

# Our Investment Growth Bond

Investment approach

Adviser use only

# Our investment advantage

This paper provides an insight into our investment approach and the strategies we use to reduce risk and increase risk-adjusted returns.

Our Investment Growth Bond options are designed to deliver enhanced risk-adjusted returns and use various techniques including diversification, pooling of liquidity risks, style neutral approach and the selective use of active management to enhance investment outcomes.

## Strong focus on risk in the investment process

Our investment approach is focused on understanding and managing investment risk.

Risk factor analysis is undertaken to determine what drives the return and risk for each asset class in each investment option.

Risk is examined holistically for each investment option, looking at the risk of individual strategies and how they come together. We're comfortable taking on a particular risk (e.g. currency risk for global shares) if our analysis shows that the risk offers diversification benefits for an investment option.

The risk for investment options is reduced through diversification by:

- Investing globally
- Limiting the exposure to any one sector or issuer
- Investing in a breadth of risk premia (equity, credit, illiquidity and others) through listed, unlisted and alternative strategies and
- Using multiple managers for some asset classes where it makes sense e.g. Australian and global shares.

## Considering Environmental, Social and Governance (ESG) factors when making investment decisions

Resolution Life Group is a signatory to the Principles for Responsible Investment (PRI), which provides a framework for the mainstream global investment community to incorporate ESG factors into their investment processes. Resolution Life Australasia Limited is part of Resolution Life Group.

## Making better investment decisions by eliminating behavioural biases

Investment processes are designed to eliminate behavioural biases. As an example we proactively challenge our own ideas when formulating investment strategies.

## Benefiting from size and smarter portfolio construction

Our size and how we structure investment portfolios leads to economies of scale, lower overall costs and greater control over investments. For example, we use multi-manager single sector trusts exclusively for our products, including the single sector and multisector investment options for the Investment Growth Bond.

## Enhancing returns by pooling liquidity risk

We pool liquidity risk by using trusts used solely by us across funds with diverse liquidity needs. This enables less liquid and higher returning assets to be held for the benefit of investors.

## Generating measured outperformance compared to peers by adopting a style neutral approach

A style neutral approach is used for our asset class strategies, to improve risk-adjusted returns and help achieve second quartile performance.

## Selectively using active management

Active management is used selectively to add value and keep costs lower. For instance, asset classes are managed actively by specialist managers, where there is evidence that managers are more likely to outperform benchmarks e.g. Australian small cap shares and emerging market shares.

## Adding to performance and reducing risk through Tactical Asset Allocation (TAA)

TAA is used to add to performance and reduce risk. TAA positions are based on high conviction investment views i.e. a strong view that the position will increase the risk adjusted returns for the option in the medium term.

For more information about how our Resolution Life's Investment Growth Bond could help your clients, please contact your Retirement Business Development Manager.



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