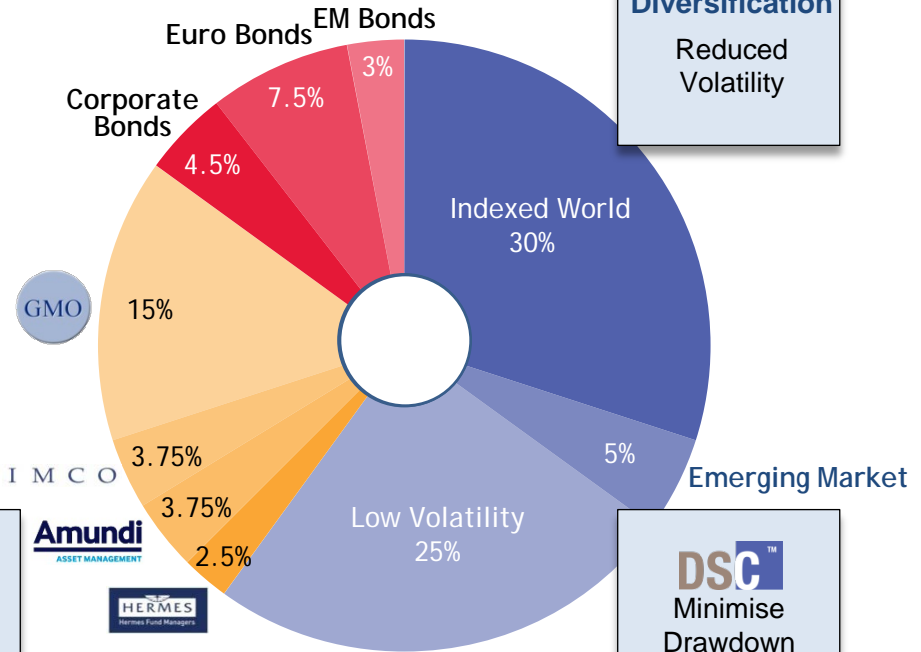
**Rebalancing**

Avoid  
Drift

PIMCO

**Amundi**  
ASSET MANAGEMENT

HERMES  
Hermes Fund Managers



# The Next Generation



RISK RATING



FUND



4

**Indexation**

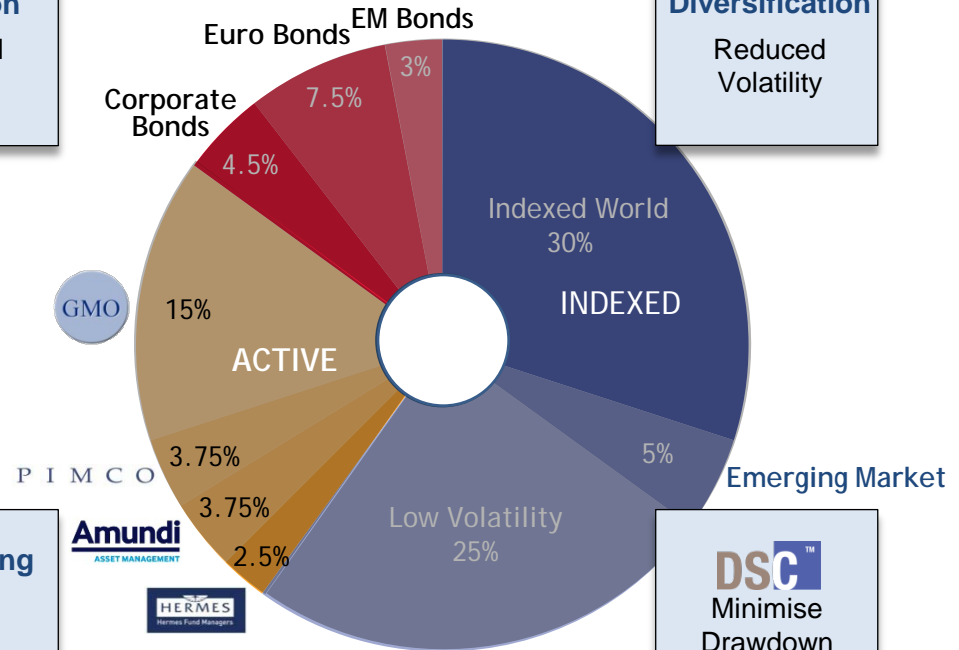
Reduced  
Cost

**Diversification**

Reduced  
Volatility

**Rebalancing**

Avoid  
Drift



# 1 Dynamic Share to Cash Model **DSC**<sup>TM</sup>



# Drawdown Management

## - Avoid significant Peak-to-Trough Falls

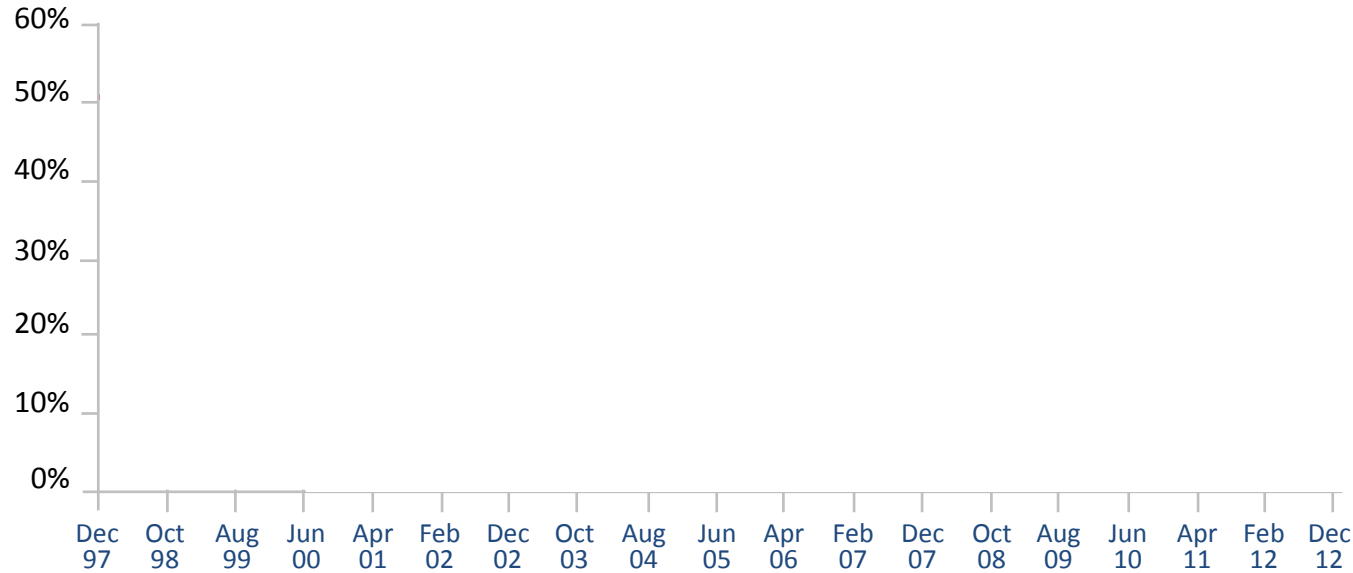
- Extensive research
- Experienced team
- Quantitative Approach
- Comprehensive Based Test





