BinaryCapital

Retirement Investing

Combining the Power of Advice with the Art of Investing

binarycapital.co.uk

Since the introduction of pension freedoms in 2015, most retirees now remain invested and draw an income from their savings rather than purchasing an annuity.

This shift has created new opportunities and challenges fundementally from the accumulation (growth) phase.

Retirement investing differs fundamentally from the accumulation phase. The focus moves from building capital to sustaining income, meaning the risks, time horizon, and emotional dynamics all change.

Spending, market returns, and longevity are closely linked, and small differences in timing or decision-making can have lasting effects on financial outcomes.

Importantly, it is not just the average return that matters, but the sequence in which returns occur. Early losses can have an outsized impact, reducing the longevity of savings and increasing the need for careful planning and disciplined withdrawals.

As a result, retirement investing demands a more nuanced approach — one that balances growth, income, and risk to maintain financial independence throughout later life.

Changing Priorities

CONSIDERATIONS

Key Considerations for Retirement Investing

Longevity Risk

This is the risk of your money running out while you still need it. It means making sure your withdrawal rate, expected lifespan, inflation, and investment returns are all in balance.

Expert insight:

A common approach is to use a sustainable withdrawal rate (often around 3.5 to 4 percent a year) and keep a small reserve or consider annuities or direct gilts to provide extra security.

Safe Withdrawal Rates

A safe withdrawal rate is the percentage of your portfolio you can withdraw in the first year of retirement, then increase each year with inflation, without the portfolio running out over a 30-year horizon.

The chart on the right shows the highest and lowest safe withdrawal rates across multiple 30-year periods and five different asset allocations ranging from 100% equities to 100% bonds (all measured with a 90% success threshold).

Each bar reflects the full range of outcomes based on how an investor was allocated between equities and bonds. The difference between the high and low values captures how strongly asset mix influences retirement sustainability.

The key takeaway is that any starting withdrawal rate above the highest value for a given period would have resulted in portfolio failure, meaning the investor would have exhausted their capital before 30 years.

Overall, data like this reinforces two points:

1. Higher equity exposure supports a higher safe withdrawal rate, and
2. The 4% rule remains a reasonable guideline for maintaining sustainable retirement outcomes over long periods.

Safe Withdrawal Rates

Highest and Lowest starting safe withdrawal rates by time period and asset allocation.
(30-Year Time Horizon, Asset Allocations Ranging from 100% Stock to 100% Bond, 90% Success Rate).

Time Horizon	Lowest	Highest
1990 - 2019	4.5	5.3
1985 - 2014	5.0	5.8
1980 - 2009	4.9	5.5
1975 - 2004	4.5	6.5
1970 - 1999	4.0	5.3
1965 - 1994	3.4	4.0
1960 - 1989	3.3	4.2
1955 - 1984	2.6	4.1
1950 - 1979	2.5	5.1
1945 - 1974	2.5	4.5
1940 - 1969	2.4	6.1
1935 - 1964	2.9	5.9
1930 - 1959	3.3	3.9

Source: Morningstar Direct. Data as of 12/31/2019

Key Considerations (cont)

