

What's the aim of the Cautious Plan and who is it for?

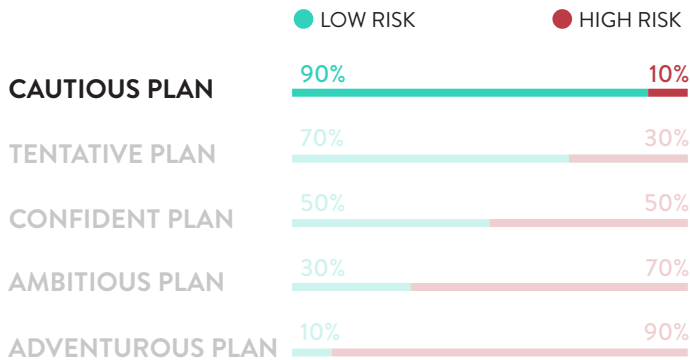
The aim of the Cautious Plan is to achieve returns above the UK inflation rate. Investing always involves some level of risk, and movement up and down in value is to be expected. With the Cautious Plan, our aim is to limit the extent of these movements, but there is still a risk that you may get back less than invested.

The Cautious Plan is suitable for investors who aim to grow their money slowly and steadily, and are happy to take on small amounts of risk, as they are more focused on preventing losses than making large gains.

Investing should be part of a long-term savings strategy and whilst money can be withdrawn at any time, investing for less than 5 years is unlikely to be appropriate.

What makes the Cautious Plan different?

The example below shows a typical mix of investments for a Cautious Plan, but it can hold between 0% and 20% high-risk investments (Commodities, Emerging Market Bonds, Private Equity, Shares and Property), with the remainder in low-risk investments (Bonds, Cash, and Cash Equivalents).



Benchmarking

The Cautious Plan performance is measured against the UK Consumer Prices Index EU Harmonized Index. This measures UK inflation through the cost of goods and services to consumers. There may be times when UK inflation is very high and if this happens the Cautious Plan may significantly underperform against its benchmark.

Risk of loss

With investing, there's always a chance that investments can go down in value. In a one-year period, there's a 5% chance you may lose more than 3.9% of the value of a Cautious plan. This is not a maximum loss, and losses in the future may be greater.

(Source: Wealthify Cautious Plan, VaR calculation 29/02/2016 – 28/02/2019)

Typical Investments in a Cautious Plan

This is an example of the typical investments you might see in a Cautious Plan. We mainly use passive investments in our Plans.

Investment	Type	% of Plan
Cash on deposit	Cash	2%
Vanguard US Government Bond	Government Bond	21%
Vanguard US Corporate Bond	Corporate Bond	7%
Vanguard EU Corporate Bond	Corporate Bond	2%
Vanguard EU Government Bond	Government Bond	3%
HSBC UK Corporate Bond	Corporate Bond	10%
HSBC UK Government Bond	Government Bond	24%
Vanguard UK Short Duration Bond	Corporate Bond	17%
L&G Emerging Market Bond	Government Bond	1%
HSBC FTSE 250	Shares	1%
L&G FTSE 100	Shares	1%
HSBC Europe	Shares	2%
L&G Japan	Shares	3%
Mercer Emerging Markets	Shares	1%
Mercer Global Hedged	Shares	2%
L&G Asia Pacific ex Japan	Shares	2%
Blackrock Global Property	Property	1%



Foreign currency

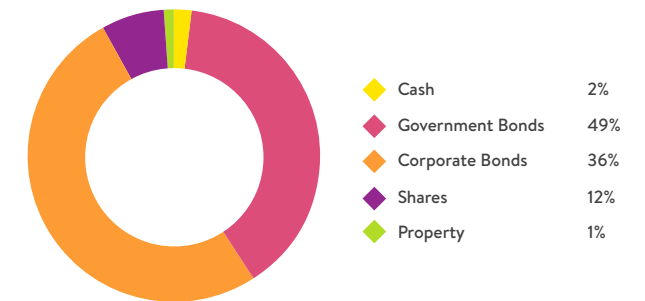
A Cautious Plan could contain up to 25% in overseas investments which are held in a foreign currency.



Typically, the more foreign currency held in a Plan, the greater the risk and potential volatility.

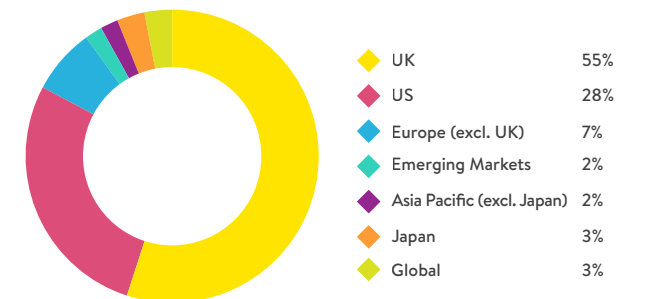
Investment Mix

This is a typical example of the mix of investments in a Cautious Plan.



Regional Mix

This is a typical example of investments by region in a Cautious Plan.



The Investment Team at Wealthify review and adjust the investment and regional mix on an ongoing basis to try to optimise the performance of our Plans.