

# Risk Illustrations - Compliance Details

Last Modified on 19/08/2022 4:07 pm BST

The Compliance Details tab includes the **Capacity for Loss Statement, Investment Forecast Details by Year, Forecast Fees Summary, Risk Summary** and **Portfolio Factsheet**.

**Client:** Client Test  
**Client Risk Category:** Balanced (High End)  
**Created Date:** 19/08/2022, 10:33

**Investment Parameters Summary:**

- Term of Investment: 10 years
- Initial Amount: £200,000.00
- Regular Contribution: £300.00 / pm
- Regular Withdrawal: £300.00 / pm
- Growth Basis: Without Inflation
- Total Solution Cost: 1.25%
- Potential First Year Loss: 13.00% or £26,000.00
- Rebalanced Annually: Yes
- Investment Risk Category: Balanced (Low End)
- Objective Risk Category: Balanced (High End)
- Investment Scenario Pathway: Amy Test Portfolio
- Expected Outcome (Mean Gain): £255,067.29 or 27.53%
- Lowest Outcome (Min. Gain): £158,888.00 or -20.56%
- Highest Outcome (Max. Gain): £370,067.00 or 85.03%

**Compliance Details Section:**

**What is Shown Here?**  
 Use this section to review the forecast fee summary, the difference in the clients default risk profile to the target risk category, the portfolio or strategic asset allocation recommended as a detailed summary of the year on year gains accounting for contributions (in) and withdrawals (out).  
 Add content to the Compliance Statement to meet the regulatory requirements for the recommendation, this statement is for internal use only and will not be displayed in the final report.

**About**  
 This illustration has been generated using the Moody's Wealth Scenario Generator to determine the probable outcome of the investment given the parameters provided.

**Capacity for Loss Statement**  
 In consideration of sequence risk, in the worst case scenario, my client can afford to lose **13.00%** or more, in any one year, defined as the worst year of returns in the forecast, assuming a 20 year term. This equates to the 5% (or 1 in 20) worst outcomes from the Moody's mathematical simulation. This may equate to **£26,000.00** in the first year.

**Compliance Statement**  
 Provide a summary of the recommendation. This is for internal purposes only.  
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**Investment Forecast Details by Year**

Year	Net Money In	Contributions	Withdrawals	Mean Projection	Net Growth
1	£200,000.00	£3,800.00	£3,800.00	£205,021.61	£5,021.61
2	£200,000.00	£4,024.80	£4,024.80	£210,192.86	£10,192.86
3	£200,000.00	£4,499.73	£4,499.73	£215,838.51	£15,838.51
4	£200,000.00	£5,030.69	£5,030.69	£220,849.31	£20,849.31
5	£200,000.00	£5,624.32	£5,624.32	£225,443.12	£25,443.12
6	£200,000.00	£6,287.99	£6,287.99	£230,465.71	£30,465.71
7	£200,000.00	£7,029.97	£7,029.97	£235,921.32	£35,921.32
8	£200,000.00	£7,859.50	£7,859.50	£242,234.34	£42,234.34
9	£200,000.00	£8,786.93	£8,786.93	£247,863.13	£47,863.13
10	£200,000.00	£9,823.78	£9,823.78	£255,067.29	£55,067.29

**Forecast Fees Summary**  
 Portfolio Charges Total over Term: **£0.00 or 0%**  
 Initial Fee: **£800.00**  
 Regular Fee Total over Term: **£13,733.38 or 5.38%**  
 One off Fee for Advice: **£300.00**  
 The forecast charges and fees are based on the anticipated (mean) outcome value.

**Risk Summary**  
 Client Risk Profile: **Balanced (High End) | 6 of 10**  
 Illustration Risk Target: **Balanced (Low End) | 5 of 10**

**Portfolio Factsheet**  
 Target Portfolio: **Amy Test Portfolio**  
 Model Portfolio | Balanced (Low End) | 5 of 10

The Capacity for Loss statement populates based on how question 6 is answered in the Capacity for Loss area. If you leave the question blank, you will need to answer **Yes** or **No** to the statement.

### Capacity For Loss

Use the Capacity for Loss Questionnaire to audit the discussion around whether committing to an extended term is appropriate for your client.

