DCisions Elements™

A sophisticated segmentation to help you understand customer behaviour in the UK investment market

The retail investment industry is at a tipping point and those platforms, asset managers and advisers who take the lead on customer insight will win.

Elements gives you a deep understanding of your customers' investment behaviour and preferences, enhancing your strategies for customer management and development – serving them better and more profitably.

DCisions developed Elements using data from its proprietary insight platform CuBIT, which transforms and analyses customer level behavioural and performance metrics. CuBIT holds not only a historical behavioural track record for every individual but also the risk and return actually experienced over time. Sophisticated cluster analysis techniques lay behind the segmentation model delivering unprecedented insight into customers' investment behaviour and experience.

You need the whole picture, not snapshots, to truly understand your customers.

Let us introduce you to your customers...

Future Thinkers

This group consists of younger people under 35, of whom a large proportion works in financial and professional services. Most of them have been with their current employer for between 2-4 years and have an average salary of roughly £30,000.

Future Thinkers show an interest in their pensions as they actively decide how the money should be invested. Their preference is to put most of their money into international equities and they are willing to take more risk.

Carpe Diems

Most *Carpe Diems* are male and the majority is on average 30 years old. They have worked for their current employer for less than a year, and although most of them have an average salary, barely any of them earn more than £60,000. They prefer to spend their money on social activities.

Typically *Carpe Diems* are not very engaged in their pension scheme, and as a result, their contributions are usually small. They very much rely on their employer to invest their money and the main part of their investments is tied up in equities.

Safe & Savvy

Safe & Savvy are middle aged people who take an active interest in saving for their pension although retirement is far away for most of them.

The money they have put into their pension pot is invested across a broad range of assets, including cash, equities, bonds and alternative assets. This group has been proactive in lowering their risk by actively changing their portfolios to contain stable assets like cash and bonds.

Grafters

Grafters are typically middle aged men on relatively low incomes. A large proportion of them work in industrial and telecom companies, and most of them have been with their current employer for more than four years.

Common for *Grafters* is that their involvement and knowledge of the pensions market is relatively low. They feel that their employer is better suited to manage the investment mix in their portfolio and trust them. Those who have invested in a pension scheme have their money tied up in UK equities.

Strategic Players

The typical *Strategic Player* is middle aged and holds a professional position likely at a financial services firm. Strategic Players include the largest proportion of the highest earners making in excess of £60,000 a year.

Common for *Strategic Players* is that they take an active interest in their pension and follow the financial markets. They are proactive and move money in their portfolio – some even include alternative assets and are willing to take some risks. They save more money than average and pay more than the minimum contribution rate set by the employer.

Healthy Hoarders

Healthy Hoarders recently joined their current employer. Pension is something that is important for them – they already take an active interest and make large contributions. Most of the *Healthy Hoarders* are male and a large proportion tends to work for consumer goods firms.

Typical for *Healthy Hoarders* is that they are choosing to move their money into safer assets such as cash and bonds. They are coming closer to retirement and as a result, are lowering the amount of risk in their portfolio and making bigger contributions.

Navigators

Most of the *Navigators* are middle aged to older men who have been with their current employer for more than four years.

They have larger pension pots than the other groups and have a considered plan for their retirement. As *Navigators* are coming closer to retirement, they have chosen to make relatively high monthly contributions, above and beyond the employer minimum, but are also risk averse. They are consciously lowering the risky assets they hold by moving into cash and bonds.

Jugglers

Almost all *Jugglers* are over 55 years old, and the majority have been at their current company for more than four years. These people have modest incomes for their age and make small nominal savings towards their pension. The *Jugglers* are trying to manage many daily and long-term financial commitments with limited cash.

The main part of their assets is saved in low risk options such as cash and bonds and many do not take any active decisions outside of having a strategy that automatically shifts their money into safer assets as they approach retirement.