Inflation Risk

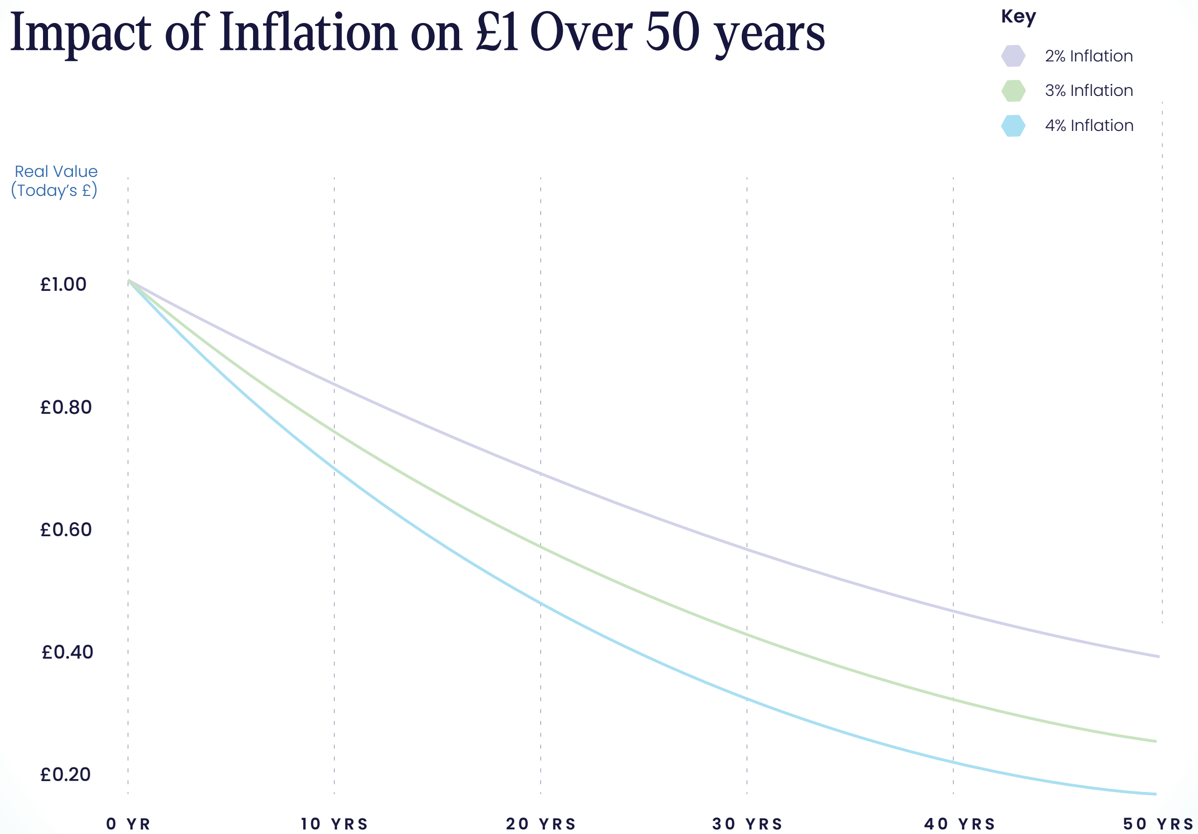
Inflation means your money buys less over time. Even low levels can reduce the real value of your income, making it harder to maintain your lifestyle in retirement.

Most retirements last 20 to 30 years, protecting purchasing power is essential.

Expert insight:

Investors are holding a higher allocation to growth investments such as equities, while keeping overall volatility at a level they are comfortable with.

Impact of Inflation on £1 Over 50 years



If inflation remains at 2%, the real value of £1 falls to about £0.82 in 10 years and £0.55 in 30 years, meaning it retains only 82% and 55% of its purchasing power respectively.

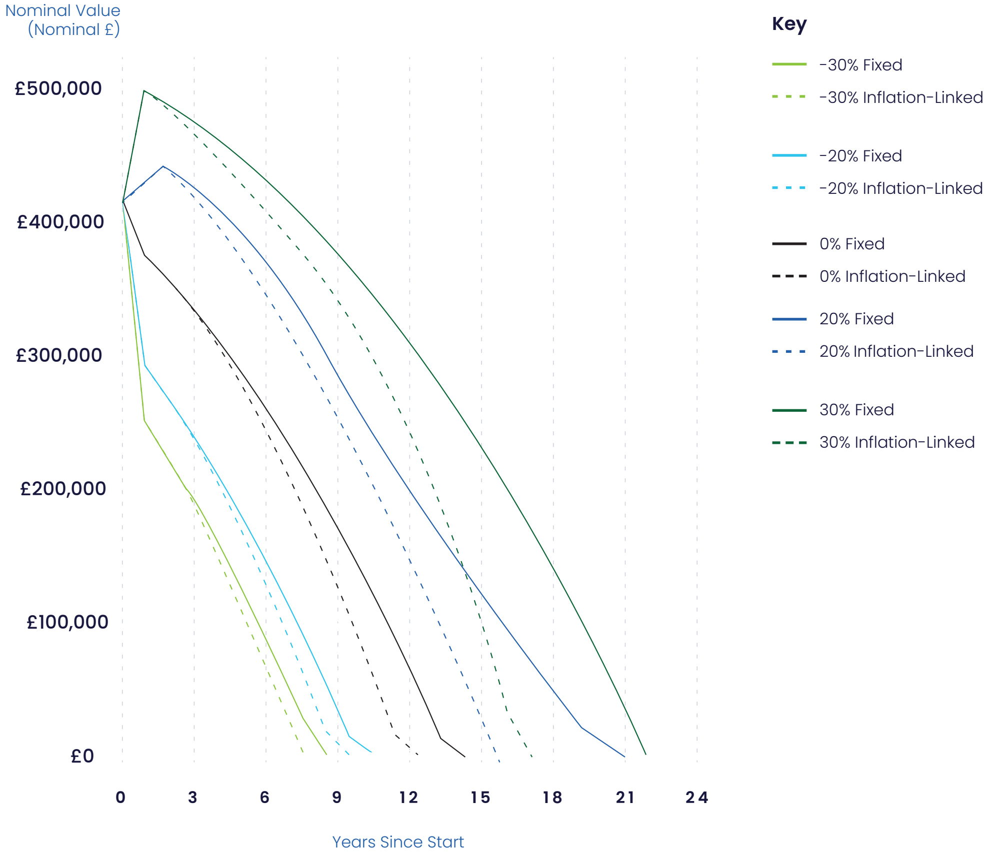
Key Considerations (cont)

Sequencing Risk

This is the danger of getting poor investment returns early in retirement, when you are starting to withdraw money. Early losses can have a lasting impact.

