

Comparison & Ex-Ante Report

Last Modified on 13/02/2024 3:34 pm GMT

In the **Report** area, you will find a Report for each Investment on the left side of the screen:

The screenshot displays a web application interface for a 'Report' section. At the top, there is a navigation menu with options like 'Synaptic Pathways', 'Home', 'Paraplanner Access Centre', 'Contacts', 'Research', 'Portfolio Builder', 'Investment Pathways', 'Generic Funds', 'Configuration', 'Fund Lists', 'Knowledge Base', 'My Appot & Settings', and 'Valuations'. A search bar is also present. The main content area is titled 'Susanna Comparison w/ Ex-ante' and includes a 'Convert to Holding' button. Below this, there is a progress bar with several steps, the last of which is 'Report'. The 'Report' section contains a 'Report' card with instructions: 'Select the View Report action to view the full ex-ante illustration report for each of the platform or off platform products.' and 'Select the Platform Report action to review the cost benefit analysis when purchasing multiple products from a Platform.' Below the instructions, there is a card for 'AJ Bell Investcentre' with details for 'Individual Savings Accounts' and 'AJ Bell Investcentre Investment ISA', showing a 4.1% rate and a total value of £29,953.41. A 'View Report' button is located below this card. At the bottom of the report section, there is an 'About' section with text: 'This stochastic projection has been generated using the Moody's Wealth Scenario Generator to determine the probable outcome of the investment given the parameters provided.' and logos for 'Synaptic' and 'MOODY'S ANALYTICS'. A 'Back' button is located at the bottom center of the interface.

Click **View Report:**

Report

Select the View Report action to view the full ex-ante illustration report for each of the platform or off platform products.

Select the Platform Report action to review the cost benefit analysis when purchasing multiple products from a Platform.

Platform
AJ Bell Investcentre

Individual Savings Accounts

Product
AJ Bell Investcentre Investment ISA

| | |
|------------------------|----------------------------------|
| R.I.Y. 1.37% | Final Value £29,993.41 |
|------------------------|----------------------------------|

[View Report](#)

About

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

When selecting the report, it will be highlighted green on the left.

The report will load on the right side of the screen:

Report

Select the View Report action to view the full ex-ante illustration report for each of the platform or off platform products.

Select the Platform Report action to review the cost benefit analysis when purchasing multiple products from a Platform.

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AJ Bell Investcentre

Individual Savings Accounts

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| R.I.Y. 1.37% | Final Value £29,993.41 |
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[Download Report](#)

Synaptic Ex-Ante Illustration Report - NOT FINAL

Synaptic Ex-Ante Illustration Report

Prepared For
Susanna West

Report Date
12th October 2022

Illustration Name
Susanna Comparison w/ Ex-ante

Firm Name
Synaptic Pathways UAT

Address
1 Parkway FAREHAM | Parkway, Whiteley, Hampshire, PO15 7AA

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652458

Contact Number
01489 882880

About the Synaptic Ex-Ante Illustration and Report

Report overview

Financial planning is a complex activity whose quality is dependent on research. The Synaptic ex-ante illustration and report manifests the industry's most advanced research capability and is designed to meet the following objectives:

Best advice - allow advisers to demonstrate their competency in formulation of recommendations that will assist clients in making informed investment decisions, based on their long term goals. Well constructed plans build trust between advisers and clients and encourage clients to remain invested in order to reap the returns offered by the financial markets, which historically have provided returns to diversified investors.

Compliance - allow firms to meet the highest possible standards of proof of suitability and disclosure in formats that are aligned to the compliance responsibilities of firms under COBS, MiFID II and PRIOD. The report includes objective analysis of risk including identification of potential losses. The report supports the classic risk governance model requires analysis to reflect the need to take risk, consideration of the client's risk profile and their capacity for loss. The imagined workflows avoid the issue of non-alignment of tools highlighted as risks by the FCA.

Improved practice management - the Synaptic system has access to a wide range of data that reduces the requirement for re-keying and reference to multiple sources. This reduces errors and streamlines the advice process, reducing the administration burden for firms, turning hours spent on research and reports into minutes.

Alignment of client's objectives to an appropriate investment risk category and asset allocation

This report details every aspect of risk relevant to a recommendation, including the client's risk profile (attitude to risk) and correct alignment to an investment strategy represented by a strategic asset allocation.