# Dynamic Share to Cash process – What it delivers

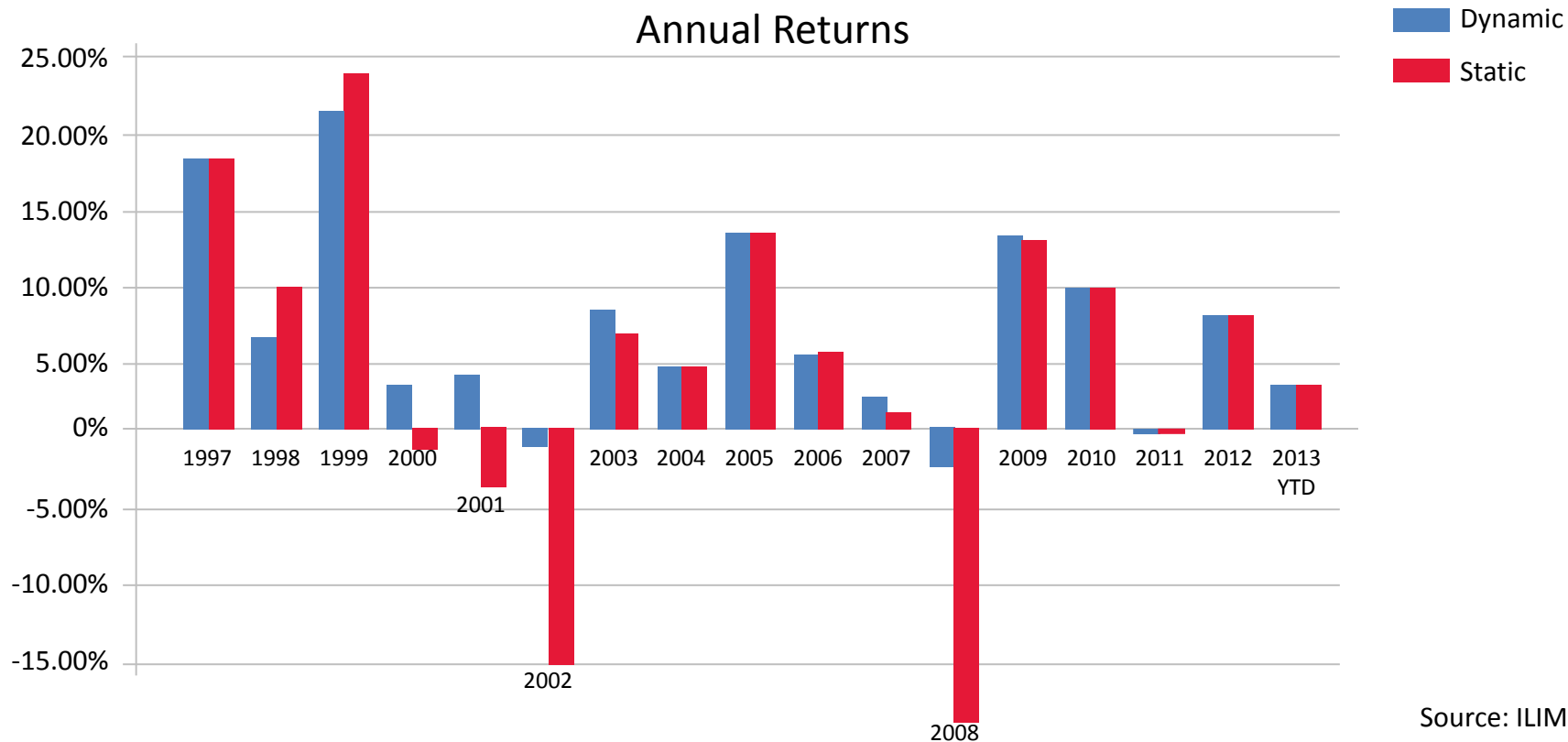
MAP 5 Equity Weight



MAP 5 Equity 0-50%

Source: ILIM

# Dynamic Share to Cash Model: Annual Returns



## 2 Smoother journey through multi-asset investing



# The Next Generation



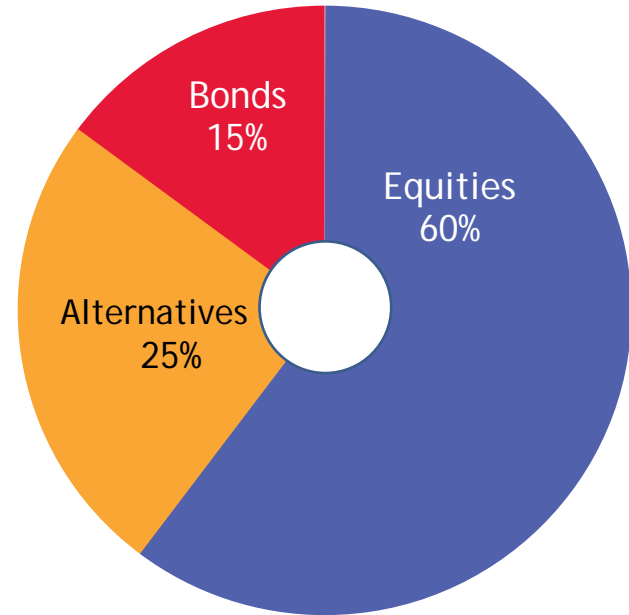
RISK RATING



FUND



4



# The Next Generation



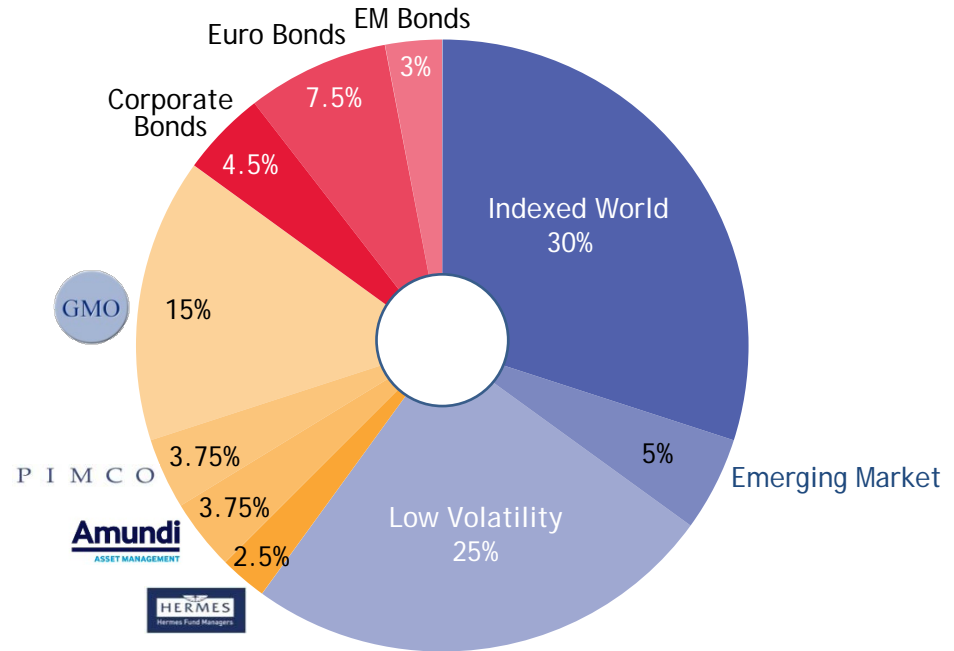
RISK RATING



FUND

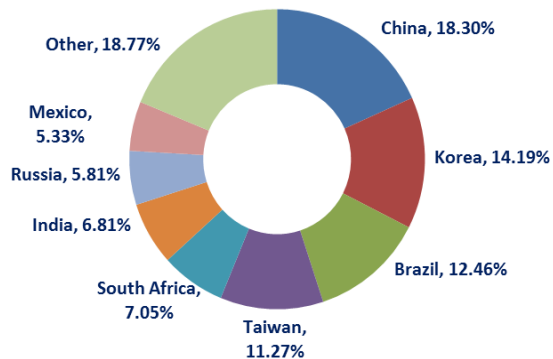


4



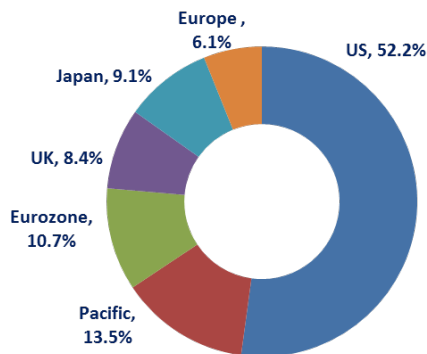
# Smoother Journey – Diversified Equities