First Year Return and Inflation

£400k Starting Value, 60/40 Portfolio (6% Annualised Return) £40k Withdrawals*



Expert Insight

Although higher-risk portfolios can deliver higher long-term returns, they can also be harder to stay invested in during market downturns. After a big drop, many investors panic and move into lower-risk options to protect what's left. If markets then recover, they miss out on the rebound, and their capital never fully recovers.

By using professionally managed solutions, investors can set a long-term allocation, stay disciplined through volatility, and avoid making short-term decisions based on fear.

*

Please note:

This illustration is for educational purposes only and does not forecast future returns. Actual outcomes may differ, and returns can be higher or lower than those shown.

Each scenario applies a single return for the first year (-30%, -20%, -10%, 0%, +10%, +20%, +30%).

After Year 1, returns revert to a long-term strategic assumption. This demonstrates sequence of returns risk—the order of returns matters, not just the average. From Year 2 onward, the portfolio is assumed to grow at a constant 6% nominal return, representing a typical long-term expectation for a diversified 60/40 equity/bond portfolio. This rate is not guaranteed and is used solely for modelling purposes.

Two withdrawal patterns are illustrated:

- Fixed withdrawals: £40,000 per year
- Inflation-linked withdrawals: £40,000, increasing by 2% annually. Inflation-linked withdrawals highlight the increased strain of maintaining purchasing power over time.

Model results are shown before fees and charges. Actual investor outcomes would be lower after accounting for platform, fund, and advisory fees.

Combining the Power of Advice with the Art of Investing

Financial Adviser:

Building a Financial Plan That Lasts

A well-designed plan helps your money work for you throughout retirement.

Your adviser can model how different levels of spending, investment returns, inflation, and life expectancy might affect your income over time. They'll also bring together your pensions, ISAs, and other savings into one clear, coordinated plan.

Staying on Track Through Market Ups and Downs

Markets will fluctuate, but your goals shouldn't. A key part of an adviser's role is helping you stay calm and focused when markets are volatile. They'll put short-term events in context, helping you make decisions based on your long-term plan rather than market noise.

Behavioural Discipline: Retirees face greater emotional pressure when markets fall, as withdrawals amplify losses. Maintaining discipline through pre-agreed rebalancing or cash-flow plans helps avoid reactive decisions.

Making the Most of Tax Efficiency

Effective tax planning can make a big difference to your retirement income. Advisers can help structure withdrawals across pensions, ISAs, and other assets to minimise tax, make use of allowances, and manage pension limits.

Sequencing decisions around pension crystallisation and inheritance considerations.This ensures your income plan is as efficient as it is effective.

Adapting Your Plan Over Time

Retirement is not static — your spending, health, and circumstances will change. An adviser will review your plan regularly, checking that your capital remains sufficient and that your portfolio continues to meet your needs. They'll use stress tests and scenario analysis to keep your plan robust, whatever the market environment.

Discretionary Fund Manager

Managing Drawdown Risk

Drawdown risk—the danger of experiencing sustained losses early in retirement—can be one of the most damaging forces affecting long-term financial outcomes. While it cannot be eliminated, it can be effectively managed through a disciplined investment process.

Drawdown risk cannot be avoided entirely, but it can be managed intelligently. Through diversification, cost discipline, volatility control, dynamic allocation, and tailored downside protection, our firm helps clients build portfolios that are not only positioned for return—but structured for resilience. Our approach combines several complementary techniques, each designed to address different aspects of market behaviour and portfolio resilience.

Managing Volatility Within the Portfolio

Markets are rarely stable, and volatility often rises during downturns. The funds within our absolute return allocations are designed to manage this automatically, adjusting exposure based on market conditions to maintain a more consistent level of risk. This helps smooth returns and protect capital during periods of market stress. Many of these funds also use dynamic allocation or trend-based strategies. Others include built-in downside protection to help preserve capital during sharp market falls.

Together, the funds in our absolute return allocations aim to manage volatility intelligently—helping to smooth returns, reduce drawdowns, and maintain stability across different market environments.

