

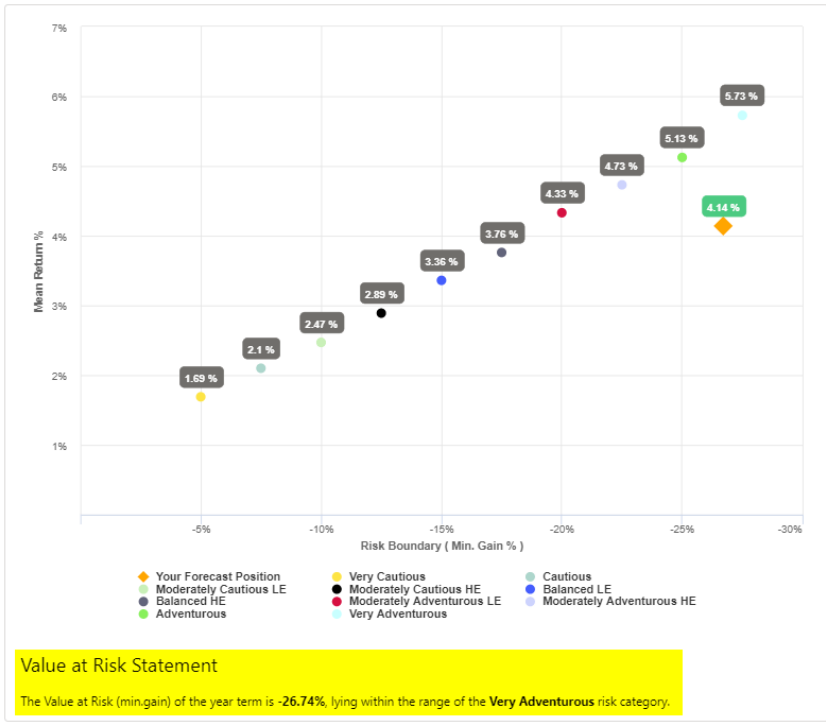
Basis of Illustration - Suitability - CIP

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The **Suitability** tab will display an **Efficient Frontier** graph:

The screenshot displays the Synaptic Pathways software interface. The main navigation bar includes 'Synaptic Pathways', 'Home', 'Contacts', 'Research', 'Portfolio Builder', 'Investment Pathways', 'Configuration', 'Fund Lists', 'Knowledge Base', 'My Apps & Settings', and 'Valuations'. The current view is 'Test Illustration Apr22' under the 'Research' tab. The 'Review' section on the left contains a '7IM Platform' summary with details for 'Individual Savings Accounts' (R.I.V. 0.46%, Final Value £61,734.86) and 'Self Invested Personal Pension' (R.I.V. 0.06%, Final Value £359,942.28). The 'Efficient Frontier' graph plots 'Mean Return %' (1% to 7%) against 'Risk Boundary (Min. Gain %)' (-5% to -30%). A legend identifies risk categories: Very Cautious (yellow), Moderately Cautious LE (light green), Balanced HE (dark green), Very Adventurous (light blue), Moderately Cautious HE (black), Moderately Adventurous LE (red), and Moderately Adventurous HE (dark blue). A 'Your Forecast Position' is marked with a yellow diamond at approximately (-26.67%, 4.36%). A 'Value at Risk Statement' at the bottom indicates the Value at Risk (min.gain) is -26.67%, falling within the 'Very Adventurous' risk category. An 'About' section notes the projection was generated using Moody's Health Scenario Generator.

Included in this screen is a **Value at Risk Statement** at the bottom of the graph:



Efficient Frontier

The output shown here is the efficient frontier, which displays your target Portfolios Asset Allocation in relationship to the optimised and active Synaptic Strategic Asset Class based Portfolios that are designed and updated on a quarterly basis to ensure their minimum gain hits the fixed risk boundaries.

If the mean return % is to the right of the curve then you may be taking more risk than required to achieve the return, if the mean return is too low then you may need to consider taking more risk by adjusting or changing the target portfolio.

Suitability is assessed on the basis of whether the investment is likely to deliver on the objectives of the financial plan, and whether there is alignment between the components of the risk governance model relating to the Client investment goals: - The need to take risk; - the Clients risk profile; - the Clients capacity for loss.

Use the efficient frontier and investment plot to demonstrate that a portfolio or fund is aligned for risk and return.

Next tab to review is the **Ex-Ante Statement**. See article [Basis of Illustration - Ex-Ante Statement - CIP](#)