Canny Movers

Although *Canny Movers* are no longer with the employer who initially sponsored their pension plan, they have made the decision to keep the plan as part of a broader investment strategy.

Canny Movers are financially savvy and tend to move money between different assets within their portfolio in order to get the best return on their investments. A large majority of *Canny Movers* have had their plan for more than four years.

Untapped Potential

Untapped Potential are people who had a pension plan with a previous employer that they are no longer with and have not moved the money out their old employer's plan.

Unlike *Canny Movers*, *Untapped Potential* do not move their money around, it just sits in the pot. It is possible that they simply have forgotten that they had a pension in the first place. Most of *Untapped Potential* have held money in the plan for over six years.

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Here's what your customers are thinking...

Let's take a closer look at how your customers behave and what may interest them

Future Thinkers

These people are likely to be interested to hear about how they can make the most of their contributions. The fact that *Future Thinkers* often proactively invest in international equities indicates that they may be open to broader investment options than what they've currently chosen. It's worth tracking their performance over time to see if their decisions are paying off. They want to make their money work hard.

Carpe Diems

As these people are younger, saving up for retirement may not be one of their main priorities. They may feel that retirement is a long way off and that it is not relevant for their present wellbeing. These people are likely to need more financial education to understand the need to save for retirement. In communication campaigns, comparing them to *Future Thinkers* could provoke action and make them more engaged. Alternatively, *Carpe Diems* could be prime candidates for ISAs.

Safe & Savvy

Safe & Savvy are financially aware and like to feel prepared. As a result, they have started putting money aside for their retirement although it isn't imminent. They prefer making safe financial decisions and do not like exposing their pension pots to unnecessary risks, sometimes causing kneejerk reactions to sudden stock market shifts. *Safe & Savvy* are good candidates for balanced risk strategies as they prefer not to keep all their eggs in one basket. Monitoring their performance and how they manage the downside is important to make sure that they don't hurt their potential upside in the long run.

Grafters

Grafters are disengaged and tend to opt for the familiar or what is recommended to them by a trusted source. This group is completely dependent on their employer's investment strategy and rarely makes decisions. It's unlikely that *Grafters* will respond to standard communication or take ownership of their investment strategy. They are good prospects for low cost and simple solutions. Their employer or unions are probably the best touch point with them because they feel their relationship is with them, not the pension provider.

Strategic Players

Strategic Players are aware that it can be beneficial to have a certain amount of risk within a pension portfolio, and are therefore willing to speculate to a certain degree as part of a wider strategy. These individuals see the bigger picture – they like to make well-informed decisions but also make sure to save separately as a "back-up option" for a rainy day. It's worthwhile tracking and learning from this group over time because they perform well during volatile times in the stock market. They are good targets for diversified growth and balanced risk strategies as they are interested in investment matters.

Healthy Hoarders

Healthy Hoarders take an active interest in saving up for their pension and preparing for retirement they are doing all the right things. As they approach retirement, they will be very interested in securing their retirement income and will want to understand their options better. As new people in the plan, they have made saving and investment decisions and probably want to see how those decisions play out. *Healthy Hoarders* likely have a pension with a former employer, providing opportunity to consolidate multiple accounts and retirement solutions.

Navigators

Similar to *Healthy Hoarders*, *Navigators* exhibit good saving habits as they get closer to retirement, and they remain engaged over their time with their employer. When many in this group experience poor returns on their investment, they become more financially cautious. *Navigators* are very sensitive to stock market activity making it crucial to keep an eye on their performance over time. They are candidates for lower risk strategies, which would give them comfort that they are tracking towards their retirement goals. *Navigators* are also keen to protect their retirement income and are already planning on which retirement solutions would be right for them.

Jugglers

Jugglers may not feel that they have the interest or knowledge needed to manage their money, so they choose to completely trust that their employer makes the right choice for them. With the financial demands of day-to-day living taking priority over saving for a pension, they simply save as much as they can afford in small "lumps". They trust the employer to make decisions for them. These people would benefit from more education around the consequences of not saving for retirement. They definitely will need help in choosing a retirement product and will rely on a trusted recommendation.