Generating a Sustainable Income

A sustainable retirement income requires balancing stability, flexibility, and long-term growth. Our approach focuses on total return rather than chasing yield—combining income and capital growth to fund withdrawals efficiently while preserving capital.

Portfolios are diversified across global equities, fixed income, and absolute return strategies to provide steady income today and growth to protect future spending power. We help clients generate an income that is both reliable and enduring.

Diversification

The cornerstone of portfolio construction remains diversification—combining assets with different drivers of return to reduce overall volatility. Often described as the only "free lunch" in finance, effective diversification allows investors to achieve similar returns with less risk, or higher returns for the same level of risk.

By blending assets that respond differently to market conditions, we help reduce the scale and duration of portfolio drawdowns without materially compromising return potential.

Keeping Costs Efficient and Maintaining Transparency

Costs are one of the few factors directly within an investor's control. Low, transparent fees compound positively over long horizons, supporting portfolio sustainability and improving the consistency of client outcomes.

We design portfolios that are both cost-efficient and clearly reported—ensuring clients understand what they hold, why they hold it, and how each element contributes to long-term objectives.

Different Approaches

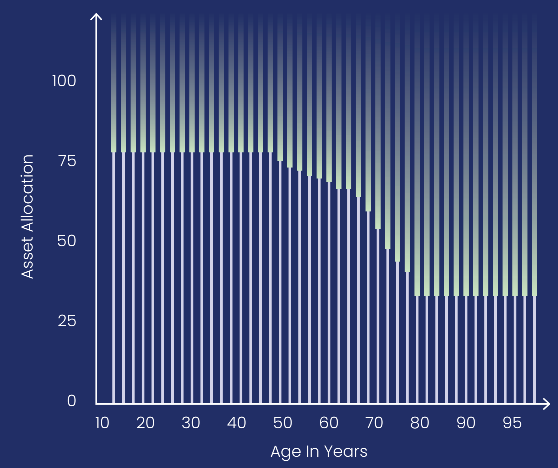
GLIDE PATH

Target Date Allocation

Conventional target-date strategies typically reduce equity exposure and increase fixed income as investors age. This can lead to greater sensitivity to interest rate risk and may not fully address inflation or longevity risk, potentially leaving investors underexposed to growth assets over the long term.

Key

Shares Bonds

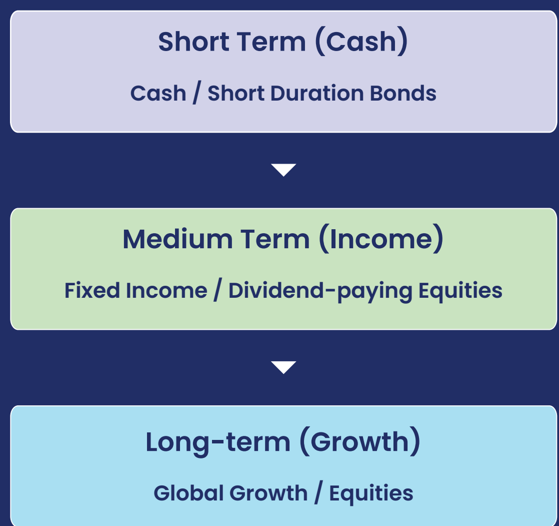


FOCUS

Bucket Model

The Bucket model is another widely used framework that can support behavioural needs and aid retirement planning.

However, it often introduces cash drag and additional complexity when maintaining or replenishing buckets. In practice, it represents a traditional portfolio structure presented through a different lens, rather than a distinct investment approach.



GROWTH MINDSET

Income and Growth – a total return approach with a sustainable income

The total return model can comfortably support a 4% withdrawal rate when portfolio volatility and sequence risk are managed.

A 4% natural income (from dividends and coupons) supplemented by modest capital growth is sustainable and efficient, especially when paired with disciplined rebalancing and low-cost implementation.

A 4% natural income stream, supported by disciplined rebalancing and low-cost implementation, offers both sustainability and efficiency. It also bridges the psychological gap many retirees feel about “spending capital.”

Most withdrawals can be met from ongoing income rather than asset sales, while the portfolio remains fully optimised for total return rather than yield alone.

This approach delivers the best of both worlds:

- Cashflow stability comparable to a bucket model.
- Capital efficiency and growth consistent with an accumulation portfolio.
- Broad diversification without concentration in high-yield or illiquid assets.

ENDOWMENT MODEL THINKING

The Three Pillar Approach To Investing – Asset Allocation

The Binary Capital Retirement Range applies a distinct three pillar investment approach designed to deliver consistent, risk-adjusted returns over time. Utilising equities, fixed income and absolute returns to deliver on the strategy. The strategies remain significantly invested in equities whilst also allocated to absolute returns for risk management and control.

