

DC investment trends

Ian Sykes – Willis Towers Watson



Trends

Active managed
funds



Diversified growth
funds

Annuity target

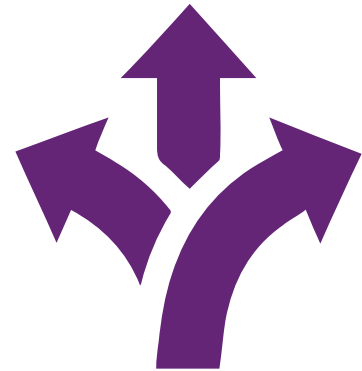


Flexible lifestyles

Asset based



Outcome based



What is a diversified growth fund (DGF)?

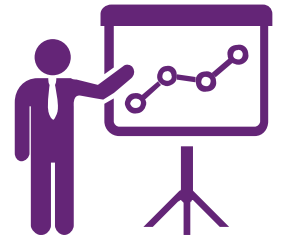


Equity returns with less risk

'One stop shop' pooled fund

Broad diversification and/or active management

'Cash plus' objectives



Do they deliver?



Yes but...

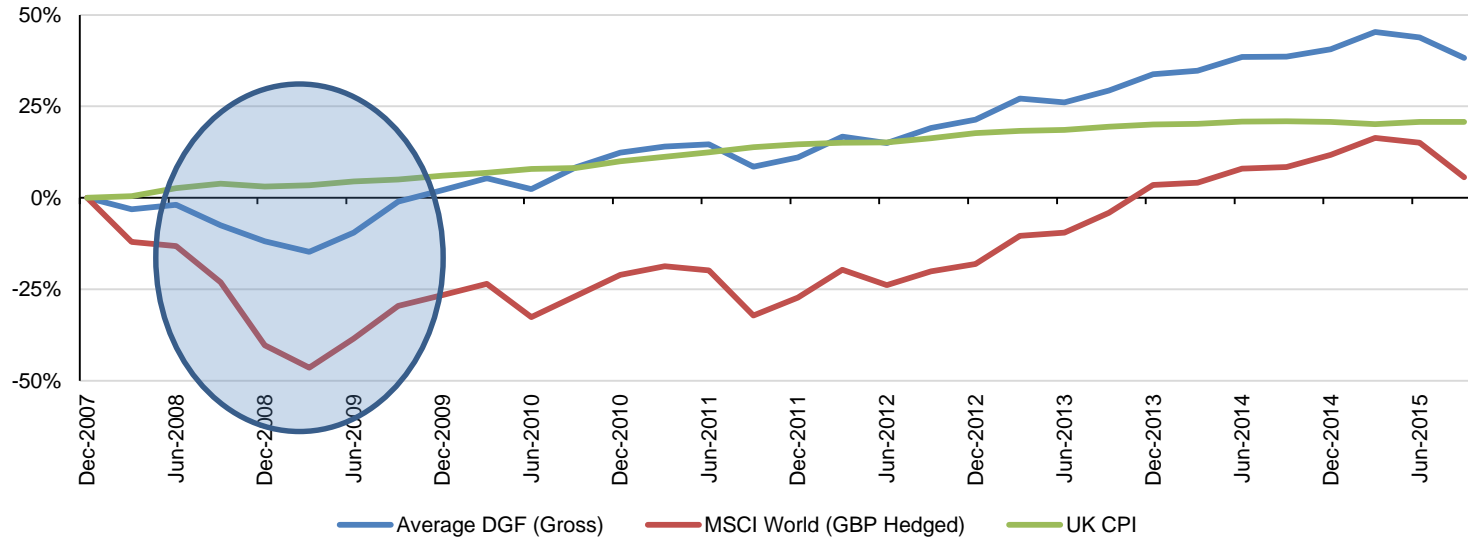
Overpriced

