Saga Investments
Volatility explained

Volatility is when an investment market goes up and down unpredictably. It can be caused by many things, for example global unrest and political uncertainty (such as elections or referendums) or world events (like the Covid pandemic).

Some investments are more volatile than others. For example, shares (equities) are generally more volatile than bonds or cash. This means that investment portfolios which hold mainly shares are more volatile than portfolios that hold a large proportion of bonds and cash.

The Saga investment portfolios are designed to have different levels of volatility:

- **'Lower volatility'** - The **Cautious Growth Portfolio** is designed to have lower volatility. This means that, although it will go up and down in value, the peaks and troughs won't be as high as with more volatile portfolios. But this also means there's lower potential for long-term growth.
- **'Medium volatility'** – The **Balanced Growth Portfolio** is designed to have medium volatility. This means there's some chance of higher ups and downs. But there's also more growth potential than with a less volatile portfolio.
- **'Higher volatility'** - The **Adventurous Growth Portfolio** is designed to have higher volatility. This means it will go up and down in value, and the ups and downs could be higher and lower than with less volatile portfolios. But there's also higher potential for long-term growth.

When choosing your investment portfolio, it's important to ask yourself how you feel about the thought of your money going up and down in value.

Does 'lower volatility' mean there's less chance my money will go up and down?

Not really. Choosing a 'lower volatility' portfolio won't change the likelihood and frequency of ups and downs. It just changes how much it'll go up and down.

The chart below shows the past performance of the three Saga investment portfolios over a one-year period:

- As you can see, all of the portfolios have experienced a level of volatility over time.
- The Adventurous Growth Portfolio has seen bigger ups and downs, while the Cautious Growth Portfolio has a flatter line with smaller ups and downs.
- The Adventurous Growth Portfolio has performed better over the one-year period, but the investor has had to accept bigger ups and downs along the way.

Performance figures based on performance of underlying holdings, rebalanced quarterly. These include fund charges and costs. **Past performance is not a reliable indicator of future results. The value of your investments and the income from them can fall as well as rise, and you may not get back the amount you invested.**