**Indexed  
World Equities**



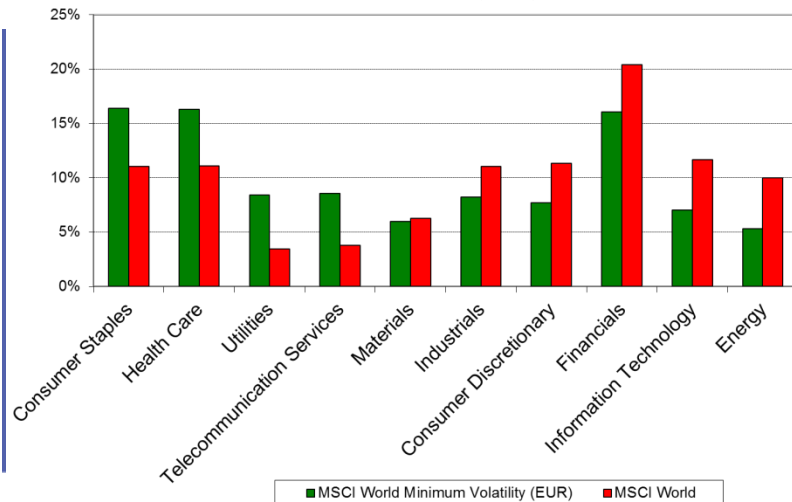
- 2,037 stocks
- 24 sectors

**Indexed  
Emerging Market Equities**



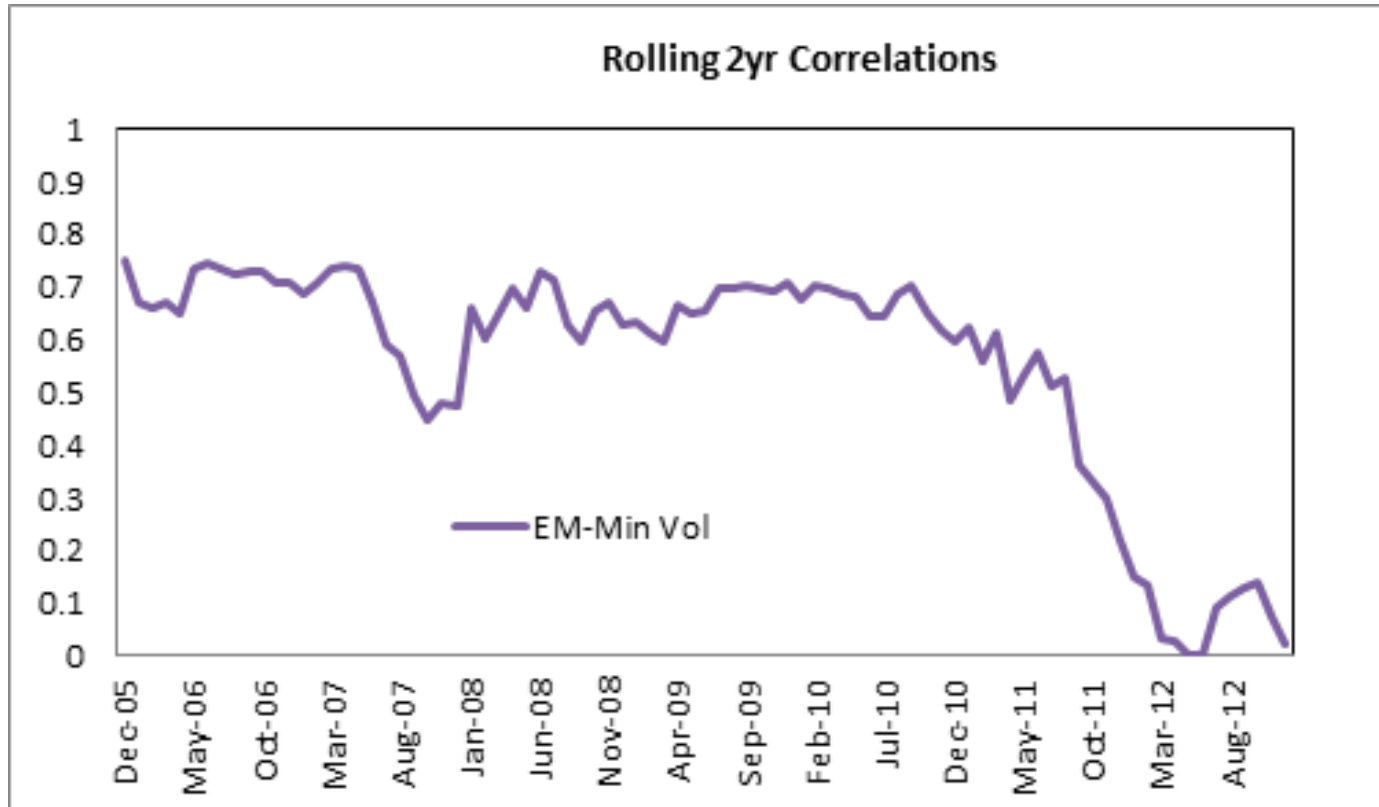
- 2,700 stocks
- 21 markets

**Indexed  
Minimum Volatility Equities**



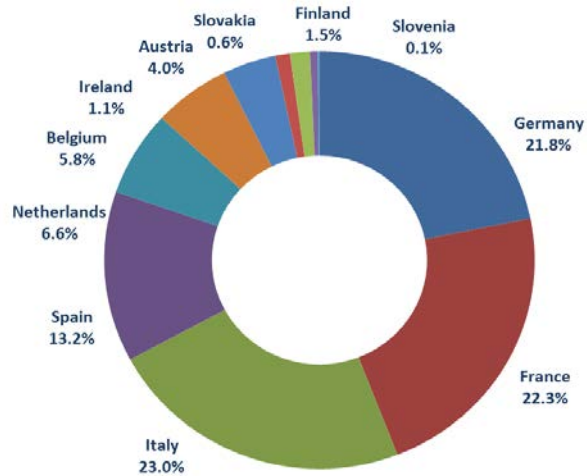
- 264 stocks
- 25-30% less volatile

# Real Diversification - Equity Correlations



# Smoother Journey – Diversified Bonds

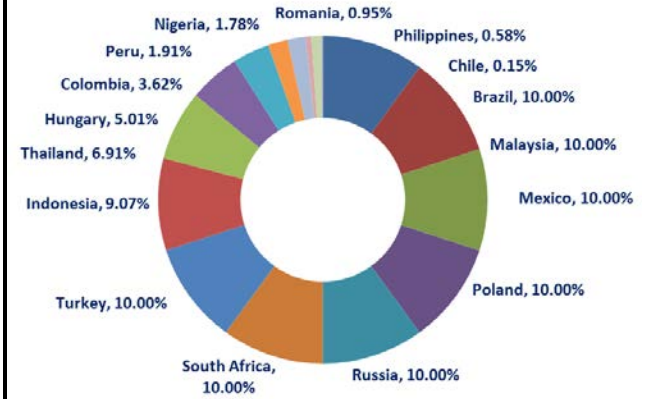