Risk categories are mapped to the scoring of the attitude to risk questionnaire (ATRQ).

Clients can therefore rely on the correct alignment of their investment

Capacity for Loss

The analysis in this report shows expected returns and expected losses over relevant investment horizons.

Sequence risk is acknowledged in this methodology as expected losses in the 'worst year' of the term are quantified on a 1 in 20 year basis. Referred as the 'risk gain', this represents one of the main calculations provided by the stochastic forecast, a 'value at risk' measure (over 12 months), representing the extent of losses expected for given risk category.

Unlike more common volatility-based measures, 'value at risk' recognises the trend of the investment.

Figure 1. Represents results from running representative strategic asset allocations from Moody's through the Moody's stochastic engine, a mathematical simulation designed to attribute probability to the full range of viable outcomes for any given investment scenario. Thousands of scenarios are run.

The role of research and suitability

In order to establish the suitability of a recommendation, an accurate illustration of the investment outcome must be shared with the client so that informed consent can be given.

The forecasts in this report are generated using the Moody's stochastic engine, the Wealth Scenario Generator, allocating probability to the full range of viable investment outcomes, including outcomes of unlikely possibility and representing the most severely stressed or volatile market conditions.

This approach demonstrates an accuracy proven over many market cycles over many years and is the same methodology that is relied on extensively by many institutions in the management of investment risk, and the optimisation of portfolios.

The relative position of the 5th, 50th and 95th percentiles for each strategy indicates the relationship between different risk strategies and their expected returns.

The 95th percentile in the table of results is particularly relevant to advisers as this represents the extent of losses expected in a bad year, defined as 5% (or 1 in 20), equivalent to the worst year returns in a 20 year term. Capacity for Loss can therefore be quantified and determined using a relevant metric. We refer to this measure as a 'Value at Risk' metric, or shorthand, 'VAR @ 95th %'.

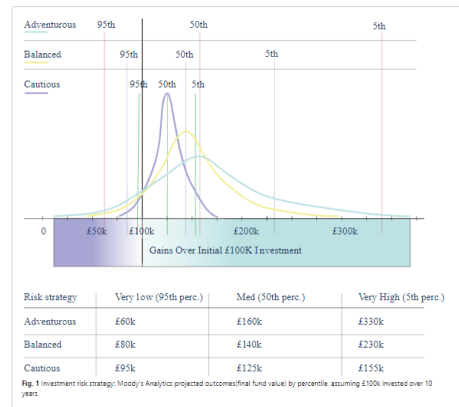


Illustration Research Summary - Susanna West, Susanna Comparison w/ Ex-ante

Investment Portfolio: Vanguard LifeStrategy 40% Equity A Shares Acc
Term of calculation: 10

Summary of Investment, Contributions and Withdrawals

| Initial Investment (Inc. Transfer in) | Contributions over the Period | Withdrawals over the Period |
|---------------------------------------|-------------------------------|-----------------------------|
| £9,620.00 | £18,000.00 | £5,000.00 |

Risk Overview

| Strategic (Moody %) | Min. Gain (VAR @ 95%) | Expected Return | Max. Gain (VAR @ 5%) | Risk Category |
|---------------------|-----------------------|-----------------|----------------------|---|
| Investment Scenario | -11.34% | 6.38% | 25.01% | Balanced (High End) Moderately Cautious (High End) |

Expected Investment Return

| Investment Scenario | Lowest (-5% Probability) | Medium Low (+20% Probability) | Expected (Average Gain) | Medium High (-20% Probability) |
|-------------------------|--------------------------|-------------------------------|-------------------------|--------------------------------|
| Best (-5% Probability) | £21,993.00 | £26,035.00 | £30,812.00 | £36,500.00 |
| Worst (-5% Probability) | £42,827.00 | | | |

Summary Costs on Expected (Mean) Return

| Investment Scenario | Expected Return without Costs(A) | Expected Return with Costs(B) | Cumulative Impact of Costs(A-B) |
|---|----------------------------------|---|---|
| Value of Advice and Impact of Inflation | £34,753.96 | £31,372.25 | £3,381.71 |
| | Expected Return with Costs(B) | Expected Return with Costs and Inflation(C) | No Investment (Includes RPI and Inflation Indexation (D)) |
| | £31,372.25 | £24,423.15 | £17,737.01 |
| | | | Value of Advice (Inflation Adjusted)(C-D) |
| | | | £6,686.14 |

Client Information

Name: Susanna West
Address: -
Telephone: 0735555555
Date of Birth: 17/09/1982
Client Risk Profile: Balanced (High End)
Description of Risk Category

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.

