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# Model Portfolio

## Lifetime

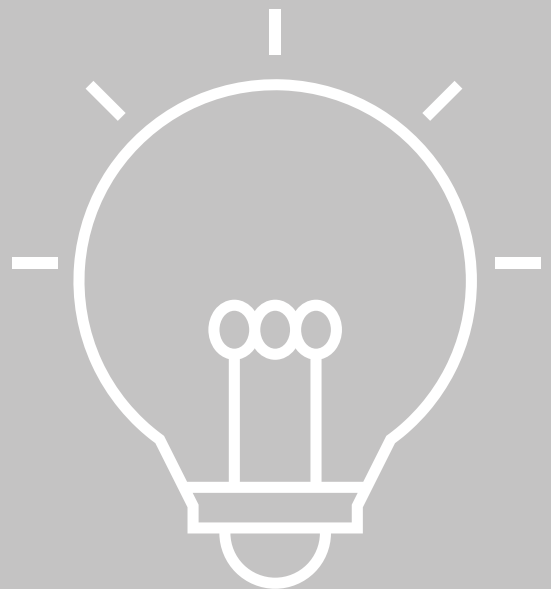
A unique, academically developed, global multi-asset portfolio, designed to smooth performance over the medium to longer term and generate better, more predictable investor outcomes.

## Who are we and what do we do?

- Alpha Beta Partners Limited is a globally focused multi-asset manager and the parent company of AB Investments Solutions Limited.
- Alpha Beta Partners collaborates with adviser firms and platforms to provide institutional quality active portfolio management for the retail market.
- Alpha Beta Partners has a long track record in sustainable investments and research having been early adopters 19 years ago.
- Alpha Beta Partners uses a proprietary investment process focusing on dynamic asset allocation and risk management which derives consistent returns within pre-agreed risk parameters - delivered at low cost.
- Alpha Beta Partners has a highly experienced and qualified team across multiple disciplines.
- Alpha Beta Partners strives to enhance customer outcome.
- Alpha Beta Partners has developed a strong track record of investment performance and risk management within a broad proposition.

### **At the core of our investment philosophy are these principles:**

- A diversified approach to asset allocation and a focus upon liquidity.
- Thorough research leading to the identification of investment strategies which, when blended, provide attractive returns designed to meet your clients' financial plan.
- Dynamic asset allocation and a truly global approach to investment.
- 'Risk First' approach to identify and help avoid the impact of market downturns and to consistently align with your clients' stated risk appetite.



## AB Lifetime Portfolio

The Lifetime portfolio employs a rules-based methodology researched and developed by leading UK academics over many years and is managed by Alpha Beta Partners.

The investment process automatically switches portfolio equity exposure to cash when markets turn lower and reinvests as the equity markets recover.

Professor Andrew Clare of City Business School said “Our extensive research over many years, analysing more than 100 years of market data, has shown that by switching systematically between equity exposure and cash, the worst instances of sequence can may be mitigated. This is the key to providing enhanced annual income in retirement and so an improved outcome.”

The investment process is systematic, rules-based and allocates to a truly global diversified multi-asset portfolio, designed to perform well when markets are positive. The process automatically switches equity to cash when markets turn lower.

The process and methodology has been rigorously developed and is stress tested over multiple decades and is delivered without using derivatives or complex financial instruments.

### Independent Research

All passive and active investments are not the same therefore Alpha Beta Partners undertakes extensive research to find the best fit investments for the Lifetime portfolio. We make sure that we replicate the relevant indices as closely as possible to minimise tracking error & portfolio cost and ensure all investments are physically backed.

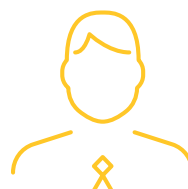
In addition, we work hard to identify high alpha active managers as satellite positions that can add further growth potential.

### Costs

Whilst performance for any investment is uncertain, costs are not. Low turnover and low overheads mean that both passive and active investment performance should not be eroded by high investment management costs.

## Key Facts

- A globally focused multi-asset manager.
- Investment expertise - offering competitive access to our experienced investment management across a broad range of strategies.
- Institutional quality investment processes rarely available to the retail client.
- Liquidity - the ability and flexibility to change/sell at anytime.
- Attractive 'overall cost' relative to the market.



### What is sequence risk?

Sequence risk is the danger that the timing of withdrawals from a retirement account will have a negative impact on the overall rate of return available to the investor. This can have a significant impact on a retiree who depends on the income from a lifetime of investing and is no longer contributing new capital that could offset losses. Avoiding significant investment losses through sequence risk is critical for retirees, particularly if they occur at or just after retirement, when a pension pot is at its greatest, such as happened in 2001, 2008 and most recently in 2020.

Smoothing investment returns and avoiding the worst market falls is important to a broad range of investors, not just retirees. The Alpha Beta Lifetime portfolio seeks to avoid large market drawdowns and is therefore suitable as a core holding for a broad potential target market.

Alpha Beta Partners, Whole Money and leading academics from City Business school have collaborated to develop a unique approach to tackling sequence risk and providing smoother long-term investment returns.