Independent Thinking

The Binary Capital Way

Our portfolios are built with a forward-looking perspective. We combine capital appreciation and income generation through a significant allocation to core equities with a disciplined focus on drawdown and downside minimisation through selective use of absolute return strategies.

The equity exposure within the solutions are structured for resilience with a focus on Large Cap Core and Large Cap Value as the centralfocusses.

Each solution is constructed with a clear understanding of the realities of retirement investing in the decades ahead—not the assumptions of the past.

Redefined Centralised Retirement Proposition

Income

About this Service

- The Diversified Income MPS targets steady income and long-term growth through a total-return approach. Portfolios are diversified across global asset classes and managed within a disciplined, evidence-based framework that adapts to market conditions.
- Our approach to income investing combines the best elements of evidence-based investing and active portfolio management. We carefully select income-generating funds and investment trusts that prioritise quality, sustainability, and resilience.
- Each holding is chosen to contribute meaningfully to the overall income target while maintaining diversification and protecting capital over the long term.

Objectives

- Preserve and grow capital with a total return approach to investing
- Outperform inflation

Income	MPS Charge
4.5%	0.15%

Asset Allocation

Equities | Fixed Income | Alternatives

Ideal CRP Role

Ongoing Decumulation: Functions as a steady, core strategy aiming to deliver high single-digit returns with elements of downside protection, helping sustain income needs and preserve wealth over time.

Income Requirements in Retirement: Provides a reliable foundation for meeting day-to-day spending needs while supporting long-term lifestyle goals. Designed to deliver a consistent, sustainable income stream with capital growth potential.

General Income and Growth Account

Risk Profiles

1 Lower Risk | 2 Cautious Risk | 3 Medium - High Risk | 4 | Higher Risk 5

Targeted Returns

About this Service

- A multi-asset portfolio range targeting defined return objectives (Balanced: 4–6% net p.a.; Growth: 5–7% net p.a.)
- Outcome Focused on return generation, capital preservation and downside risk management through flexible asset allocation and significant exposure to absolute return funds to smooth volatility. Seeks to minimise absolute drawdowns.
- Emphasises consistent long-term returns in any environment, using pragmatic fund selection and active risk control across defined volatility and equity risk ranges.

Objectives

- Minimise Drawdowns
- Achieve Capital Growth
- Achieve better risk adjusted returns than the peer group benchmark over 3-5 year rolling periods.
- Outperform Inflation

Income	MPS Charge
-	0.15%

Asset Allocation

Equities | Fixed Income | Alternatives

Ideal CRP Role

Pre-Retirement: Serves as an alternative to conventional equity/bond portfolios prior to retirement. Suitable for investors who are cautious of equity markets but still seek attractive total returns.

Initial Decumulation: Designed to help investors navigate the most financially vulnerable stage of retirement - the early years of withdrawal - by mitigating downside risk and a strong focus on capital stability.

Ongoing Decumulation: Functions as a steady, core strategy aiming to deliver high single-digit returns with low volatility and robust downside protection, helping sustain income needs and preserve wealth over time.

Risk Profiles

1 Lower Risk | 2 | 3 Medium - High Risk | 4 | Higher Risk 5

Gilt Service

About this Service

- The Gilt Model Portfolio Service provides transparent, low-cost access to UK government bonds, managed directly on platform for individual clients. Portfolios are constructed using laddered or bulleted gilt structures to deliver defined outcomes with precision and control.
- Laddered portfolios aim to balance yield and reinvestment risk by spreading maturities evenly over time, while bulleted portfolios target a single maturity date to align with known cashflow needs.
- Every portfolio is bespoke to the client, with maturity profiles, income distribution and duration actively managed within a discretionary framework.

Objectives

- Preserve Capital
- Outperform Inflation
- Reduce Uncertainty

Income	MPS Charge
DEPENDENT ON SOLUTION	0.15%

Asset Allocation

Direct Gilts - 100%

Ideal CRP Role

Income Requirements in Retirement: The solution can be used to create a reliable income stream that covers day-to-day living costs and planned lifestyle spending. The Gilt MPS can be used for income needs, a large purchase, or for other specific spending needs such as gifting.

Capital Preservation: As the focus of the solution is to hold bonds until they mature, the Gilt MPS has a very low level of real risk. Client may face adverse outcomes if they exit the plan prematurely.

