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Doing our bit for the world while in retirement

By Simon Glover, CEO Whole Money Ltd¹



£87bn per year is paid into Britain's pension schemes (a figure predicted to increase sixfold over the next two decades). Crucially, research shows that investors (i.e. us) by and large want that money to create a so-called impact economy, supporting social and environmental good, but at the moment the opposite is still largely true.

In part, this is perhaps because it's hard to find one simple, low cost, easy to understand, multi asset class and diverse investment option that represents 'best of breed' ethical construction and is also independently verified from a trusted and unquestionable source.

Introducing the AB Lifetime Ethical portfolio

The AB Lifetime Ethical portfolio is constructed from socially responsible (ESG) Exchange Traded Funds (ETFs) all listed on the London Stock Exchange (LSE) and denominated in GBP.

The portfolio construction is entirely rules based and automated and currently consists of 9 ETFs which all track sustainable equity and bond indices from the world's leading ESG index provider, MSCI.

All the 9 ETFs are issued either by UBS or iShares, two of the world's leading ETF providers.

What is the objective of the AB Lifetime Ethical portfolio?

The objective is to provide the return of the world's 'total market' as represented by the assets of all ETFs now listed in London, in an ethical and socially responsible manner, while also seeking to mitigate sequence risk or a series of poor investment returns.

How 'green' is the AB Lifetime Ethical portfolio?

In a word, very. All nine constituent ETFs currently making up the portfolio have a Morningstar sustainability rating of 5 out of 5. A rating of 5 means they have been rated in the top 10% of all funds and their constituent companies for a variety of ethical, social and governance factors.

In fact, the AB Lifetime Ethical portfolio has an actual sustainability score which places the portfolio in the top 3% when rated for these factors, out of some 20,000 funds that Morningstar analyse.



How diverse is the Whole Money Ethical portfolio?

Very diverse. The constituents held by the 9 ETFs in the portfolio offer exposure to over 1000 of the world's most ethical companies around the world and the corporate bonds of 650 companies.

What are the total assets of the ETFs making up the Whole Money Ethical portfolio?

The Whole Money Ethical portfolio is made up of some of the largest ethical ETFs listed on the LSE and the total assets under management of the portfolio constituent ETFs is over £ 3 billion.

What is the cost of an investment in the AB Lifetime Ethical portfolio?

The weighted average cost of the 9 ETFs in the Whole Money Ethical portfolio is currently 0.29% p.a.

Ethical ETFs have to date been resistant to the downward price pressure on traditional mainstream ETFs, however as more ethical ETFs are listed, price competition and downward fee pressure is likely to enter this sector also. Any price changes are automatically reflected in a client's account.

The management fee is 0.40% + VAT.

Is the AB Lifetime Ethical portfolio suitable for income drawdown in retirement?

AB Lifetime Ethical portfolio employs an exclusively licensed methodology to help defeat sequence risk, or the risk of a significant market downturn just before or after retirement, during the withdrawal phase, which can have such a devastating outcome for retirees.

This solution has been academically researched, designed and published by three of the UK's leading finance academics. This entirely rule based methodology automatically switches equity market exposure into cash when markets turn lower and has been shown to work effectively on data going back to 1900 or the last 118 years.

Why is the AB Lifetime Ethical portfolio 'suitable' for my clients?

- £3 billion + in portfolio ETF assets
- Indices produced by MSCI, the world's leading ESG index provider
- ETFs offered by UBS and iShares
- All portfolio constituents have a sustainability rating of 5 stars from Morningstar
- Portfolio constituents on average are in the top 3% of all sustainable products currently on offer, as calculated by Morningstar
- Asset allocation calculated basis all ETF assets, listed on the LSE so representing the total market
- Low cost
- Easy to understand and explain

¹ Whole Money Ltd is specialist research and product development company focused on pension drawdown. Simon Glover has co-authored, together with leading UK academics, research papers on many of the issue's income drawdown and longevity risk present.

- Low minimum top ups, such that a £25 monthly top up investment will gain exposure to the most ethical 1000 global companies and the corporate bonds of 650 companies.
- No commission expenses
- Automatic rebalancing
- Sequence risk mitigation methodology
- Daily pricing and complete portfolio transparency

All this tech is now embedded in the [AB Pension Pathway app](#).

Together we can engineer a new 'green' solution to managing income in retirement and drawdown.

The [AB Pension Pathway app](#), developed together with Whole Money Ltd and leading academics at Cass Business School provides all the calculations, illustrations, comparisons needed and an evidence based annual withdrawal statement to enable the end to end provision of a client recommendation and so help meet a decumulation suitability check list.

Let's talk ESG and retirement together and together with our academic and R&D partners.

For a brochure and fact sheet all about the AB Lifetime Ethical portfolio please visit: <https://www.alphabetapartners.co.uk/>

For a demo of the Pension Pathway please contact:

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