

Risk Illustrations - Report Content

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The **Report Content** tab allows you to amend the **Capacity for Loss Supporting Statement**, enter a **Recommendation Summary** and **Target Portfolio Summary**.

The screenshot shows the 'Report Content' tab of a 'Risk Illustration' report. The interface includes a navigation menu at the top with options like 'Synaptic Pathways', 'Home', 'Contacts', 'Research', 'Portfolio Builder', 'Investment Pathways', 'Configuration', 'Fund Lists', 'Knowledge Base', 'My Apps & Settings', 'Valuations', and 'Risk Illustration'. The main content area is divided into several sections:

- Client Information:** Client: Client Test, Client Risk Category: Balanced (High End), Created Date: 19/08/2022, 10:33.
- Parameters:** Term of Investment: 15 years, Initial Amount: £200,000.00, Regular Contribution: £300.00 / pm, Regular Withdrawal: £300.00 / pm, Growth Basis: Without inflation, Rebalanced Annually: Yes, Total Solution Cost: 1.35%, Potential First Year Loss: 13.00% or £26,000.00.
- Risk Categories:** Investment Risk Category: Balanced (Low End), Objective Risk Category: Balanced (High End), Investment Scenario Pathway: Any Test Portfolio.
- Expected Outcomes:** Expected Outcome (Mean Gain): £239,454.90 or 49.23%, Lowest Outcome (Min. Gain): £159,437.00 or -20.28%, Highest Outcome (Max. Gain): £486,306.00 or 143.15%.
- Report Content Section:**
 - What is this for?:** Add commentary and relevant information to personalise the illustration. The information will be replayed in the illustration suitability 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.
 - Capacity for Loss Supporting Statement:** A text editor with a rich text toolbar.
 - Recommendation Summary:** A text editor with a rich text toolbar.
 - Target Portfolio Summary:** A text editor with a rich text toolbar.
 - Outcome Summary:** Total Contributions During Term: £332,064.20, Expected Outcome (Mean Gain): £298,454.90 or 49.23%, Lowest Outcome (Min. Gain 5% Chance): £159,437.00 or -20.28%, Highest Outcome (Max. Gain 5% Chance): £486,306.00 or 143.15%.
 - Description of Illustration:** Test Objective Test.

They will pull through to the **Report:**

Capacity for Loss Supporting Statement:

The screenshot shows the 'Capacity for Loss MIFID II Compliance Statement' section. It includes a 'Test Supporting Notes' field and a 'Capacity for Loss Questionnaire' table. The questionnaire consists of five questions related to the client's financial situation and investment goals, with response options ranging from 'Agree' to 'Strongly Agree'.

Question	Response
1. You will need to start spending the investment return at the following point in the future.	10 to 14 yrs
2. You don't have any significant outstanding debts and don't expect to incur any during the period of my investment (e.g. mortgage or credit cards).	Agree
3. Your spouse, partner or family member is likely to be able and willing to support you financially if circumstances require.	Strongly Agree
4. It would be relatively easy for you to cut expenditure in retirement if circumstances require.	Agree
5. You are flexible about your investment horizon. You could wait before using your investment.	Agree

Additional Information: In the regulatory risk governance model, 'the need to take risk' must be considered with a client's 'risk profile' or 'attitude to risk', and must not exceed a client's 'Capacity for Loss'. A client's capacity for loss increases with term. A client should understand the relationship between 'term', 'investment risk' and 'investment returns' as part of providing 'informed consent'.

Recommendation Summary

Illustration Research Summary

Test Recommendation Summary

Illustration Investment Details	
About You	
Your Risk Profile	Test Client, DoB 5th March 1982
Your Risk Profile	5 of 10 Balanced (Low End)
Illustration Inputs	
Risk Category	5 - Balanced (Low End)
Investment Term	10 Years
Investment Amount	£200,000.00
Regular Contribution	£500.00 Monthly
Contribution Indexation Rate	RPI 7.80%
Regular Withdrawal	£300.00 Monthly
Withdrawal Indexation Rate	RPI 7.80%
Include the Impact of Inflation	No
Rebalanced Annually	Yes
Adviser Fees	
Initial Fee	0%
Regular Fee Per Annum	0%
One off Fee for Advice	£0.00
Total Solution Cost	
Reduction in Yield (RIY)	1.2%

Client Risk Category

Balanced (Low End)

Balanced investors have an attitude to risk in the middle 50% of the investing population and are neither very risk averse nor inclined to seek riskier investments. They often have some experience and understanding of investments. They can usually make investment decisions without too much hesitation or anxiety. They may find more comfort in banks accounts and lower risk investments than stocks, shares and investment funds, but understand that investment risk may be required to meet their investment goals.

Risk Category for Illustration

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Risk Illustrations - Charts