Income Builder Portfolio

Because income should be predictable even when markets are not

The main fears facing investors, particularly retirees, are twofold:

- A fall in the value of their capital
- Not having an income to live on

In a near-zero interest rate environment it is not an option to sit back and rely on bank deposits to provide income. Creating income from investments comes with risk, it is how we minimise that risk to a manageable level that makes our Income Builder portfolio attractive. The most important point to remember when considering this type of portfolio is that the capital value of the assets will fluctuate. As such it should be considered a longer term investment to allow values to recover should they suffer market falls.

Major factors:

- Fees — Every percentage point counts which is why a very low-cost internet platform is used to reduce the impact of fees on yield
- Reduce risk — No matter how good an asset appears we will never allocate an excessive percentage of the portfolio to it
- Liquidity — All securities purchased can be liquidated at very short notice, usually within hours
- Transparency — Information is freely available on the assets held in the portfolio, all are listed on major bourses
- Yield — The portfolio targets a sustainable yield of 4-6%
- Management — Creating a robust income portfolio is where highly qualified managers add considerable value

Notes on assets:

- REITS — Real-estate investment trusts have consistently provided decent, consistent yields
- Bonds — Value can still be found in some areas of the fixed income market
- Dividend stocks — Often considered 'boring' and overlooked in the search for big capital gains
- Infrastructure — An increasingly important asset class that generates steady cash flows

The portfolio should be considered a **Growth Profile** so investors should not rely on short term access to the capital as the underlying securities are equity-like and will reflect stock-market volatility. The focus is on income generation and not capital appreciation.