



# Press Release

Brussels, 30 January 2019

## **KBC/CBC customers now able to invest within their comfort zone with CoZI**

Highly customer-centric investment philosophy

Starting this year, customers making investments are not only having their risk profile tested, they can also enhance that profile by including their attitude to profit or loss or to changing market and stock market conditions. This upgraded risk profile ensures they invest within their comfort zone ('CoZI') at all times.

KBC started applying this updated approach to investing in January 2019. It extends the conventional view of investing to include insights from behavioural economics, due to the fact that emotion tends to play a significant role in investment matters.

Thanks to CoZI, the customer receives a proposal that is better suited to him or her, both at the outset and afterwards. At the same time, KBC provides a range of smart investment solutions, the composition of which is adjusted to take account of changing market conditions. The frequency and size of the adjustments are geared to the customer's profile.

### **What is CoZI?**

- 'CoZI' stands for 'Comfort Zone Investing'
- The comfort zone is defined in terms of upside potential, downside risk and time horizon
- The customer's attitude is incorporated into the profile description, resulting in a tailored investment offering
- Any adjustments to the portfolio are carried out more quickly based on the customer's comfort zone
- Each investor profile has a corresponding model portfolio
- KBC aligns the customer's portfolio with the model portfolio

It was long assumed that investors made a rational trade-off between average return and volatility. The higher the targeted return, the higher the volatility along the way. The risk ratings of investment products are usually classified in this way, too. However, two investment products with the same rating can be very different, and that also holds true for investors with the same classic profile. The differences become particularly noticeable as soon as the investment starts to rise and fall in value. Consequently, KBC Asset Management has spent the last few years intensively researching this phenomenon, and has found the answer in behavioural economics. CoZI enhances the conventional approach by including aspects that relate to the emotional side of investing.

**Johan Lema, CEO of KBC Asset Management:** *'We've known for some time that people don't always weigh profit against loss in equal measure. That's why we're increasingly focusing on the emotional side of investing. We want to create a more personal description of investors. These two strategic aspects come together in*

*CoZI. Investing is a bit like travelling actually. There's no 'wrong' way to get to your destination – some ways simply work better for certain travellers than others.'*

**Jurgen Vandenbroucke, Head of Innovation at KBC Asset Management**, concludes: *'We regard peace of mind as a sound investment criterion. Not only does it mean investors have a personalised portfolio where the return matches their investment objectives, it also ensures that they can feel at ease, regardless of whether the stock market is doing well or not. CoZI combines years of experience and new scientific insights to achieve that aim.'*

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