Investment Objective

Name: Susanna Comparison w/ Ex-ante
Description:

Investment Objective Risk Category

Risk Category for Objective: Balanced (High End)

Investment Details

Initial Amount: £9,620.00
Transfer In Amount: £0.00
Total Initial Amount: £9,620.00
Contributions During Term: £18,000.00
Withdrawals During Term: £5,000.00
Net Investment During Term: £22,620.00
Platform / Provider Selected: AJ Bell Investcentre
Product Selected: AJ Bell Investcentre Investment ISA
Wrapper Selected: Individual Savings Accounts
Portfolio Selected: Vanguard LifeStrategy 40% Equity A Shares Acc

Adviser Fees

Initial & One-off Fees: £33.48
Ongoing Fee Over the Term: £1,199.42

Fee on Regular Contribution
0.20%

Contributions Applied To
0

Special Deal Applied
No

Assets Under Management (AUM) Discount Applied
No

Central Investment Proposition

Advised in line with firm's Central Investment Proposition
No

Advised using Whole of Market Option
Yes

Name of Segment
-

Description of Segment
-

MFID II Target Market Information

Investor Type
-

Objective & Needs
Growth

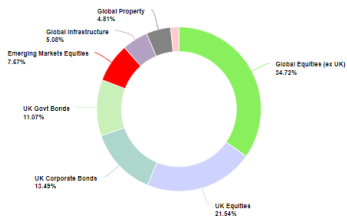
Knowledge & Experience
-

Client Ability to Bear Loss
No Capital Guarantee

Stochastic Projections

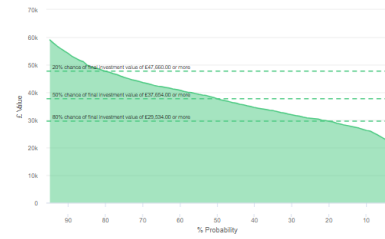
Forecast based on strategic asset allocation - no costs

Asset Allocation



Min. Gain: -17.5% | Mean Gain: 7.9% | Max. Gain: 28.78%

Probability Projection



80% Probability: £28,534.00 | 50% Probability: £37,654.00 | 20% Probability: £47,660.00

Risk Illustration

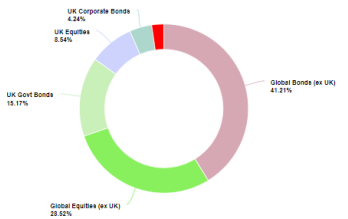


Lowest Outcome (5% Chance): £23,044.00 or 1.67% | Expected Outcome: £38,851.74 or 71.8% | Best Outcome (5% Chance): £59,003.00 or 160.84%

Forecast based on strategic asset allocation - With Costs & Inflation

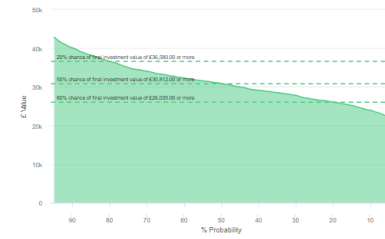
Forecast based on investment scenario - with costs

Asset Allocation



Min. Gain: -11.34% | Mean Gain: 6.38% | Max. Gain: 25.01%

Probability Projection



80% Probability: £26,025.00 | 50% Probability: £30,812.00 | 20% Probability: £36,680.00

Risk Illustration



Lowest Outcome (5% Chance): £21,993.00 or -2.77% | Expected Outcome: £31,372.25 or 38.69% | Best Outcome (5% Chance): £42,627.00 or 89.33%

Forecast based on investment scenario - With Costs & Inflation

Risk Illustration



Lowest Outcome (5% Chance) £16,248.00 or -28.17%
 Expected Outcome £27,234.31 or 20.4%
 Best Outcome (5% Chance) £40,920.00 or 80.95%

Risk Illustration



Lowest Outcome (5% Chance) £16,887.00 or -23.34%
 Expected Outcome £24,423.16 or 7.97%
 Best Outcome (5% Chance) £33,448.00 or 47.87%

