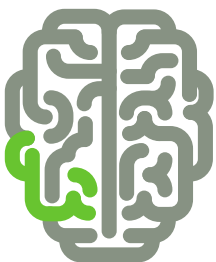




# SYNAPTIC MODELLER

## USER GUIDE



SYNAPTIC  
MODELLER

Version 1.0

Contents

1 Introduction .....3

2 Setting up Modeller .....4

    2.1 Investment Strategy .....4

3 Logging in .....4

    3.1 Creating New Clients .....5

    3.2 Finding an Existing Client.....6

4 Setting the Default Attitude to Risk.....8

    4.1 Setting the Default Attitude to Risk Manually.....8

    4.2 Setting the Default Attitude to Risk Using the Questionnaire .....9

    4.3 Client Attitude to Risk Report.....10

5 Recording Holdings .....10

6 Investment Amount Calculator.....12

7 Modeller Journey .....16

    7.1 Adding a New Goal .....17

    7.2 Adding Holdings to Goals .....18

    7.3 Asset Allocation Approach .....19

    7.4 Fund Based Journey Approach .....22

    7.5 Results .....25

    7.6 Model New Scenarios in Work Space.....27

    7.7 Portfolio Rebalancing .....30

    7.8 Report.....32

8 Finding Existing Goals .....33

    8.1 Reviewing a Goal .....34

## 1 Introduction

This user guide has been put together to guide you through using the Modeller tool. The Financial Services Authority (FSA) in March 2011 issued a Finalised Guidance paper<sup>1</sup> on the responsibilities of the adviser. It stated the adviser must:

- Know and understand the financial circumstances of their client
- Use a robust process to establish their clients Attitude to Risk (ATR) and capacity for loss
- Understand why they are recommending a certain Asset Allocation (strategy)
- Understand how any funds recommended satisfy the strategy
- Understand the tools they use to arrive at these decisions
- Review the strategy on a regular basis

The FSA paper also stated that the client should:

- Understand what their ATR means in plain English and agree with the risk profile an adviser has determined;
- Understand how their ATR will affect the probability of achieving their goal within their chosen timescale;
- Understand what other factors will affect achievement of their financial goals i.e. timescale or funding; and
- Be satisfied that the risk and probability of achievement align with how they feel and if they do not, understand that they will have to alter their goal parameters.

Synaptic Modeller is an investment planning tool designed to help you fulfil these obligations by assessing your client's attitude to investment risk and enable you to recommend a suitable and tailored solution for them.

Synaptic Modeller is designed to illustrate that investment returns are variable and should be balanced with risk over time to maximise the likelihood of achievement. It allows you to model your client's specific financial goals and objectives based on different investment scenarios to help you and your client to decide the most appropriate option.

The tool expresses these scenarios in the form of graphical illustrations so you can both visualise the likelihood of achieving these goals and highlight which criteria you can alter in order to change the probability of different outcomes.

1 - [www.fsa.gov.uk/pubs/guidance/fg11\\_05.pdf](http://www.fsa.gov.uk/pubs/guidance/fg11_05.pdf)

## 2 Setting up Modeller

There is no setting up necessary with this product. You will be able to log in and start using the software. You will need an internet connection as this product is on-line only.

If you have Administrator access to the software, you will be able to amend Modeller Journey Settings, Modeller Customisation and Custom Assets information within the product, for this please refer to the *Synaptic Administration Guide* and *Modeller Customisation Guide*.

### 2.1 Investment Strategy

Modeller allows you as the organisation user to select a preferred approach for associating risk.

Asset allocation approach associates risk to a specific asset allocation created for Synaptic Software Limited by Moody's (formerly Barrie and Hibbert) thus when you have assessed the client's ATR, Modeller returns a recommended asset allocation and the min, max and mean (MMM) figures for that allocation.

At the end of the goal process you would build a portfolio that tries to match that asset allocation and check that the resultant portfolio's maximum loss is still within the client's tolerance.

Fund based journey approach allows you to associate specific funds and portfolios to a risk level, so after the organisation's administrator has configured the goal journey, you will be able to pick funds and portfolios from a defined list after having assessed the clients ATR. Modeller will then calculate the asset allocation and MMM figures to display back to you to confirm that they align with the client's capacity and tolerance for loss. This effectively means that you are looking at the results of which funds and/or portfolios you will recommend during the process as opposed to what you will try and align your recommendation to once you have selected funds making the process quicker and simpler.

Users would have made the decision which journey they will be using prior to signing up. If you are unsure of this, please refer to your organisation's administrator licence holder or contact your account manager at Synaptic Software Limited.