Low skill

Challenging times ahead

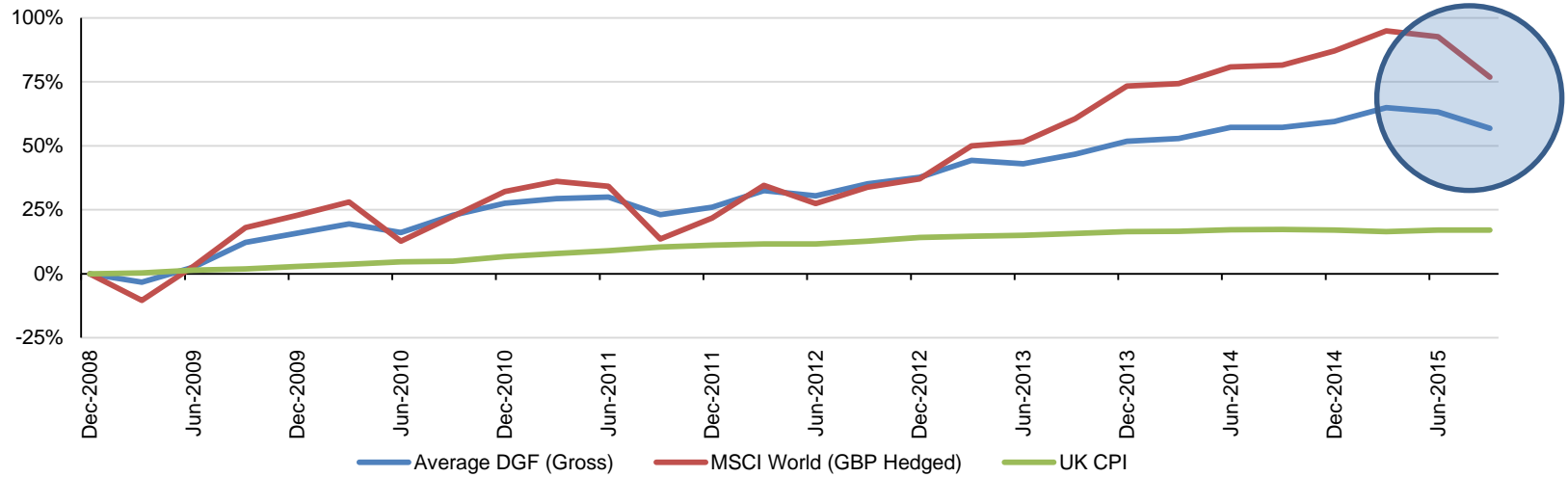


Yes



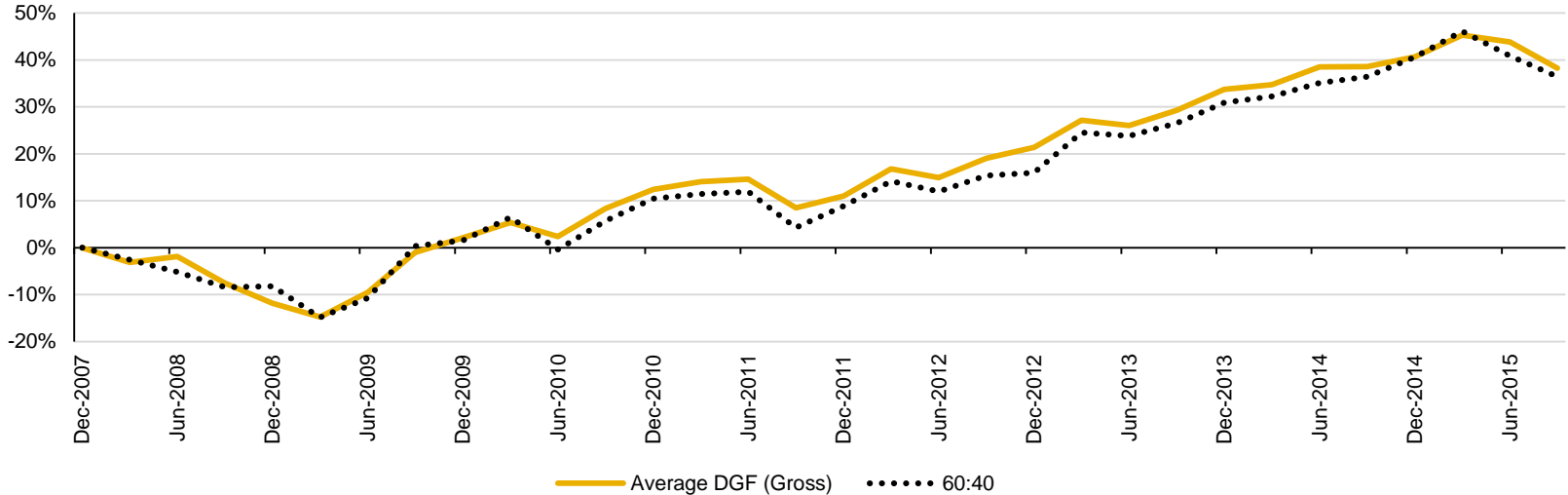
Significant reduction in downside risk

But...



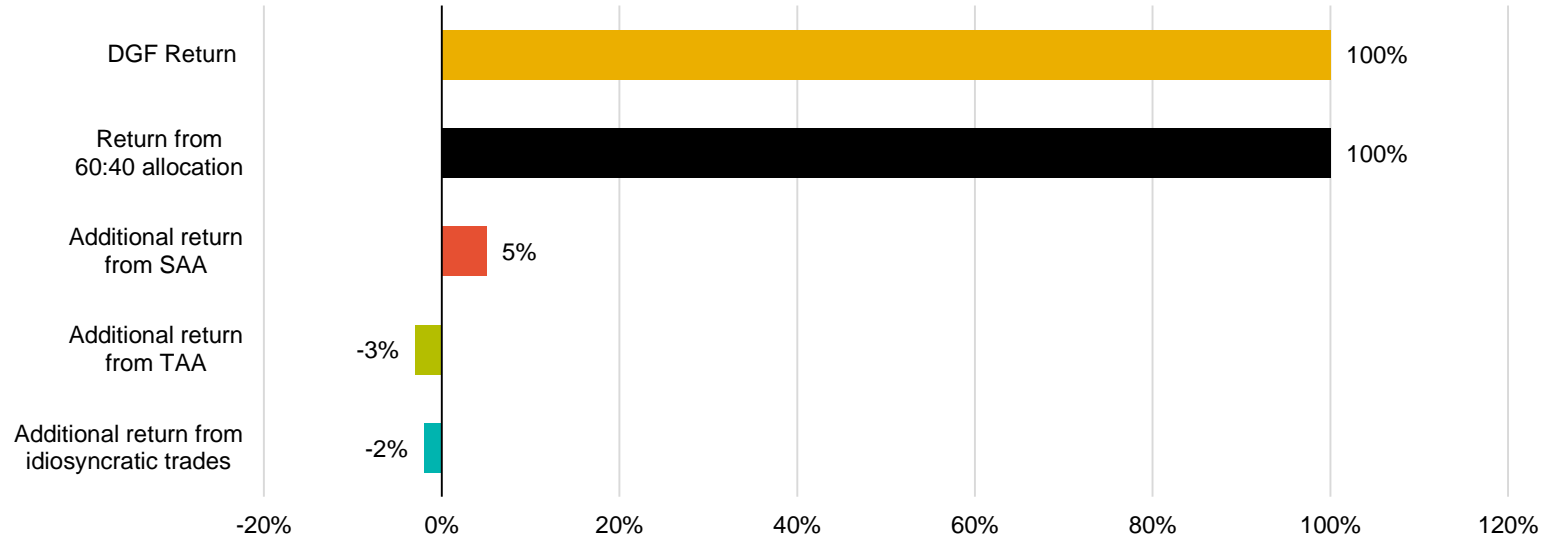
 Underperform in rising markets

Overpriced?