## 1-5 Yr Eurozone Government Bonds



## Corporate Bonds

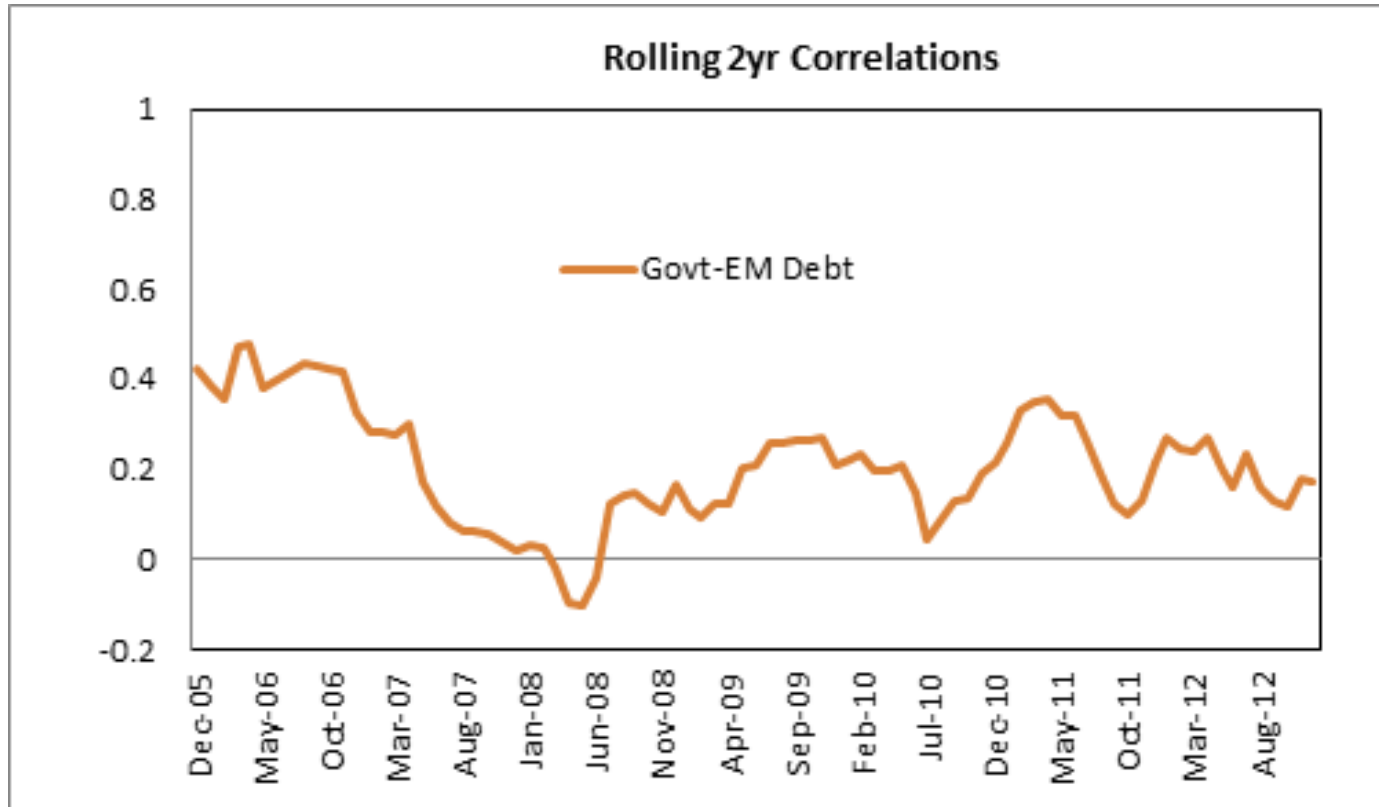
Industry	Weight (%)
Banking	37.91%
Basic Industry	4.66%
Automotive	4.52%
Capital Goods	2.76%
Consumer Cyclical	2.23%
Consumer Non-cyclical	3.23%
Energy	4.84%
Financial Services	2.83%
Insurance	4.41%
Media	0.58%
Real Estate	1.14%
Services	5.45%
Healthcare	2.08%
Technology & Electronics	0.13%
Telecommunications	9.30%
Utility	13.93%
Total	100.00%

