



# INVESTMENT QUORUM

UNIQUE, BOUTIQUE WEALTH MANAGEMENT

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## Investing for income, growth or both in retirement

Turning on the taps for an extra income stream to help you realise your ambitions

The best time to start investing was 20 years ago. The second best time to start investing is now. But as you have been building up your investment wealth over the decades, in all likelihood you've probably pursued growth above all else, looking to maximising the value of your savings.

Your priority in retirement may well be to generate an income from your investments, rather than to pursue further capital growth. After all, turning on the taps for an extra income stream could help you realise your ambitions.

### PURSUIT OF GROWTH

Structuring a well-thought-out blend of investments should be at the heart of your wealth strategy. So even if you are now prioritising income, it could make sense to keep a portion of your investments working in pursuit of growth. This might seem counterintuitive, but here are some ways to do this.

Inflation is the enemy of all savers, but especially of those who depend on their savings and investments to deliver an income. If returns don't keep pace with the rising price of goods and services, they will be worth less in real terms.

### EFFECTS OF INFLATION

By investing some of your portfolio for growth, you can offset the erosive effects of inflation if you are successful. After all, asset values normally rise if they perform well or their prospects improve, although there are never any guarantees when it comes to investing.

Different investment approaches can often perform differently under the same circumstances. For instance, more ambitious growth-focused strategies tend to perform more cyclically than certain income strategies, in the sense that they tend to outperform when markets are buoyant but underperform when investors are more pessimistic.

### GROWTH-FOCUSED STRATEGIES

Allocating some of your portfolio to higher growth-focused strategies could therefore be a counterbalance to more sober income-generating assets, so long as you can accept the risks, which are often greater when you are pursuing growth. In general, the more risk you take, the more your investment could rise or fall in value.

However, those people who invested solely for income would have likely missed out entirely on this growth. This is because emerging companies – and not just in the technology sector – seldom deliver income to their shareholders in the form of dividends, as they are reinvesting their profits, and that's if they have any, for future growth.

### LONGER-TERM APPROACH

By investing some of your portfolio in companies with longer-term growth prospects, you might avoid the fear of missing out on the next opportunities.

If you have the next generation in mind for some of your investments, it might make more sense to adopt a longer-term approach and give those savings more chance for growth.

### ATTITUDE TOWARDS RISK

When investing for someone younger, their investment horizon is probably more likely to be measured in decades than months. You should therefore be able to take a truly longer-term view and prioritise growing the value of the pot for the future, ignoring the inevitable short-term fluctuations in the value of assets or any income considerations.

Depending on your time horizon and your attitude towards risk, investment strategies that target capital growth could therefore make a valuable contribution towards your longer-term financial security – and possibly that of your family. ■

## ACHIEVING YOUR INVESTMENT GOALS IN RETIREMENT

Whether you are looking to invest for income, growth or a combination of the two during your retirement, we'll provide the professional financial advice, comprehensive investment solutions and ongoing service to help you achieve your investment goals.

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