



My Future Life Strategy

A guide for investors

Objective of the My Future Life Strategy

The goal of the My Future Life Strategy is to assist investors who do not want to make their own investment decisions with building a personal pension pot to supplement their income in retirement.

What happens to my money?

The My Future Life Strategy automatically invests your money with the aim of growing it over time and maximising its value when you come to draw on it in retirement.



Why is my money invested?

In the long term, investing usually produces higher returns than other options such as leaving money in the bank. This means the money you put into the scheme today should be worth more when you come to withdraw it again in the future.

How does the My Future Life Strategy work?

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In the early stages of the process, known as the accumulation phase, you have the longest time to invest and the aim is to maximise the potential for growth. As such, the strategy invests via global equities (stocks and shares) during this phase.

As you approach retirement age, the strategy enters a consolidation/preservation phase, incrementally reducing the risk of the investments towards a more balanced approach. At this stage, the portfolio will consist of fixed income and global equities. This helps to reduce uncertainty and aid your retirement planning.

At retirement age, the strategy enters its drawdown phase and recognises that retirement is a key financial planning point and one at which members may elect to withdraw a lump sum.

After retirement, as most of the money is likely to remain invested, it needs to keep growing to support later life. Therefore, the majority of the investment will continue to follow a balanced strategy.

For more information visit the Sovereign website:

www.sovereignemployeebenefits.com/category/international/funds-international/

Is investing my pension risky?

While the value of investments does rise and fall over time, for a professionally managed and well-diversified investment portfolio, the chances of achieving a positive return increase with time. For long-term investments such as pension savings, while returns are not guaranteed, the chances of losing money are recognised as being low. Historical data is included below to illustrate this, showing over the last few decades the percentage of periods where investors owning a diverse portfolio of global companies made or lost money. What it illustrates is that over the short-term the chances of loss are greater, a one in five chance of a loss of up to 32% over one year for example. The odds are, however, firmly stacked in your favour over longer periods such as 10 or 15 years.

Historic statistics for global equities

	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Average Return	19%	51%	91%	230%	417%	756%
Odds of Loss	1 in 5	1 in 9	1 in 13	1 in 67	No historic examples of loss	
Average Loss	-11%	-18%	-14%	-5%		
Worst Loss	-32%	-44%	-26%	-9%		

Based on data for the MSCI World Index of global equities from Feb 1975 to Sep 2023

Over shorter periods, more conservative strategies with lower return and lower uncertainty of return can then be used to generate returns within a suitable risk profile. To provide a comparison for the above, below is the equivalent data for a lower risk, balanced strategy. What this shows is that, while returns are lower in a balanced strategy, you have a much lower chance of loss over intermediate periods, such as five years, and smaller worst cases over all periods. This is why lower risk strategies are generally considered to be better suited for investors with short investment periods or more aversion to risk.

Historic statistics for a typical balanced portfolio

	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Average Return	10%	25%	36%	75%	123%	192%
Odds of Loss	1 in 5	1 in 9	1 in 86	No historic examples of loss		
Average Loss	-6%	-7%	-3%			
Worst Loss	-20%	-16%	-6%			

Based on data for Investment Association Mixed Investment 20-60% Shares Sector from Dec 1990 to Sep 2023

Data Note

Global equity data is based on the MSCI World Index, before fees, for global equities and runs from 31st Jan 1975 to 30th Dec 2023. Balanced portfolio data is based on the Investment Association Mixed Investment 20-60% Shares sector average, after fees, as compiled by FE Fundinfo from 28th Feb 1990. All data was collated on 27th October 2023. All data is monthly data in Sterling total return terms, which combines capital and income returns. Average Return is the average of all periods that experienced a positive return. Average Loss is the average of all periods that experienced a negative return. All periods run from and to calendar month ends.

The value of investments can fall as well as rise. Investors may get back less than invested. Past performance is not a guide to future performance and may not be repeated.

This document has been prepared by Ravenscroft, as the investment manager of the My Future Life Strategy.

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