Canny Movers

Canny Movers make active and informed decisions and are likely to be interested in any information that can help them increase return. It's possible that they are managing their pension plan as part of a broader investment strategy. They remain engaged, even after they have changed employers. *Canny Movers* are good prospects for selling other types of products beyond what they currently have. They would be interested in learning how they can combine all their separate portfolios into one. They would respond to any information that shed light on how their return is tracking over time and what options they have to improve that return.

Untapped Potential

Untapped Potential may or may not have been engaged when they initially signed up for the pension. If informed, *Untapped Potential* may be interested in moving money to another product more suited to their needs. By re-igniting the relationship with this group, it could be possible to move them into a more suitable and profitable state. Communication reminding them that they have money they may have forgotten about should help re-engage them. That can serve as a step into selling them the right product to meet their needs.

Why does Elements matter?

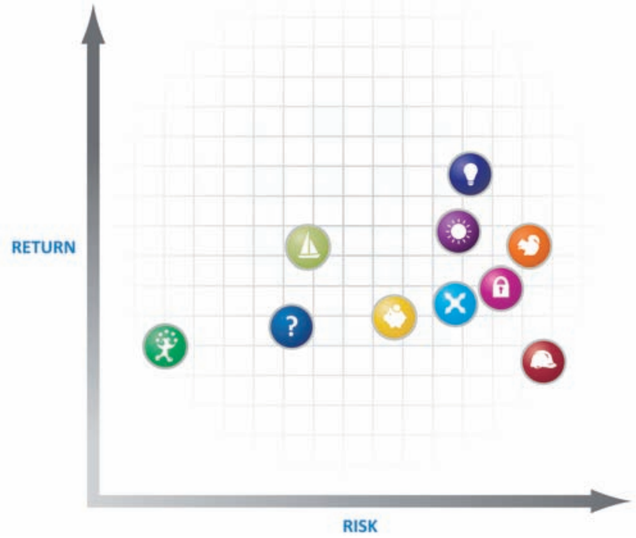
Engagement

Engagement takes into account multiple aspects, including switching activity, contributions, closing holdings, number of funds and member instructions.

Understanding real engagement levels is important when developing and managing your customers, helping you in achieving better service levels and a more profitable outcome.

Performance Experience

Risk and Return



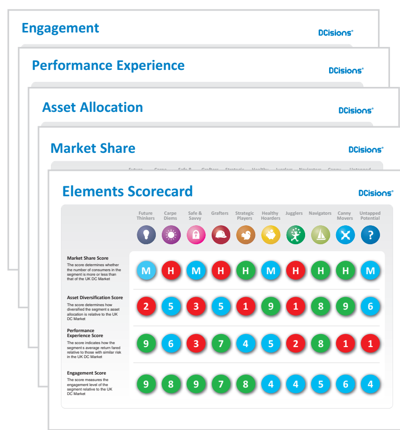
The performance experience measures the actual risk and return of a customer's total portfolio over the same time horizon.

DCisions provides unprecedented context around your customers' risk and return experience. This provides powerful information in customer investment strategy development and analysing customer reactions to market shifts.

Some ways you can use Elements

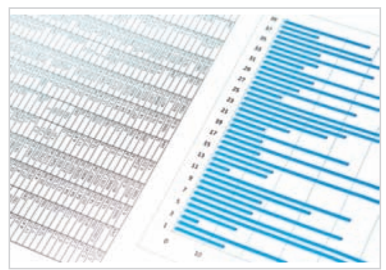
Reports

Manage your book by monitoring how your customers behave compared to the market. You can use this information to help develop your marketing and investment strategies.



Datafile

DCisions can apply Elements to your customer base to help you when implementing communication and targeting strategies and tracking the outcomes over time.