## Emerging Market Debt





# Real Diversification – Bond Correlations



Source: ILIM

# Smoother Journey – Diversified Managers



€39bn

- No. 1 in Ireland
- Indexation expertise



\$110bn

- Morningstar award winning equity team



€30.6bn

- Manager of the largest pension fund in the UK

P I M C O

\$2.04trn

- Worlds largest bond fund



€750bn

- €37.5bn in alternative investments



**Global Real  
Return Fund**



**Commodities  
Trading Fund**



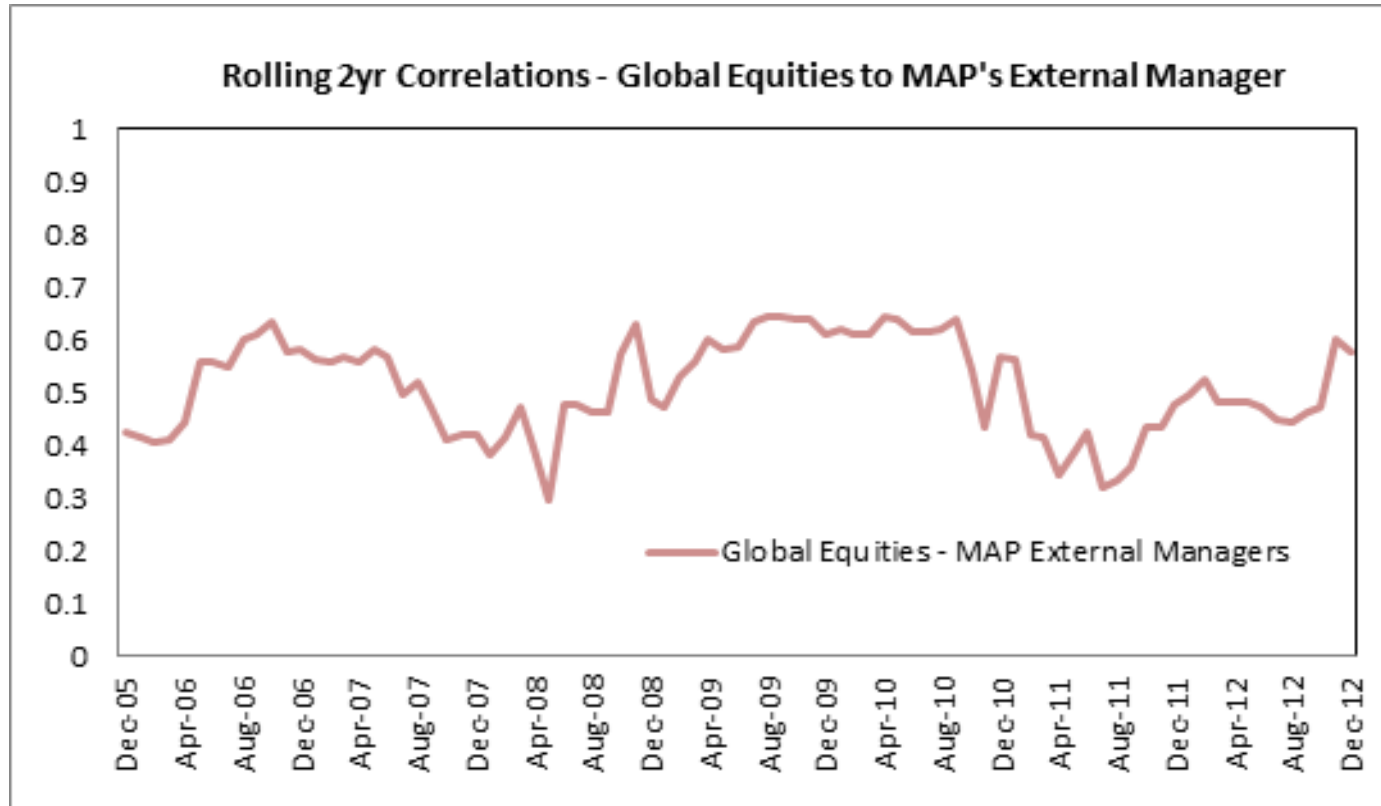
**Real Return  
Global Bond Fund**



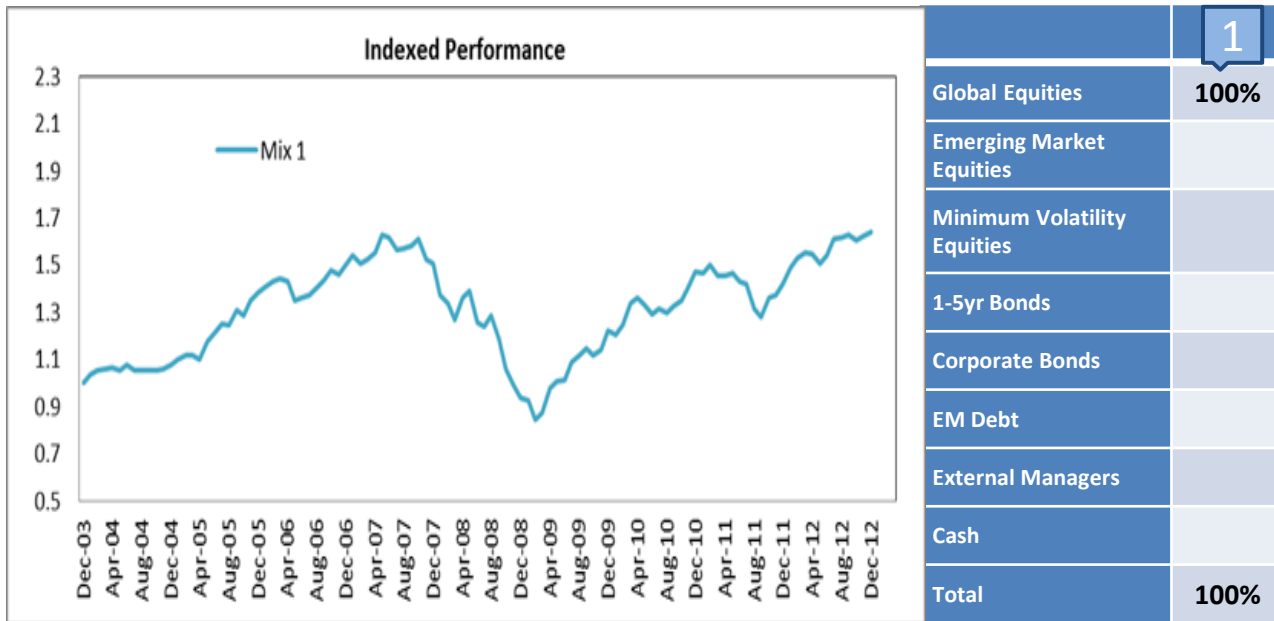
**Volatility  
Trading Fund**

# Real Diversification

## - Equity/Alternative Correlation



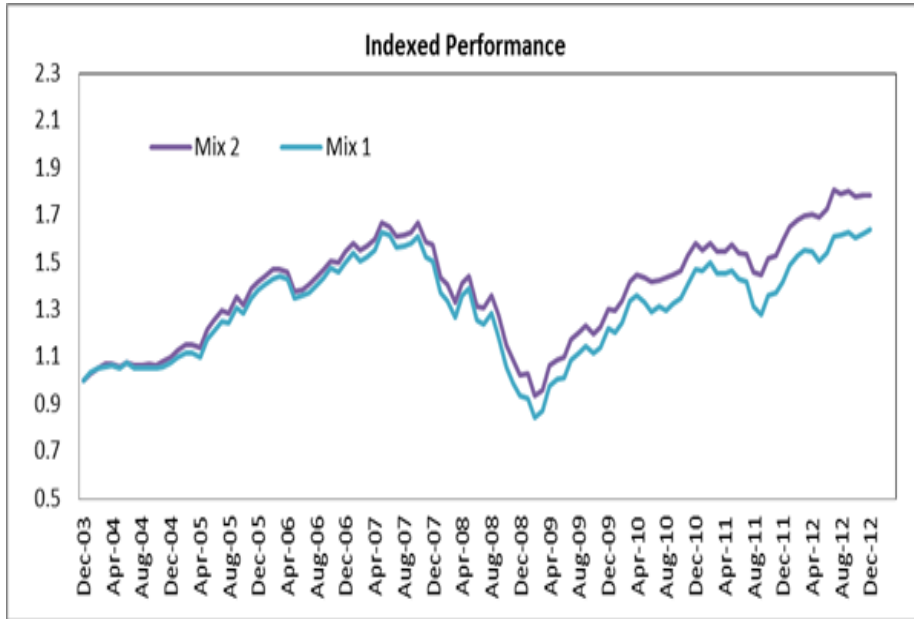
