

Rise and Fall, Market Assumptions

(Sample Only. To obtain an up-to-date Rise and Fall, Market Assumptions document, you need to be subscribing to our Investment Watch Website).

Assumptions

Inflation:	Low
10 Year Bonds:	5.40%
90 Day Bill Rate:	4.79%
Portfolio Value:	100,000
Dividend Yield:	4.25%
Property Yield:	7.32%

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 and Fall

Fall Scenario

Shares	Bonds	Property	High	Moderate	Low	All
9.0	3.0	4.5	-2.062	-.951	.340	3.161
12.0	4.0	6.0	-4.487	-3.026	-1.310	2.511
15.0	5.0	7.0	-6.762	-4.976	-2.860	1.911

Rise Scenario

Shares	Bonds	Property	High	Moderate	Low	All
9.0	3.0	4.5	12.488	11.500	10.240	7.061
12.0	4.0	6.0	14.913	13.575	11.890	7.711
15.0	5.0	7.0	17.188	15.525	13.440	8.311

Low Risk Model Ratio = 4.67

Moderate Risk Model Ratio = 3.11

High risk Model Ratio = 2.54

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 minimised 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 $13.440/2.860 = 4.67$ Therefore there is a 4.43 times the chance of capturing a positive return for the least amount of risk. Other portfolios show less opportunity, eg Moderate risk is only $15.525/4.976 = 3.11$

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