Segmentation Enhancement

DCisions can use statistical techniques to combine your existing segmentations or market surveys with Elements to give you a powerful way to understand and track your customers.

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Real people, real outcomes

Ben is a Future Thinker

Ben is 32 and has worked for a small accountancy firm in Newcastle for just over two years. He makes £34,000 and makes sure to put aside £150 each month for his pension and another £150 to buy a flat. As an accountant, Ben knows that over time, it pays to have a certain element of risk within the portfolio. He is interested to learn more of about how to make his monthly contributions go further long-term.

Andy is a Carpe Diem

Andy, 22, has worked as a team leader for a call centre in Brighton for just under a year. He has an annual salary of £24,000 and lives in a terraced house just outside the centre of town, which he shares with his girlfriend Lisa and two flat mates. An active personal life is important to Andy, and although he has joined his company's pension scheme, he doesn't feel he can afford to put aside more than £80 each month, as he'd rather spend his hard earned earnings on fun things such as holidays and going out.

Catherine and John are Safe & Savvy

Middle aged couple Catherine and John live in Bromley, in south east London, and have a combined annual income of £75,000. They have only one son, Jason, who will be going to university soon. Both Catherine and John are of the opinion that it is best to start saving or a pension early and try to take a considered approach towards how their money is invested. The recession has made them very financially cautious. As a result, they are interested in learning how to protect their savings from, what are in their view, unstable and fickle market forces.

Robert is a Grafter

Robert, 40, has worked as a technician for a well-known UK telecoms company for just over 5 years. He lives with his wife Fiona and young son Charlie in a small town in the South West in a rented flat. Although Robert joined the company pension scheme when he learnt about it, he hasn't put any time or effort into learning how his monthly contributions of £100 could be invested better. Instead he trusts his employer and the company that manages the pension scheme.

Alice is a Strategic Player

Company director Alice, 42, has always been interested in the financial market. Although she isn't on a six-figure salary she makes good money, and is determined to maintain this lifestyle after retirement. Alice recently sold her flat in Guildford for a reasonable profit and would like to buy a house in the same area. Alice moves money around within her pension pot as she sees fit and tries to take a diversified approach to her investments. She meets with her IFA at least once a year to review her investment strategy in detail.

Jeremy is a Healthy Hoarder

Jeremy, 49, joined as a project manager for a big pharmaceuticals company just over 3 months ago, and has chosen to join their company pension scheme. Jeremy makes just over £55,000 a year, and puts aside £750 for his pension each month, which is the biggest outgoing he has apart from his mortgage. Jeremy would like to understand how to protect his savings from risk whilst still maximising return.

Steven is a Navigator

Steven, 47, is a big pension saver. He has been with his employer for just over 6 years and puts aside over £1,200 to his pension every month, which is a substantial contribution considering he only makes £60,000 a year. Steven doesn't like risk, and has recently chosen to tie up his money in cash and bonds as it feels safer than the other options he has heard of.

Mary is a Juggler

Mary, 56, describes herself as working class, and works for a clothing shop in the Midlands. She has two children with her former husband, and has historically often struggled to make ends meet, especially when both children lived at home. Mary makes a small token contribution to her pension and hopes that her employer makes the best of her savings.

Linda is a Canny Mover

Linda, 45, now runs her own consultancy firm, however she has chosen to keep the money she paid into her previous employer's pension scheme in that plan. Linda is financially 'in-the-know', and always makes sure that she maximises return on her investments. Separate to this pension pot, she has also invested in buy-to-let properties and has invested in the stock market.

Matt is an Untapped Potential

Matt, 36, vaguely remembers that he joined a pension plan at his previous employer, but has never paid much attention to it. Although he does occasionally skim through the annual statement, he has never taken any real interest. Matt recently bought a house with his girlfriend Susan in Bristol, and they are looking to open a joint investment account together. Matt would like to move the money in his old employer's pension plan into this new account.

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