### **What benefit does Lifetime offer my clients?**

Lifetime is a model portfolio managed by Alpha Beta Partners and is available on a wide range of retail platforms. The portfolio is fully transparent, liquid and well-priced. Lifetime incorporates an academically researched and developed rules-based methodology which switches equity exposure to cash when markets turn lower and vice versa, helping to protect a client's capital from severe market falls.

The Lifetime portfolio is designed as a core holding for investors wishing to smooth investment returns over the medium to longer term.

Lifetime is suitable for a broad range of investors but is particularly targeted at those needing to avoid sequence risk – typically at or in retirement. Crucially, by avoiding the worst market downturns investors retirement withdrawals are protected at higher levels.

Lifetime offers a diversified global multi asset portfolio under “normal market conditions” but following an academically proven investment process which switches equity to cash when markets fall heavily and back into equity when they recover.

## Target Market

The portfolio is suitable for all retail investors via appropriate investment vehicles & wrappers.

Advisers are responsible for assessing the suitability of the portfolios for their clients given their capacity to bear losses; risk tolerance; and their investment objectives and needs.

Negative Target Market - The Lifetime portfolio is not currently available to non-advised clients.

## Investor Profiles

When selecting a portfolio, it is important that the client's approach to investment is fully considered. We have included some example investor profiles for your consideration. These should be discussed, together with the appropriate portfolio(s) with your client, to match with their approach to investment prior to making any investment decision.

### Cautious Investor

- Worried about short-term losses or due to their circumstances may not be able to invest over longer-term time horizons.
- Willing to accept a lower return to help achieve their primary goal of keeping their investment safe.
- Willing to accept that to achieve a return higher than a very secure investment such as a bank account, their money will be invested in assets that can fall in value and so they could lose some of it.

### Moderately Cautious Investor

- Worried about short-term losses or due to their circumstances may not be able to invest over longer-term time horizons.
- Uncomfortable taking risks with their investment but is willing to do so to help achieve higher returns than could be achieved in more secure investments such as a bank or building society account.
- Can accept that their money will be invested in assets that can rise and fall in value and so their money is at risk and they could lose some of it.

### Moderate Investor

- Concerned by short-term losses but understands that some risk is needed in order to have the opportunity to achieve better returns.
- Believes that the safety of their investment and achieving investment returns are similarly important.
- Able to leave their money invested despite a fall in the value of their investment in order to try to recover their losses.

### Moderately Adventurous Investor

- Main aim is to increase the value of their investment.
- Willing to accept the risk of losing their money in order to achieve this.
- Willing to leave their money invested despite a large fall in the value of their investment in order to recover their losses and to achieve their long-term investment aims.

## **Adventurous Investor**

- Aims to achieve the highest possible returns over the long term.
- Not concerned about possible short-term losses.
- Most concerned with high returns and can accept both large and frequent losses to the value of their investment over time in exchange for the opportunity of a higher return over the long term. Generating income is not a concern.

## **Security of Capital**

The portfolio can be offered to clients who are able to accept a limited fall in capital depending on their attitude to risk and also to those that are able to lose unlimited capital.

Negative Target Market - The Lifetime portfolio should not be offered to clients that do not have the capacity to accept losses both in the short and long-term or for those seeking natural income. The portfolios do not support any guarantees or preservation of capital.

## **Client's risk appetite**

The client must be happy, and prepared, to accept some degree of investment risk.

Negative Target Market - The Lifetime portfolio should not be offered to any clients who are not prepared to accept some degree of investment risk.

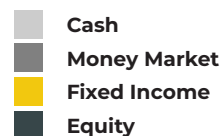
## **Vulnerable Clients**

Advisers should consider within both their initial and ongoing suitability processes whether a customer displays characteristics of vulnerability (as defined by the FCA's 4 drivers of vulnerability) or their personal circumstances make them especially susceptible to harm, as this may impact the appropriateness of any chosen portfolio.

## Portfolio

## Objective

## Indicative Asset Allocation



### LIFETIME

Our objective is to provide the returns associated with a growth focused multi-asset portfolio in the medium to long term, while also smoothing equity returns to mitigate sequence risk.



## Costs & Availability

The portfolio fees charged by Alpha Beta Partners comprise of a management fee of 0.40% pa and other fees which relate to additional costs of running the underlying funds. The chart below summarises the total charge inclusive of the Alpha Beta Partners management fee as at 30th April 2023.

Portfolio Name	Total Cost %*
Lifetime	0.49

\*Total cost includes the discretionary management fee & other charges.  
Data as at 30th April 2023.

## How can you access our model portfolios?

The Alpha Beta Partners Lifetime portfolio can be accessed through the following platform providers:

Abrdn Wrap	Advance by Embark	Aegon
Aviva	Embark	Fundment
Funds Network	M&G Wealth	Novia
Novia Global	Nucleus	Parmenion
Quilter	Transact	



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## Important Information

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Further information and documentation is available on request, or on our website:  
[www.alphabetapartners.co.uk](http://www.alphabetapartners.co.uk)

23 May 2023