

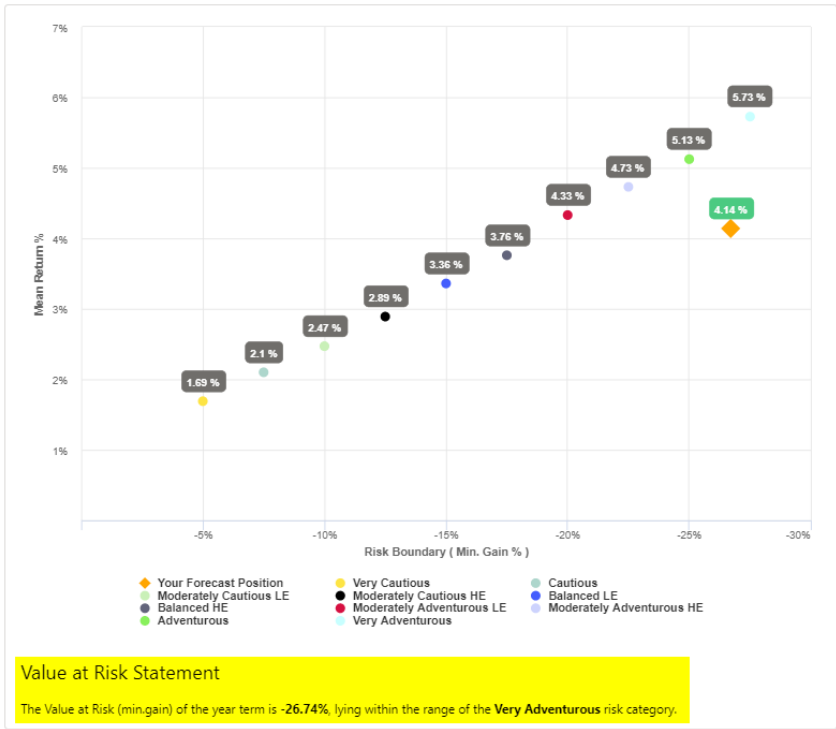
Ex-Ante - Basis of Illustration - Suitability

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

The screenshot displays the Synaptic Pathways software interface. The main window is titled "Test Illustration Apr22" and shows the "Review" tab selected. On the left, there are sections for "Review" instructions, client details (Client: Client Test, Description: Test Description Text, Illustration Type: Whole of Market), and two investment products: "Individual Savings Accounts" (Product: ISA (Stocks and Shares), R.L.Y.: 0.46%, Final Value: £61,734.86) and "Self Invested Personal Pension" (Product: 7IM SIPP, R.L.Y.: 0.06%, Final Value: £359,942.28). The main area features an "Efficient Frontier" graph plotting Mean Return (%) on the y-axis (1% to 7%) against Risk Boundary (Min. Gain %) on the x-axis (-5% to -30%). The graph shows a series of data points representing different risk levels, with the "Your Forecast Position" marked as a red diamond at approximately (-26.67%, 4.56%). A legend below the graph identifies risk categories: Very Cautious (yellow circle), Moderately Cautious LE (green circle), Balanced HE (blue circle), Very Adventurous (red circle), Moderately Cautious HE (black circle), Moderately Adventurous LE (orange circle), Cautious (light blue circle), Balanced LE (dark blue circle), and Moderately Adventurous HE (purple circle). Below the graph, a "Value at Risk Statement" indicates: "The Value at Risk (min.gain) of the year term is -26.67%, lying within the range of the Very Adventurous risk category." On the right, an "Efficient Frontier" text box explains that the output shows the efficient frontier, which displays the target Portfolios Asset Allocation in relationship to the optimised and active Synaptic Strategic Asset Class based Portfolios. It also notes that suitability is assessed based on 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. At the bottom of the interface, there are "Back" and "Continue to Check-In" buttons.

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 [Ex-Ante - Basis of Illustration - Ex-Ante Statement](#)