It will not be appropriate to commit the client to long term savings if they cannot commit to leaving the funds invested long term.

- My Client will need to start spending the investment return at the following point in the future.
 

< 5 yrs
5 to 9 yrs
10 to 14 yrs
15 to 19 yrs
> 20 yrs
- My Client doesn't have any significant outstanding debts and doesn't expect to incur any during the period of the investment(eg, mortgage or credit cards).
 

Strongly Disagree
Disagree
No Opinion
Agree
Strongly Agree
- My Client's spouse, partner or family member is likely to be able and willing to support them financially if circumstances require.
 

Strongly Disagree
Disagree
No Opinion
Agree
Strongly Agree
- It would be relatively easy for my Client to cut expenditure in retirement if circumstances require.
 

Strongly Disagree
Disagree
No Opinion
Agree
Strongly Agree
- My Client is flexible about their investment horizon. They could wait before using their investment.
 

Strongly Disagree
Disagree
No Opinion
Agree
Strongly Agree
- In consideration of sequence risk, In the worst case scenario, my client can afford to lose **13.80%** or more, in any one year, defined as the worst year of returns in the forecast, assuming a 20 year term. This equates to the 5% (or 1 in 20) worst outcomes from the Moody's mathematical simulation. This may equate to **£27,434.40** in the first year.
 

Yes
No
- As an adviser, I assess a minimum appropriate term for this investment scenario to be **10 to 14 yrs**

**Capacity for Loss Statement**

In consideration of sequence risk, In the worst case scenario, my client can afford to lose **13.80%** or more, in any one year, defined as the worst year of returns in the forecast, assuming a 20 year term. This equates to the 5% (or 1 in 20) worst outcomes from the Moody's mathematical simulation. This may equate to **£27,434.40** in the first year.

Yes
No

If you click **Continue to Next Step** without completing the question, the statement will be highlighted in red and must be answered before continuing.

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Risk Illustration
**Risk Illustration**

Duplicate Illustration
Edit
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Term of Investment
Initial Amount
Growth Basis
Total Solution Cost
Investment Risk Category
Objective Risk Category
Expected Outcome (Mean Gain)

15 Years
£200,000.00
Without Inflation
1.35%
Balanced (Low End)
Balanced (High End)
£298,454.90 or 49.23%

Regular Contribution
Regular Withdrawal
Rebalanced Annually
Potential First Year Loss

£300.00 / pm
£300.00 / pm
Yes
13.00% or £26,000.00

Investment Scenario Pathway

Lowest Outcome (Min. Gain)
Highest Outcome (Max. Gain)

£159,437.00 or -20.28%
£486,305.00 or 143.15%

Results
Capacity For Loss
Suitability
Compliance Details
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Mark Status as Complete

**What is Shown Here?**

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**Capacity for Loss Statement**

In consideration of sequence risk, In the worst case scenario, my client can afford to lose **13.80%** or more, in any one year, defined as the worst year of returns in the forecast, assuming a 20 year term. This equates to the 5% (or 1 in 20) worst outcomes from the Moody's mathematical simulation. This may equate to **£26,000.00** in the first year.

Yes
No

**Compliance Statement**

Provide a summary of the recommendation. This is for internal purposes only.

**Investment Forecast Details by Year**

Year	Net Money In	Contributions	Withdrawals	Mean Projection	Net Growth
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6	£200,000.00	£6,287.99	£6,287.99	£230,465.71	£30,465.71

**Forecast Fees Summary**

Portfolio Charges Total over Term

**£0.00 or 0%**

Initial Fee

**£800.00**

Regular Fee Total over Term

**£22,138.44 or 7.42%**

One off Fee for Advice

**£300.00**

The forecast charges and fees are based on the anticipated (mean) outcome value.

**Risk Summary**

Client Risk Profile

**Balanced (High End) | 6 of 10**

Illustration Risk Target

**Balanced (Low End) | 5 of 10**

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Continue to Next Step

The Portfolio Factsheet **View** button will be available if a Model or Bespoke portfolio has been selected. Factsheets are not available for MPS portfolios.

### Risk Illustrations - Report Content.

