

# Being the Designated Driver

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# Thoughts on QE

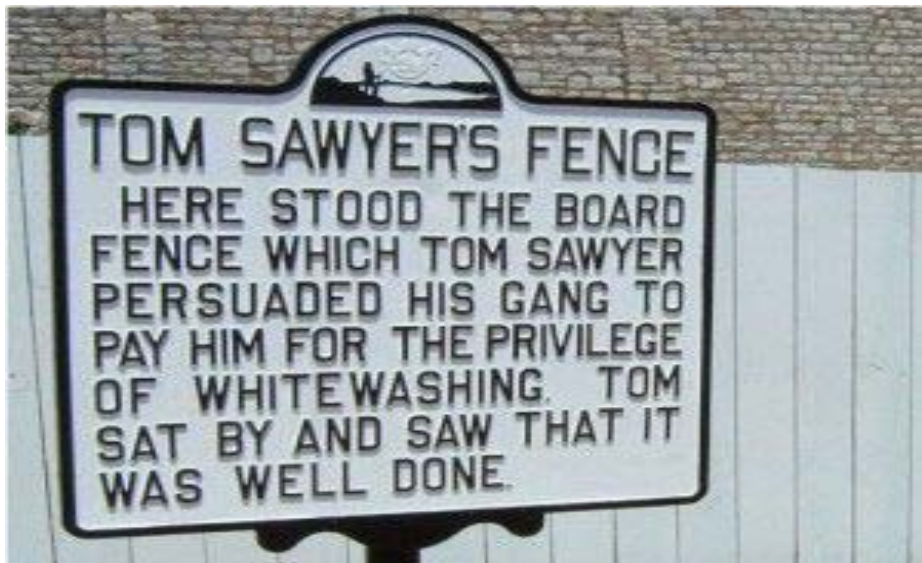


\*Image Source: <http://biervat.blogspot.ie/2014/05/smaakbeschrijving.html>

**“QE puts beer goggles  
on investors...where  
everything looks  
good”**

Peter Boockvar, Chief Market Analyst,  
The Lindsey Group

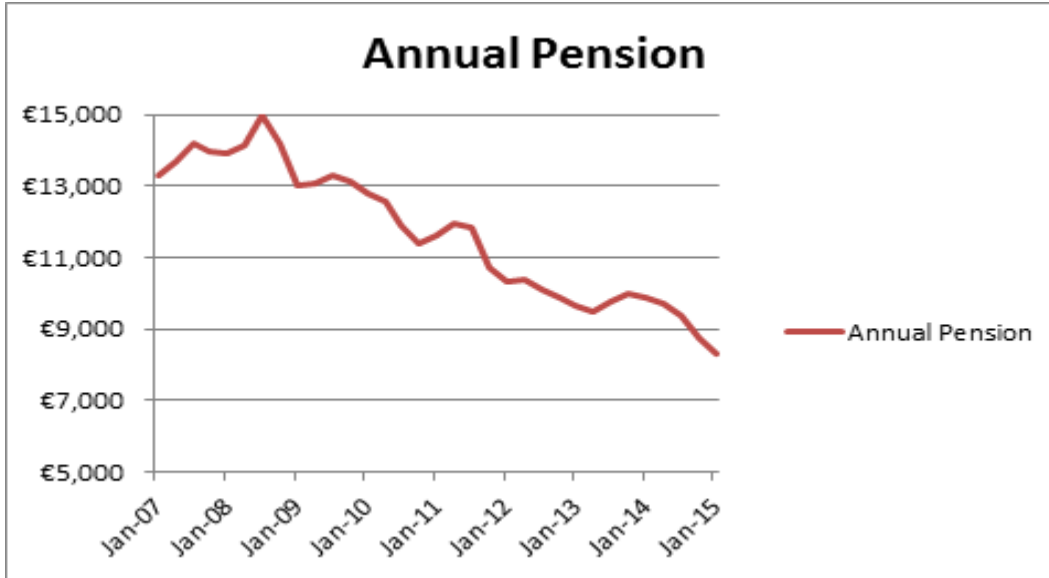
# Risk – Paying For The Privilege



\*Image Source: [www.paintingincorporated.com](http://www.paintingincorporated.com)

