How do the calculations work in Modeller?

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Stochastic projections are used as a way to estimate the probability of future outcomes. These figures are calculated by considering various inputs (namely cash flow and asset allocation) before running 1000 different economic scenarios. This process produces 1000 different possible outcomes or end values and the variation of these outcomes dictates the probability of certain end values occurring.

Synaptic Modeller uses the Barrie & Hibbert (now part of Moody's Corporation) Wealth Scenario Generator (WSG) which is an engine that is calibrated on a quarterly basis. The specific, internal workings of the engine are not included in this document and they are the intellectual property rights of B&H themselves. As such details of all the assumptions of the 1000 scenarios are not available for public consumption.

However, in principle; the engine makes a number of assumptions about different economic indicators, such as growth or inflation. These assumptions are applied to each of the 1000 scenarios, for each year of the scenario and for each of the asset classes involved.