

Copia, Novia's DFM division, launches portfolios purpose-built for decumulation using iShares®

- > Copia Capital Management today unveils its Retirement Income range of managed portfolios, purpose-built for decumulation and built by Copia using iShares® exchange traded funds (ETFs)
- > For this range, Copia has set five risk profiles and four time horizon ranges to help Advisers match portfolios to Client needs
- > Copia has also published and developed a table of 'Safe Withdrawal Rates' that match each asset allocation and investment term, which relates to life expectancy

Novia Financial's discretionary fund management division, Copia Capital Management, has today launched its range of managed portfolios purpose-built for decumulation. Designed to assist Advisers looking for a Centralised Retirement Proposition, they consider the three key variables for retirement planning – risk level, withdrawal rate and time horizon. Time horizon is primarily a function of life expectancy so Advisers will be able to check a 'Safe Withdrawal Rate' for each of the portfolios.

The Retirement Income portfolios are designed to mitigate what is considered to be the key retirement risk – "shortfall risk" (the risk of running out of money), and four of its drivers:

- > **Sequencing Risk:** Risk and return expectations vary depending upon different time horizons. So sequencing risk can be mitigated by ensuring the asset allocation is appropriate for the time horizon
- > **Longevity Risk:** By applying a matching 'Safe Withdrawal Rate' for a given time horizon based on National Life Tables, Advisers can receive further statistical confidence that the retirement pot will last the course
- > **Interest Rate Risk:** Each portfolio targets a specific duration (interest rate sensitivity) that relates to the investment term
- > **Inflation Risk:** Portfolios are constructed by Copia using iShares® ETFs

Copia is using strategic asset allocations for each risk profile from EValue which has an established track record in developing actuarially robust asset allocations using its stochastic modelling engine. Copia then uses the reading from its quant-driven Risk

Barometer to make tactical allocation adjustments to protect the portfolios from short-term market risk on the downside.

While Copia's portfolios are only available through the Novia platform, they have the facility to launch and run on any other platforms that provide access to ETFs. The launch of the new Retirement Income range allows Copia to now offer Advisers a full range of portfolios for each stage of the investment lifecycle.

Henry Cobbe, Head of Copia Capital Management said:

"Decumulation is very different from accumulation. It has different objectives, different risks and requires a different investment approach. We don't think it's right to recycle old thinking into this new world. Only Advisers know their Clients' retirement income needs and circumstances. Our Retirement Income range is purpose-built to give Advisers a compliant investment solution that matches a 'Safe Withdrawal Rate', risk level and time horizon for each Client. It's Retirement Risk Profiling as it should be."

Pollyanna Harper, Head of iShares[®] Retail UK Sales at BlackRock said:

"Whether the aim is to provide equity income or manage bond duration, using ETFs to build portfolios equips investors with targeted tools for achieving exposures that match their outlook and help pursue their goals. This is an exciting solution for the Adviser community."

Andrew Storey, Sales Director at EValue said:

"Investing in retirement is like investing upside-down. You are not putting money in, you are taking money out. And taking too much out too early creates a big problem. So managing the key retirement risks is essential."

Abraham Okusanya, Head of Research, FinalytiQ said:

"Those that attended FinalytiQ's Science of Retirement conference this year or read our white papers will be familiar with the concepts of pound cost ravaging, sequencing risk and sustainable withdrawal rates. These are key considerations when advising Clients in retirement. It's good to see providers are now addressing them."

Colette Dunn, Head of Strategy at Milliman LLP, a global actuarial and management consultancy, said:

"Pension freedoms mean the need for financial advice around retirement planning is greater than ever. It also means there is a clear need for a broader range of retirement-focused solutions that address the key risks of retirement investing. We welcome and encourage innovation in this field."

About the Retirement Income range of portfolios

- > Copia has set five risk profiles: 1 for lower risk to 5 for higher risk
- > Copia offers four time horizon ranges: 3-10 years, 11-15 years, 16-20 years, and 21-25+ years
- > This means there are a total of 20 Retirement Income portfolios
- > A 'Safe Withdrawal Rate' table developed by Copia matching each portfolio to a time horizon to use in conjunction with National Life Tables published by the Office of National Statistics
- > Strategic asset allocations provided by EValue a leading risk modelling expert.
- > Tactical asset allocations driven by the Risk Barometer from Copia's proprietary Quant Model
- > Diversified multi-asset approach with high income and low cost bias
- > Portfolios built by Copia using iShares® ETFs for diversification, transparency, and efficiency
- > Copia's portfolio management fee is 0.30%+VAT
- > Net Income Yield ranges from 1.4% to 3.2% depending on the portfolio
- > The 'Safe Withdrawal Rate' is the statistical maximum that a portfolio, with a given asset allocation, can support – such that the expected worst case (95th percentile) terminal value is positive at the end of the investment term.

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Notes to editors:

Novia Financial plc launched to market in October 2008 to provide a comprehensive wealth management service or 'full wrap platform' for investment advisers and their clients. Novia provides a transparent pricing structure as well as access to a wide range of product wrappers each with their own Cash Facility, an extensive suite of portfolio management tools, and access to an extensive range of investment classes including shares, bonds, traditional authorised funds, ETFs and alternative investments.

The core operating system is provided by Australian based GBST who have been developing software solutions for fund administration and financial services since 1996, and for wrap solutions since 1999, amassing \$186bn (AU) in assets under management on their systems. The comprehensive suite of portfolio management tools is powered by Financial Express, who also provide the data for the platform, and the illustrations are provided by Dunstan Thomas.

The Novia team, based in Bath, is led by Bill Vasilieff ex Sales and Marketing director and joint cofounder of Selestia. Novia as an independent proposition has substantial financial backing from a combination of private individuals and corporate organisations. The board is chaired by Sir Anthony Cleaver (former chairman and chief executive of IBM in the UK). Other members include John Beaumont, non executive, who has held a number of non executive roles in major public organisations and several technology startups, David Royds (ex Chairman of Matrix group), Bill Vasilieff as CEO and Paul Parry as CFO.

Novia Financial plc is authorised and regulated by the FCA Register Number 481600.

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