# Impact of Diversification and Dynamic Share to Cash



Source: ILIM

48.2%

# Impact of Diversification and Dynamic Share to Cash

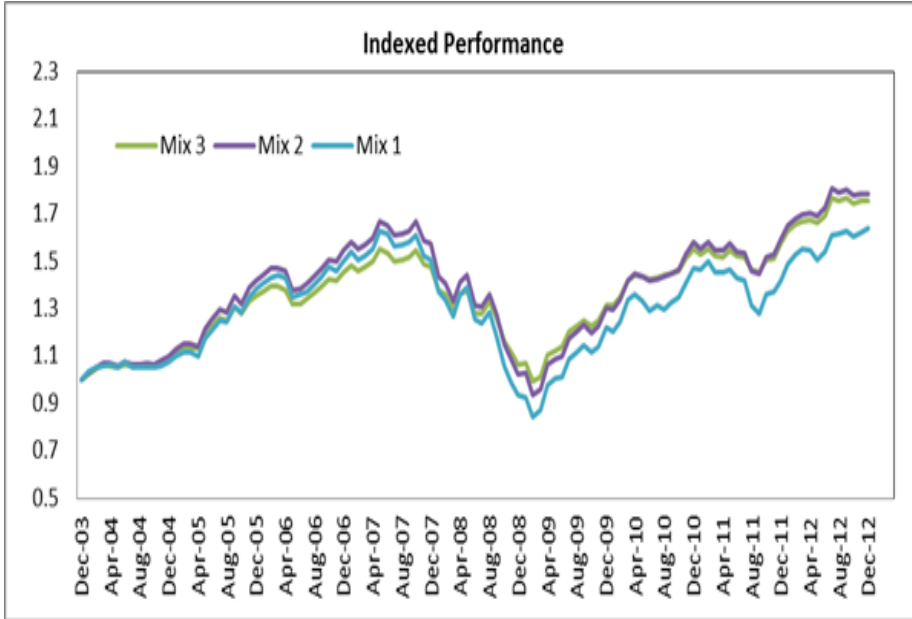


	1	2
Global Equities	100%	50%
Emerging Market Equities		10%
Minimum Volatility Equities		40%
1-5yr Bonds		
Corporate Bonds		
EM Debt		
External Managers		
Cash		
Total	100%	100%



Source: ILIM

# Impact of Diversification and Dynamic Share to Cash

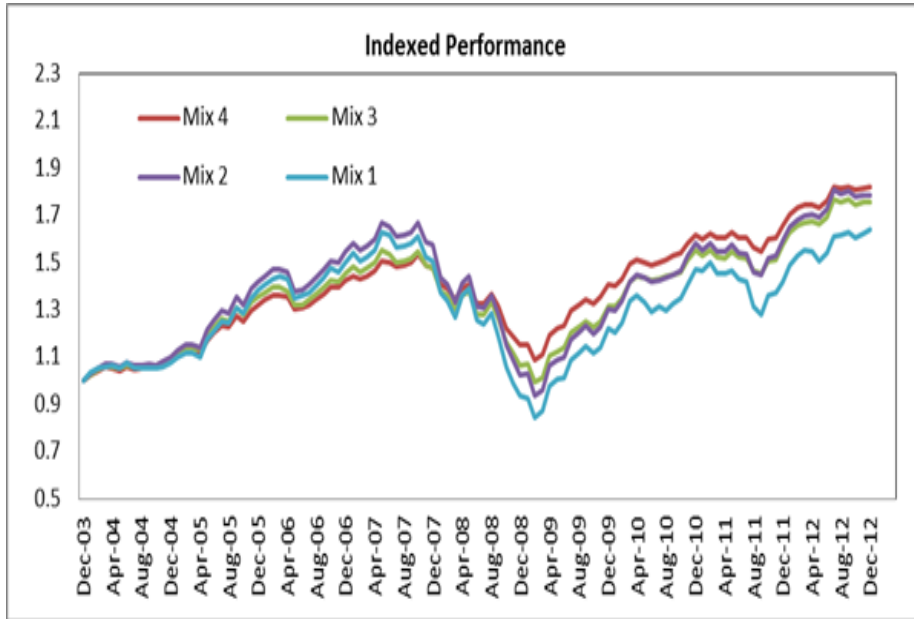


	1	2	3
Global Equities	100%	50%	40%
Emerging Market Equities		10%	6.5%
Minimum Volatility Equities		40%	33.5%
1-5yr Bonds			10%
Corporate Bonds			6%
EM Debt			4%
External Managers			
Cash			
Total	100%	100%	100%

