

Rise & Fall, Market Assumptions ♦ SAMPLE ONLY

Assumptions

Inflation	Low
10 Year Bonds	4.25%
90 Day Bill Rate	2.61%
Portfolio Value	100,000
Dividend Yield	4.02%
Property Yield	5.46%

Risk	Shares	Bonds	Property	Cash
High Risk	65.0	2.5	30.0	2.5
Moderate Risk	50.0	20.0	25.0	5.0
Low Risk	35.0	30.0	20.0	15.0
All Times	10.0	20.0	10.0	60.0

Rise & Fall

Fall Scenario

Shares	Bonds	Property	High	Moderate	Low	All
9.0	3.0	4.5	-2.853	-1.870	-0.785	1.414
12.0	4.0	6.0	-5.278	-3.945	-2.235	0.764
15.0	5.0	7.5	-7.703	-6.020	-4.085	0.114

Rise Scenario

Shares	Bonds	Property	High	Moderate	Low	All
9.0	3.0	4.5	11.698	10.581	9.116	5.314
12.0	4.0	6.0	14.123	12.656	10.766	5.964
15.0	5.0	7.5	16.548	14.731	12.416	6.614

Low Model Risk Ratio – 3.03

Moderate Model Risk Ratio – 2.44

High Model Risk Ratio – 2.14

Essentially, this table shows the risk of markets falling compared to the risk of markets rising. Currently, it indicates that by remaining in the LOW RISK portfolio, the potential negative returns are minimized should the market correct downwards. However, much of the potential positive return is still captured should the market rise.

Another way of showing this is to divide the rise scenario by the fall scenario Eg. Low Risk Model $12.416 / -4.085 = 3.03$
Therefore there is 3.03 times the chance of capturing a positive return for the least amount of risk. Other portfolios show less opportunity, eg Moderate risk is only $14.731 / 6.020 = 2.44$

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