Portfolio Summary

Portfolio Name
 Vanguard LifeStrategy 40% Equity A Shares Acc

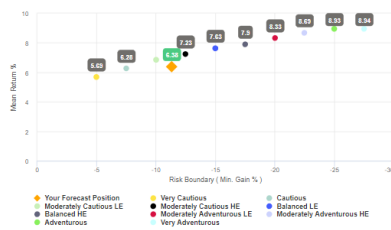
| Fund Name | Allocation % |
|---|--------------|
| Vanguard LifeStrategy 40% Equity A Shares Acc | 100.00% |

Stochastic Forecast of Probable Growth of Investment (With Costs & Inflation)

| Year | In | Out | Total In | Min. Gain | Max Gain | Mean Gain | Net Growth |
|------|------------|-----------|------------|------------|------------|------------|------------|
| 1 | £11,420.00 | £500.00 | £10,920.00 | £9,977.00 | £11,041.00 | £11,542.92 | 6522.92 |
| 2 | £13,230.00 | £1,000.00 | £12,230.00 | £11,036.00 | £16,850.00 | £13,230.35 | £1,230.35 |
| 3 | £15,020.00 | £1,500.00 | £13,520.00 | £12,278.00 | £18,637.00 | £15,434.19 | £1,914.19 |
| 4 | £16,820.00 | £2,000.00 | £14,820.00 | £13,754.00 | £21,354.00 | £17,434.71 | £2,614.71 |
| 5 | £18,620.00 | £2,500.00 | £16,120.00 | £14,766.00 | £24,068.00 | £19,471.78 | £3,351.78 |
| 6 | £20,420.00 | £3,000.00 | £17,420.00 | £15,717.00 | £27,441.00 | £21,615.86 | £4,195.86 |
| 7 | £22,220.00 | £3,500.00 | £18,720.00 | £16,751.00 | £30,954.00 | £23,852.76 | £5,132.76 |
| 8 | £24,020.00 | £4,000.00 | £20,020.00 | £17,812.00 | £34,568.00 | £26,269.13 | £6,249.13 |
| 9 | £25,820.00 | £4,500.00 | £21,320.00 | £18,889.00 | £38,602.00 | £28,702.67 | £7,382.67 |
| 10 | £27,620.00 | £5,000.00 | £22,620.00 | £20,199.00 | £42,827.00 | £31,372.25 | £8,752.25 |

Suitability Statement

Efficient Frontier Position



To confirm alignment of the investment recommendation with the Moody's investment strategy, the investment recommendations min gain value should not exceed the risk threshold, or upper boundary, for the relevant risk category. The 'min gain' indicates the expected loss for an investment in the 'worst year', assuming a 20 year term. It is equivalent to the 5% worst outcomes (or 1 in 20) from the stochastic simulation whose data underpins the calculations made using this tool, and should be used for determining the client's Capacity for Loss in respect of the investment proposal.

Efficient Frontier and Suitability

The output shown here is the efficient frontier, which displays your Portfolio's Asset Allocation in relationship to the optimized and active Moody's Analytics Strategic Asset Class based Portfolios that are reviewed and rebalanced quarterly. 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 Client's risk profile; The Client's capacity for loss.

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

Suitability Statement

From the previously completed Capacity for Loss questionnaire, the minimum appropriate term for the investment horizon is **10 to 14 yrs**. The term used for the research is **10 years**.

The investment recommendation, **Susanna West Susanna Comparison w/ Ex-ante**, produces a Value at Risk (VAR) measure (over 12 months) or 'min gain' value of **-11.34%**.

This recommendation sits between the boundaries of the **Balanced (High End)** Risk Category whose min gain value is **-17.5%**.

This approach demonstrates an accuracy proven over many market cycles over many years and is the same methodology that is relied on extensively by many institutions in the management of investment risk and the optimisation of portfolios.

Capacity for Loss Questionnaire

The model indicates the mathematical possibility of losing up to or in excess of 11.34% (min gain) of the portfolio in a bad year. The min gain value represents the 5% (1 in 20) worst returns from the stochastic modeling using the Moody's model. When the losses may occur is unknown, but because of the benefits of compounding growth, it is known that the impact on the first fund value is greater if the poor returns are early in the term (sequence risk).

Historically, significant losses in the short term have been followed by recovery and subsequent growth. It is important that investors commit to an appropriate term in order to recoup losses and build gains and can afford any short term losses that may occur in search of higher returns.