35.8%

Source: ILIM

# Impact of Diversification and Dynamic Share to Cash

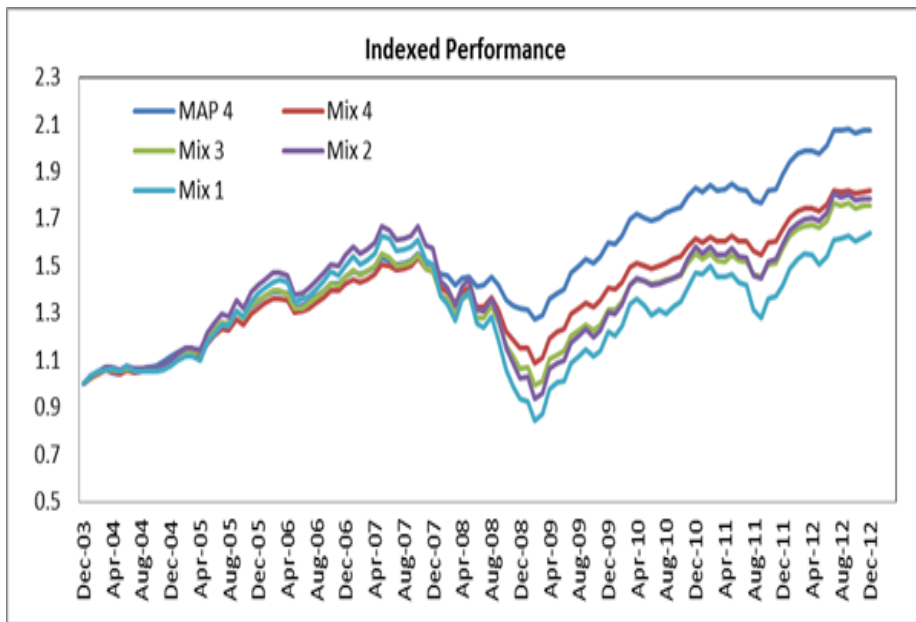


	1	2	3	4
Global Equities	100%	50%	40%	30%
Emerging Market Equities		10%	6.5%	5%
Minimum Volatility Equities		40%	33.5%	25%
1-5yr Bonds			10%	7.5%
Corporate Bonds			6%	4.5%
EM Debt			4%	3%
External Managers				25%
Cash				
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

29.2%

Source: ILIM

# Impact of Diversification and Dynamic Share to Cash



	1	2	3	4	MAP 4
Global Equities	100%	50%	40%	30%	30-0%
Emerging Market Equities		10%	6.5%	5%	5%
Minimum Volatility Equities		40%	33.5%	25%	25%
1-5yr Bonds			10%	7.5%	7.5%
Corporate Bonds			6%	4.5%	4.5%
EM Debt			4%	3%	3%
External Managers				25%	25%
Cash					0-30%
Total	100%	100%	100%	100%	100%