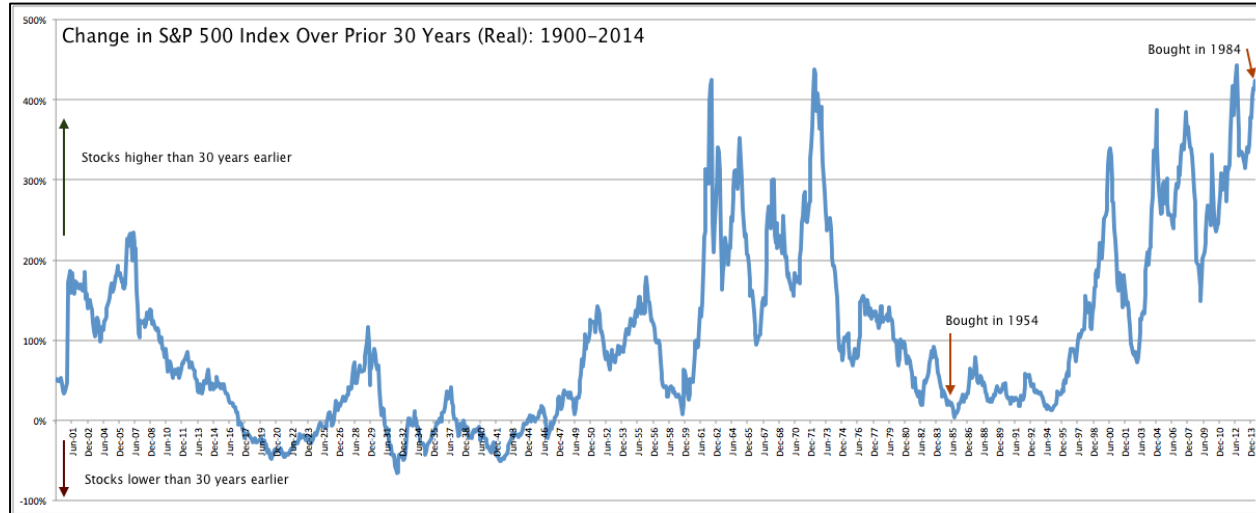
Over 25% of the European government bond market trading with negative yields!

# QE & The Annuity



*\*This is based on a fund of €200k, single life male age 65 no increases, 5 year guarantee period.*

# Expected Returns – Not Static!

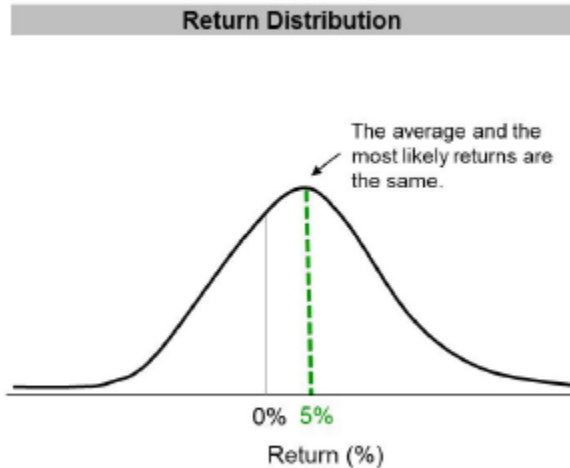


If you bought 30 yrs ago, you made over 400%.

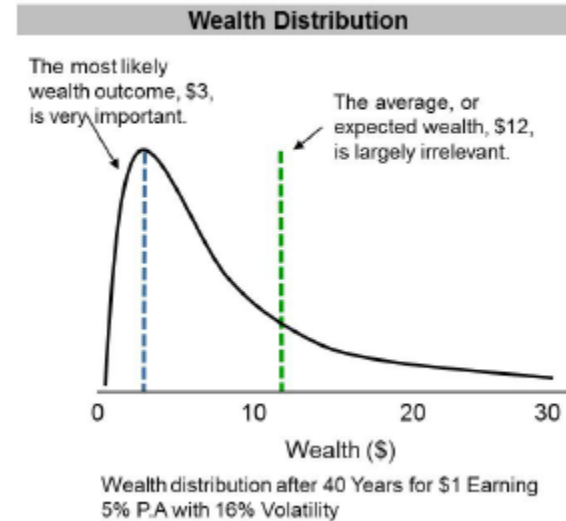
If you bought in 1954 and held until 1984 you made 0%.

# Retirement Challenge – Reaching the End

Returns – Normally Distributed



Wealth – Log-normally Distributed



Source: GMO

# Which is Only the Beginning



\*Image Source: [www.etsy.com](http://www.etsy.com)

- Consumption phase
- Spending goals
- Retirement return

**RISK: Retirement Shortfall**

# Dynamic Asset Allocation

- Address valuation risk
- Minimise drawdowns
- Adapt to environment

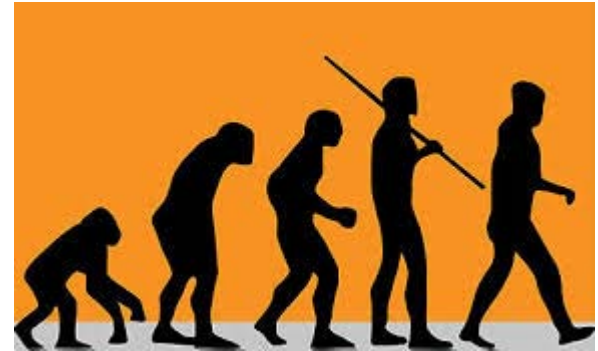


*\*Image Source: NASA*



# Change of Mindset Needed

- Shift focus from just returns
- Minimise risk of shortfall at retirement
- More bespoke lifestyling



\*Image Source: [www.guardian.com](http://www.guardian.com), Photograph: Philipp Kammerer / Alamy/Alamy

# Conclusion

Don't be led by central banks!