Bespoke Retirement MPS Service

About this Service

- Tailored to the client.
- Customised discretionary portfolios tailored to individual client objectives, including ESG screens, tax considerations, and growth/income requirements.
- Managed using Binary's central research and asset allocation frameworks.
FCA-aligned: fully bespoke service for clients with complex or high-value needs.

Objectives

- Bespoke Outcomes

Income	MPS Charge
BESPOKE	BESPOKE

Asset Allocation

BESPOKE

Ideal CRP Role

Bespoke / Complex client mandates:
Income and/or Growth, Custom ESG Screens, Risk Alignment, CGT Considerations.

Binary Income

A Total Return Approach

Diversified Income

A Total Return Approach

The Diversified Income MPS targets steady income and long-term growth through a total-return approach. Portfolios are diversified across global asset classes and managed within a disciplined, evidence-based framework that adapts to market conditions.

Investment Philosophy behind the Diversified Income Approach

PORTFOLIO CONSTRUCTION

Our approach to income investing combines the best elements of evidence based investing and active portfolio management.

INCOME GENERATION

We carefully select income generating funds and investment trusts that prioritise quality, sustainability, and resilience.

DIVERSIFICATION

Each holding is chosen to contribute meaningfully to the overall income target while maintaining diversification and protecting capital over the long term.

Investment Partners

Below are examples of funds and trusts commonly used within the Diversified Income portfolios:

BlackRock

Royal London Asset Management

J.P.Morgan

Artemis The Profit Hunter

Fidelity International

Schroders

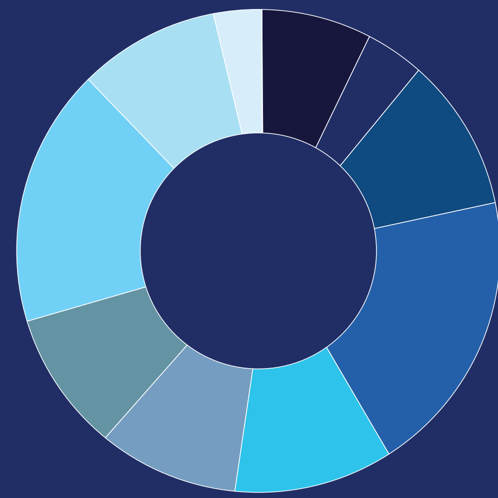
Looking far and wide for Quality Income

Flipping retirement investing on its head and aiming for both income and growth.

We believe that retirement investors are not taking enough equity risk to match potential sequencing and longevity risks. This portfolio looks to provide a steady income with the potential for capital growth.

Key

- Asia Pacific ex Japan Equity
- EU Equity
- Global Bonds
- Global Equity
- Global Equity - Investment Trust
- Mixed-Asset
- UK Equity
- US Equity
- Absolute Returns
- Cash & Equivalent



Highly Diversified

We look across the full investment universe to select only the best individual products to include in your portfolio. The products include investment trusts, ETFs and Open-Ended Funds.

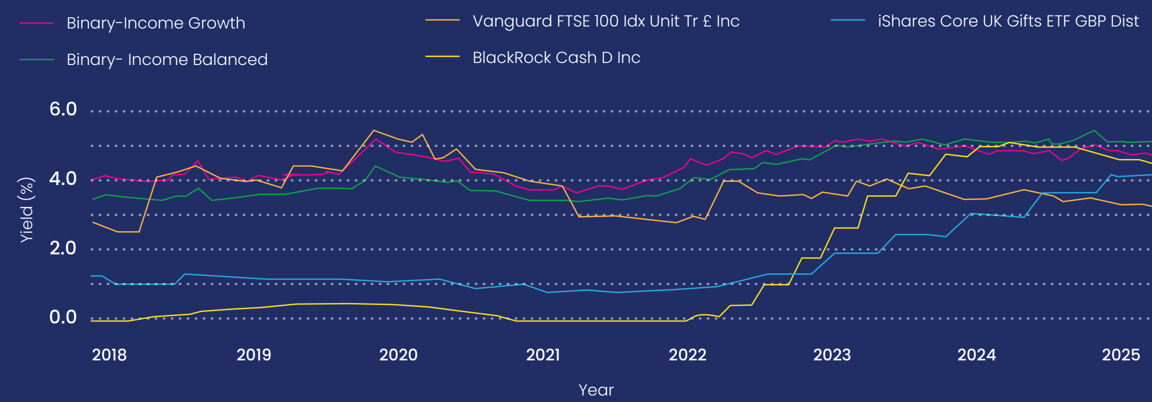
Income with Growth

Generate a reliable income while pursuing additional long-term capital growth

INCOME RETURN CAPITAL GROWTH

Aiming for a Consistent and Sustainable 4+% Net Yield

Research tells us that 4% is a good sustainable withdrawal rate to use in retirement and this portfolio aims for around this target.



