

# Aviva Investors Retirement Income Portfolios

## Suitability wording template

This document covers the models of the Aviva Investors Retirement Income model portfolio service (MPS):

- **Aviva Investors Retirement Income Portfolio I**
- **Aviva Investors Retirement Income Portfolio II**
- **Aviva Investors Retirement Income Portfolio III**

This document is for professional/qualified investors only. It is not to be distributed to or relied on by retail clients.

This document is designed to aid you with your due diligence and outsourcing requirements by providing some information you may find of use when drafting your suitability reports.

We are not providing advice and no responsibility is accepted by Aviva Investors for your reliance on, or use of, this information.

## Why Aviva Investors? Here are three key reasons:

### 1. Scale and resources

Aviva Investors is a part of Aviva, which has been around for over 325 years and serves over 18.5m customers. Aviva Investors is the asset management arm of Aviva and has a team of over 1,000 people in 11 countries around the world who look after £238 billion of assets.

### 2. Multi-asset expertise

The multi-asset team have been managing multi-asset funds for nearly 50 years. The team comprises more than 45 people and is collectively responsible for £107 billion in active and passive investment solutions.

### 3. Connected thinking

To maximise our capabilities all our investment teams collaborate and work together. This helps us to share the best ideas from across our business.

## The Aviva Investors Retirement Income Portfolios

The Aviva Investors retirement income portfolios are designed for individuals who are taking an income in retirement. They invest globally in a selection of asset classes, including equities and bonds, giving you to access a variety of different investments – all in one place.

There are three different Model Portfolios, each designed to take into consideration the specific investment challenges investors face when taking an income from their pension. Each Model Portfolio has its own sequencing risk profile, which will allocate assets in line with this. These range from Retirement Portfolio I, which has the lowest sequencing risk, to Retirement Portfolio III, which has the highest sequencing risk.

### What is sequencing risk?

- Put simply, sequencing risk is the risk of your pension savings being exposed to the worst returns at the worst possible time.
- Weak or strong periods of performance coupled with the timing of when you are making withdrawals from your pension can affect the long-term value of your portfolio.
- The worst-case scenario being that you have a high level of withdrawal coupled with weak returns.
- The best-case scenario being that you have a low level of withdrawal coupled with strong returns. Based on our assessment of your attitude and capacity for risk we recommend that you invest into the Aviva Investors Retirement Portfolio {I, II, III}.

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## The Aviva Investors Retirement Income Portfolios ‘at a glance’

Aviva Investors retirement approach to multi-asset investing can be broken down into three key features:

### 1. Unique retirement portfolio construction:

The Model Portfolios are constructed to support income withdrawals and aim to extend the longevity of the client's wealth.

- These portfolios are designed for investors who are making withdrawals from their wealth to provide an income in retirement and to minimise the threat of longevity risk and sequencing risk.
- Each of the portfolios does this by investing in an asset allocation that's specifically designed to provide the best chance of receiving the income withdrawal throughout retirement and with an efficient use of investment risk.

### 2. Probability-based outcomes:

The Model Portfolios provide an understanding of how sustainable income withdrawals could be over retirement and the potential of transferring wealth as a legacy.

- These portfolios are designed to consider a spectrum of wealth outcomes (using scenarios of different potential market returns) and use a probability-based approach to assess the likelihood of particular outcomes happening in retirement.
- The portfolios also provide a single probability metric that tells you the likelihood of the income withdrawal rate successfully lasting for at least 25yrs+, based on our investment assumptions.

### 3. Natural income generation:

The Model Portfolios are built to generate natural income that contributes towards income withdrawals and helps to mitigate sequencing risk.

- These portfolios invest in building block funds that earn an attractive yield for investors and pay this to them in the form of regular income distributions (typically paid monthly and quarterly).
- This natural income reduces unit encashments from the portfolio to meet income withdrawals, and as a result provides protection from sequencing risk (giving more time for the portfolio to recover from adverse market conditions).

## Why invest with Aviva Investors?

We provide investors with confidence in their investment decisions and outcomes. We integrate our whole business around our investors – the outcomes they want and the values they hold. We bring broad and deep asset management expertise across all major asset classes, and a distinct combination of insurance heritage and investment capabilities.

Responsibility is built into everything we do. Doing the right thing for our people, clients and their investments is fundamental to our legacy and long-term success. Acting and investing responsibly makes financial sense and helps create a sustainable future for us all.

## Key Risks

### Investment/objective risk

The value of an investment and any income from it can go down as well as up. Investors may not get back the original amount invested or the income target expected.

### Currency risk

The funds are exposed to different currencies. Derivatives are used to minimise, but may not always eliminate, the impact of movements in currency exchange rates.

### Emerging market risk

Investments can be made in emerging markets. These markets may be volatile and carry higher risk than developed markets.

### Equities risk

Equities can lose value rapidly, can remain at low prices indefinitely, and generally involve higher risks – especially market risk – than bonds or money market instruments. Bankruptcy or other financial restructuring can cause the issuer's equities to lose most or all of their value.

### Fixed income risk

Investments in fixed interest securities are impacted by market and credit risk and are sensitive to changes in interest rates and market expectations of future inflation. Bonds that produce a higher level of income usually have a greater risk of default.

### Risk to returns

If the expected average retirement period is exceeded, there is a risk that the target income may not be sustained and the capital may be exhausted.

## Important Information

### THIS IS A MARKETING COMMUNICATION

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