18.0%

48.2%

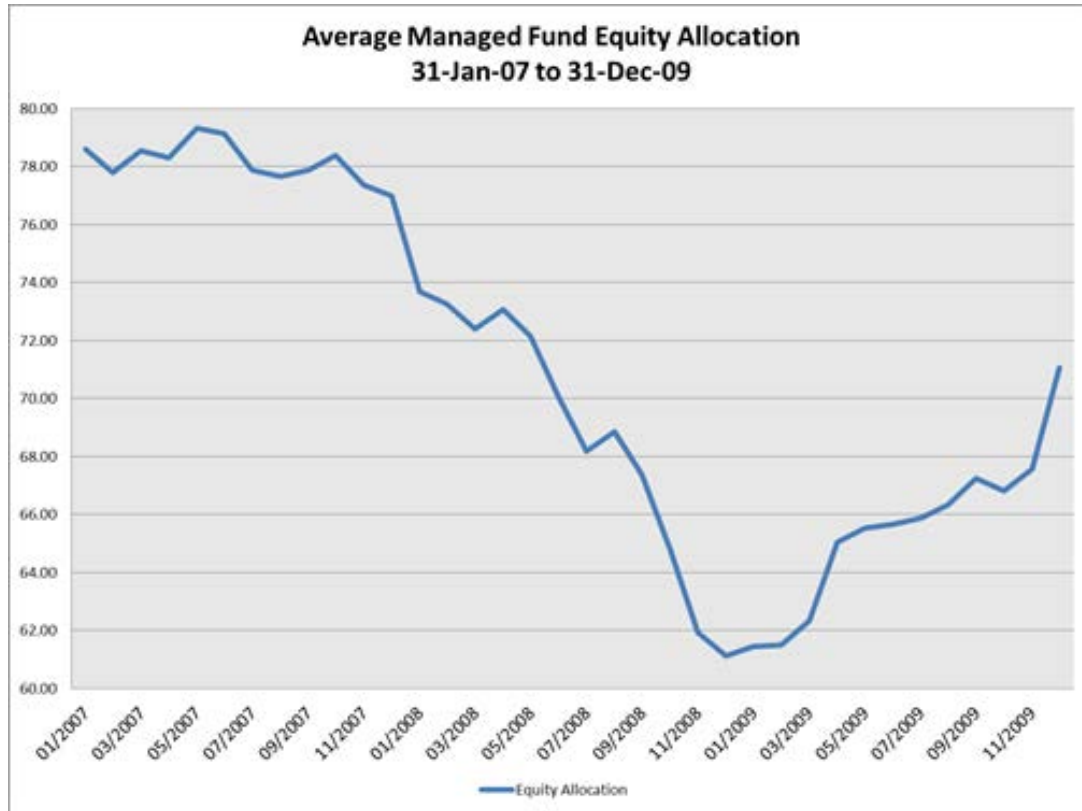
Source: ILIM



## 3 Setting & maintaining risk parameters



# Rebalancing - what can happen if you lose your balance...



RISK RATING



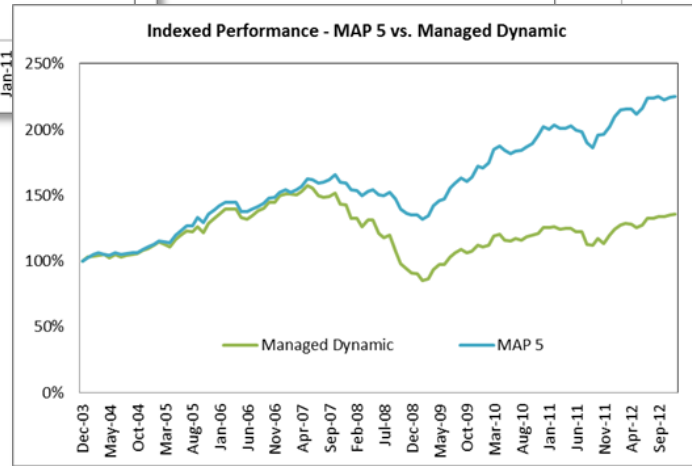
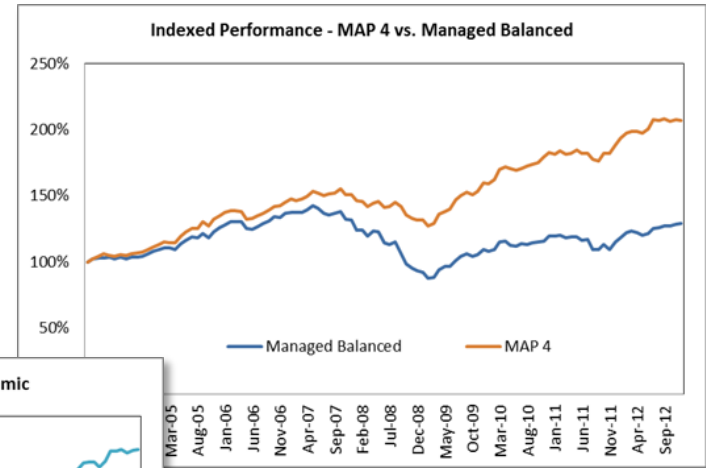
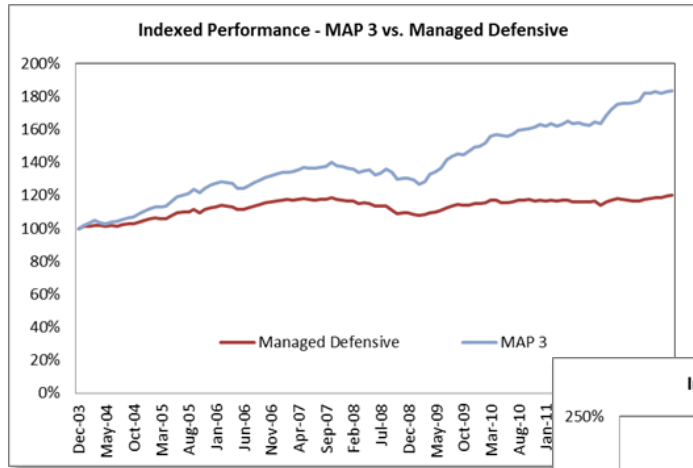
FUND



4

Source: ILIM

# The End Result: MAPS vs the Market

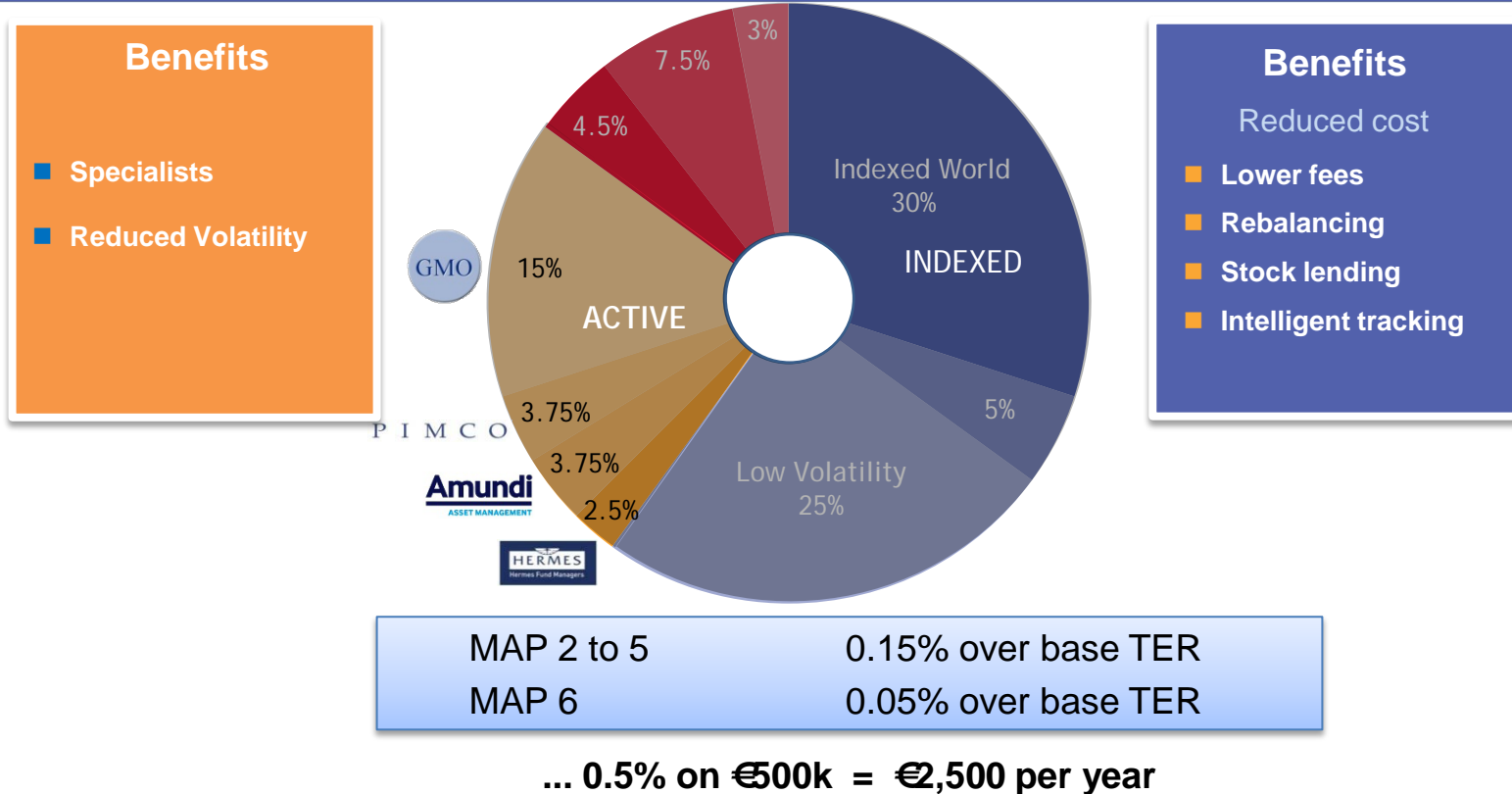


Source: MoneyMate Irish Domestic Managed Funds

## 4 Strong Cost Management



# Strong focus on costs



# Summary



## Lessons learned

- Lower volatility
- Avoid significant peak-to-trough falls
- Deliver on client expectations
- Value for money

## Going forward

- Real diversification
- Dynamic Share to Cash
- Quarterly rebalance.
- Indexation drives value

# broker360<sup>®</sup>

Graham Fox

# Summary

- Robust risk tool that matches risk appetite to solutions
- Model portfolios to meet those risk needs
- Rebalanced so you have confidence they won't drift
- Diversified world class managers to dampen volatility:
  - Within asset classes
  - Across asset classes
- Dynamic Share to Cash Model to minimise market falls
- Cost managed to deliver competitive TER





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**Past performance, forecasts and simulated performance may not be a reliable guide to future performance.**

**Investments may fall as well as rise**

**Changes in currency exchange rates may have an adverse effect on the value, price or income of the product**



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