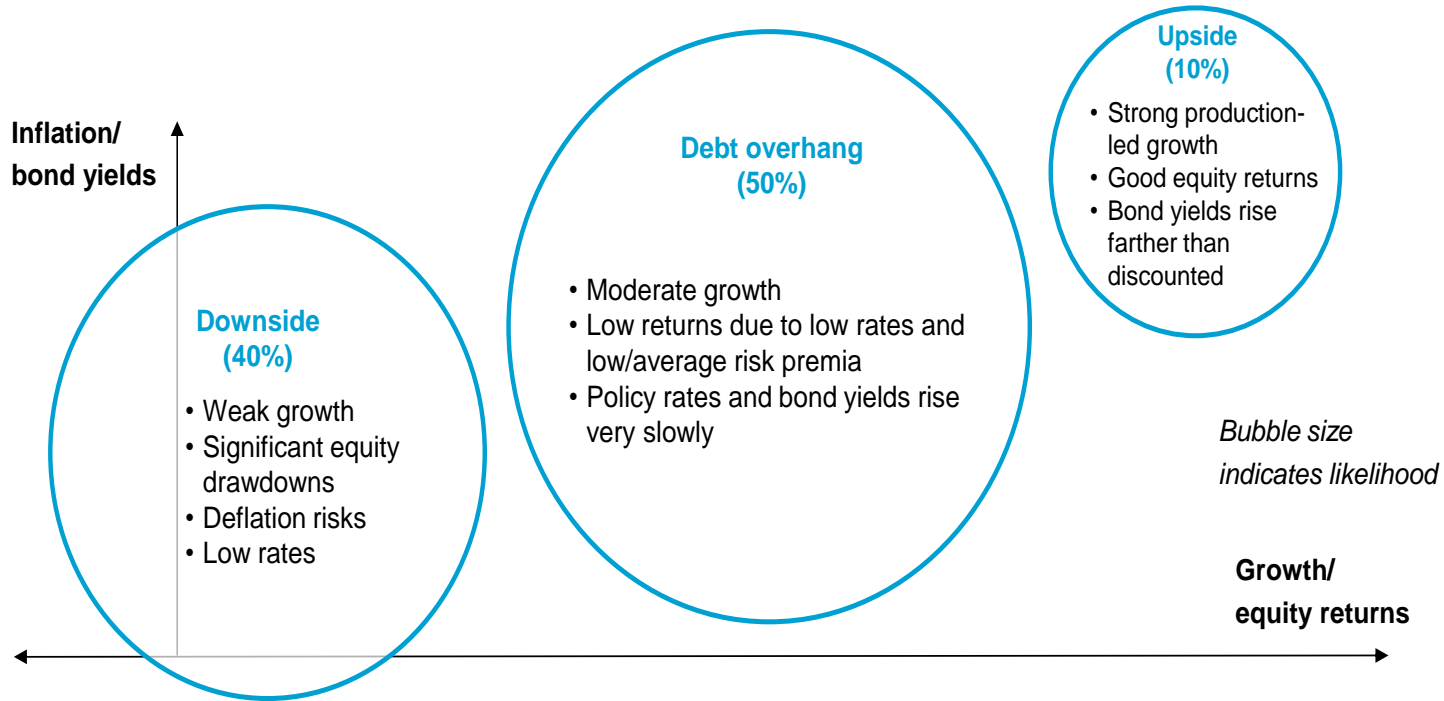
 Cheap passive strategy produces similar returns

Low skill



Active management doesn't add value

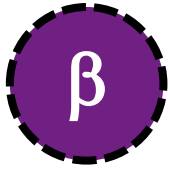
Challenging times



Improvements



Go passive – cheaper but more equity risk



More return sources via 'smart beta' (yuck...)



Multi-manager – higher governance



Changing lifestyles

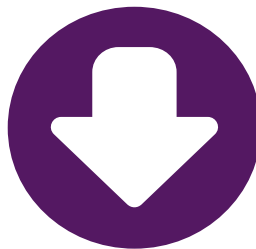
Fixed retirement age and annuity purchase



Traditional cash/bond lifestyle

Flexibility

Fuzzy retirement and ARF option



Jam

INGREDIENTS:
Glucose Syrup, Strawberries,
Sugar, Gelling Agent: Liquid
Pectin; Citric Acid, Acidity
Regulator: Sodium Citrate;
Colour: E163; Preservative:
Sulphur Dioxide.

Prepared with 36g fruit per 100g
Total sugar content 67g per 100g

NUTRITIONAL INFORMATION	
Typical Values Per 100g	
Energy	1148kj /270kcal
Protein	0.3g
Carbohydrate	67.0g
Fat	0.1g

Best Before End – See Cap
Refrigerate after opening.

454 g e



Thank you