Capacity for Loss questions and answers

1. My client will need to start spending the investment return at the following point in the future. **10 to 14 yrs**
2. My client doesn't have any significant outstanding debts and don't expect to incur any during the period of their investment (e.g. mortgage or credit cards). **Agree**
3. My client's spouse, partner or family member is likely to be able and willing to support my client financially if circumstances require. **Agree**
4. It would be relatively easy for my client to cut expenditure in retirement if circumstances require. **Strongly Agree**
5. My client is flexible about their investment horizon. My client could wait before using your investment. **Agree**
6. **Risk suitability statement.** In consideration of sequence risk in the worst case scenario, my client can afford to lose **11.34%** 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 **£1,238.33** in the first year. **Yes**

Supporting notes to meet MIFID Compliance - Capacity for Loss statement

Forecast Showing the Impact of Costs - Full MIFID II / Ex-ante Compliant Disclosure of Costs and Charges

The FCA (COBS 13) acknowledges the value of both deterministic and stochastically calculated investment forecasts. The linear characteristic of the former, makes it easier to understand the impact of costs. The stochastic forecasts elsewhere in the report represent a deeper and more reliable methodology for forecasting and should be preferred for any other requirement. Deterministic calculations are presented here for their clear and consistent representation of cost, including Reduction in Yield (RLY) values that are very effective in understanding the impact of ongoing and initial costs and the cumulative impact of costs.

| Description | Cost of Ownership | Fund Weighting | Initial Year % | Initial Year £ | Full Term Annual % |
|---|-------------------|----------------|----------------------------------|---------------------------|--------------------------|
| | | | Cost as % of Weighted Investment | Cost as Weighted Amount £ | Weighted % of Investment |
| Product | | | | | |
| AJ Bell Investcentre Investment ISA | | | | | |
| Costs | | | 0.17% | £20.53 | 0.11% |
| Funds | | | | | |
| Cash Allocation | | 0.00% | | | |
| Vanguard LifeStrategy 40% Equity A Shares Acc | | 100.00% | | | |
| One off Costs | | | | | |
| Ongoing costs excl. Transaction | 0.22% | | 0.22% | £42.44 | 0.22% |
| Transaction costs | 0.05% | | 0.05% | £9.58 | 0.05% |

| Adviser Charges | | | |
|-------------------------------------|-------|---------|--------|
| Initial charge | 0.60% | £376.48 | |
| Ongoing charges | 0.60% | £62.52 | 0.60% |
| Aggregated Costs & Charges | | | |
| Effective costs in first (net) year | | £473.55 | |
| Growth before costs & charges £ | | £532.72 | |
| Growth before costs & charges % | 5.55% | | 12.60% |
| Growth after costs & charges £ | | £60.17 | |
| Reduction in Yield | 4.47% | | 1.37% |

Deterministic Forecast - Summary Costs over the Full Investment Term

Calculations returned by the deterministic and stochastic methods may be different due to different methodologies including different growth rates. The deterministic calculation assumes broad based actuarial growth rates, whereas stochastic calculations are based on Moody's forecasts for growth across asset allocation.

Forecast Growth %
3.63%
Headline Reduction in Yield Value
1.37%
Total Solution Cost
£4,590.73
Final Value
£23,958.41

Platform Charges
No Data to Display

Deterministic Forecast



Suitability Checklist

Prepared For
Susanna West
Illustration Name
Susanna Comparison w/ Ex-ante
Risk Profile
Balanced (High End)
Declaration of Tolerance for Loss
Assessment of Capacity for Loss
Confirmation of Target Market
Investor Type: Retail / Professional
Objective & Needs: Preservation / Growth / Income / Hedged / Leveraged Return
Knowledge & Experience: Basic Investor / Informed Investor / Advanced Investor
Client Ability to Bear Loss: No Capital Guarantee / Loss Beyond Capital
Investment Horizon: 10 to 14 yrs

Supporting notes to meet MiFID Compliance - Capacity for Loss statement
Statement Prepared By: Synaptic Pathways UAT, 1 Parkway, FAREHAM, Parkway, Whitley, Hampshire, PO15 7AA, FRI # 623456
Date: 12th October 2023, Reference #20231012WEST

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Statement Prepared By: Synaptic Pathways UAT, 1 Parkway, FAREHAM, Parkway, Whitley, Hampshire, PO15 7AA, FRI # 623456
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