Gilt Model

Structured gilts. Smarter income

What is a Gilt?

Gilts are government bonds - a type of debt instrument that HM Treasury issues to fund government spending. Once issued, gilts are listed and traded on the London Stock Exchange. Thanks to the availability of daily dealing, gilts are easily tradable and highly liquid investments.

Each gilt promises to pay the holder a fixed cash payment, known as a coupon, every six months until its maturity date.

When the gilt matures, its holder receives one final coupon payment, as well as the return of the 'principal'.

The principal is the price the gilt was issued at. It's also known as the 'par price' and is £100.

Characteristics of Gilt Portfolios

Below are some key characteristics of our Gilts portfolios, which are constructed with short-dated gilts (i.e. gilts that will mature within the next 3 years).

Safe

Consists of effectively default risk free bonds (UK government bonds). The UK government is rated AA by rating agencies.

Low Volatility

Not managed to a particular volatility target but bonds will have a short time to maturity and so will be very stable in price relative to other bonds and to equities.

Tax Efficient

Capital gains from direct gilt holdings are exempt from UK tax. While coupons may be taxable, our bias toward low-coupon gilts means the majority of the return is shielded from income tax.

Focus on capital gains over income

The strategy is not built around income. We target gilts with low coupons trading well below par, where the dominant return comes from capital appreciation - realised tax-free at maturity.

Accessible

No minimum investment or lock-up period.

What are the Risks?

Gilts can be seen as lower-risk investments because they're backed by the UK Government - which has never failed to repay domestically issued debt. This gives you a high degree of capital security.

The portfolio does carry some reinvestment risk though. This can be defined as the risk that money earned from an investment can't be reinvested at a comparable rate to the current rate of return. For example, it might not be possible to reinvest coupon payments from bonds into another security with a comparable yield.

Gilt prices will fluctuate and are exposed to a degree of interest rate risk. So, the actual discounts to par may change over time if the interest rates are expected to fall.

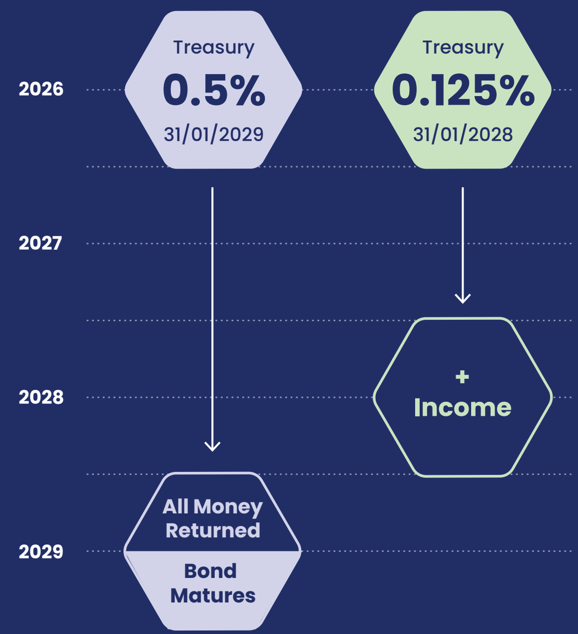
Conversely, prices may fall if interest rates increase. However, investors will still be able to benefit from the capital gains tax exemption when they invest below par and hold until the redemption date.

It is possible to redeem at any time, but if you need to disinvest from the portfolio before all issues have matured, there's a risk that you may get back less than you invested.

This is because gilt prices are subject to fluctuations before the issue reaches its maturity date. You should always discuss and agree any disinvestment prior to maturity with your financial adviser.

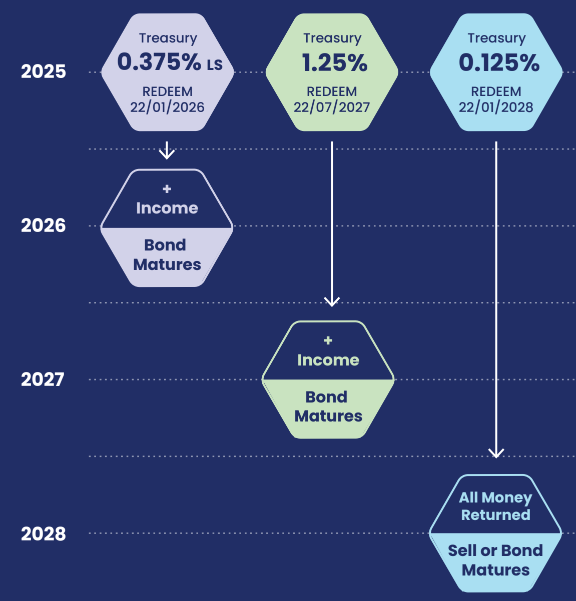
Bespoke Bullet - 10/2029

- Require an income payment in 2 years
- Require the principal income by January 2029



Bespoke Ladder - 10/2028

- Require an income payment annually with a larger principal income in 4 years



Targeted Returns

Decumulation Investing

Targeted Returns

This portfolio is real absolute return investing. The portfolio seeks to generate single digit returns over a 5-year investment cycle irrespective of the market environment.

Decumulation Investing

Multi-Asset

A multi-asset portfolio range targeting defined return objectives (Balanced: 4–6% net p.a.; Growth: 5–7% net p.a.).

Outcome Focused

Outcome focused on return generation, capital preservation and downside risk management through flexible asset allocation and significant exposure to absolute return funds to smooth volatility.

Drawdowns

Seeks to minimise absolute drawdowns.

Consistent Returns

Emphasises consistent long-term returns in any environment, using pragmatic fund selection and active risk control across defined volatility and equity risk ranges.

Minimise Drawdowns

Key to the portfolio management is a focus on minimising absolute drawdowns.

We do this by investing significantly in absolute return funds, as well as equity and bond funds with an absolute return mindset.

Lower Day to Day, Swings in Price

The portfolio range takes a very pragmatic approach to equity investing.

However, it remains invested for the long-term with a large degree of uncorrelated exposures to manage risks when things are volatile.

SOLUTIONS

Investment Partners

Representative Funds within the Targeted Returns MPS.
Below are examples of product providers in the portfolio range

KENNOX TRUE VALUE INVESTORS

AQR

RUFFER

FULCRUM

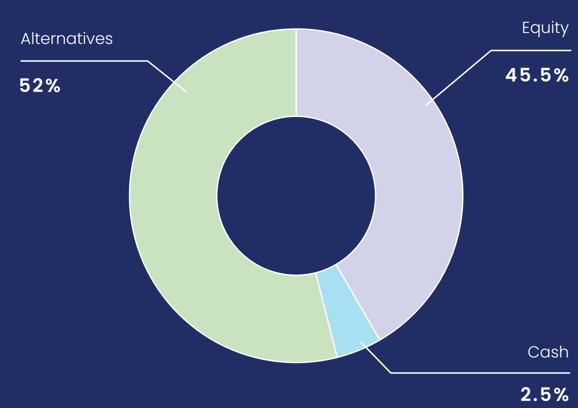
ARTEMIS The Profit Hunter

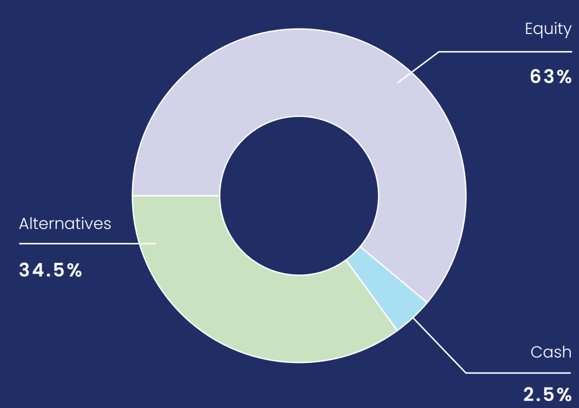
Targeted Returns Balanced	Targeted Returns Growth

Return Target

4-6%	5-7%

Asset Allocation





Experts Working in Partnership with You

Investment Expertise

Binary Capital will then use their investment expertise to manage a portfolio designed to help turn that financial plan into a reality.

- Constructing and managing 'all-in-one' portfolios
- Diversifying exposure across a range of global assets
- Ensuring the optimum mix of those different assets
- Daily monitoring of portfolios
- Matching portfolios to different risk profiles
- Rebalancing portfolios as conditions change
- Selecting the best funds to achieve that mix

BinaryCapital

"Retirement investing isn't just about growing a pot, it's about making sure it lasts. There are real risks to manage, inflation, market drawdowns, and longevity. A strong plan needs to be resilient for 20 or 30 years of life after work.

Working with Binary Capital is a big part of how I do that. Their retirement proposition combines diversified portfolios, low costs, and a disciplined framework that adapts to changing conditions. It helps me deliver predictable outcomes in an unpredictable world – and that's exactly what clients deserve in retirement!"

London Financial Adviser

BinaryCapital

t: +44 (0) 203 943 5080
e: info@binarycapital.co.uk
28B Hampstead High Street,
London, NW3 1QA

binarycapital.co.uk