## 3 Logging in

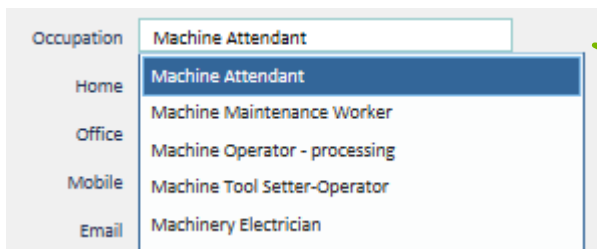
Once you have signed into Synaptic Suite of Products, there will be a Welcome screen which will direct you to either **Search for an existing client** or **Add a new client** by clicking on the relevant tab at the top left of the screen.

The following screen will then be presented either completed as shown below for your existing client or blank for you to complete:

### 3.1 Creating New Clients

To add a new client, use the **Add New Client** button and complete the relevant fields. Those fields marked \* are required to complete the process. The other fields can be ignored if the information is not known. An example of this is shown:

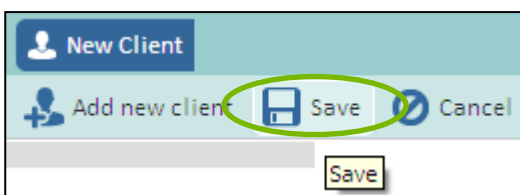
If recording the client's occupation, start typing the first few letters of the occupation and a drop down list with matching occupations will appear:



Start typing. The system will then display a list. Select from the list. If the occupation is not here, use **Unknown**.

You can also select pre-set **Service Levels** from the drop down menu. Administrator licence holder will be able to amend the Service Levels on the Synaptic **Settings** tab if required.

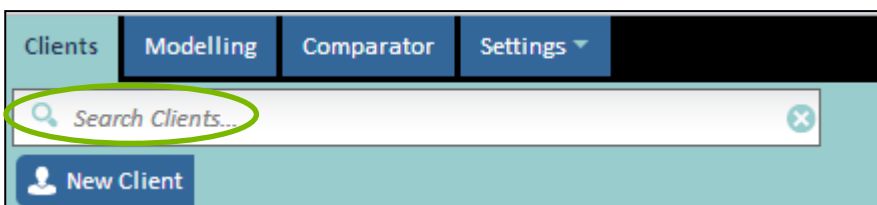
Once all the required fields have been completed, use the **Save** button at the top of the screen:



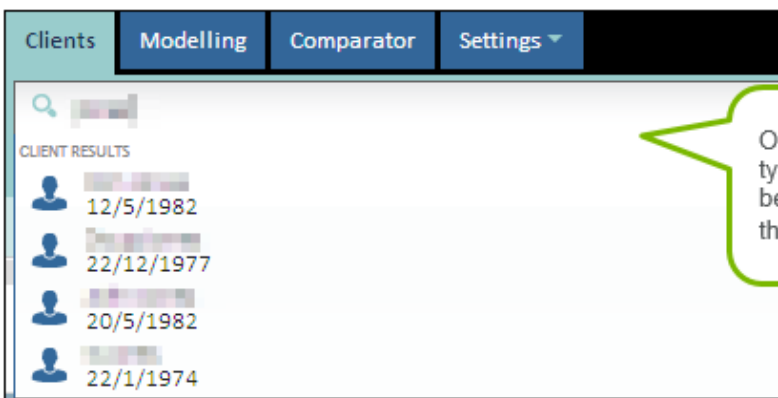
The client's attitude to risk can either be set manually, or decided upon by completion of the questionnaire by the client (covered in section 4).

### 3.2 Finding an Existing Client

If a client has already been saved in Modeller, they can be retrieved using the Search Clients field below the main tabs bar.



Start by typing in the forename or surname of the client who needs to be found:



Once the client's name has been typed, wait a second and a list will be displayed of all clients who meet this criteria.

If you are in an existing client screen and wish to search for a new client you will be presented with the following message:

Save Changes?

You have unsaved client changes. Do you want to save these changes?

Save

Discard

Cancel

Select either to **Save**, **Discard** or **Cancel** to carry on.

Clients

Modeller

Comparator

Webline

Product & Fund

Settings

Q

X

Add new client

Save

Cancel

Delete

Personal Details

Title

Mr

Name

Address

county

Postcode

Date of Birth

02/07/1952

12

Sex

Male

Female

Smoker

Yes

No

Occupation

search occupation

Home

Office

Mobile

Email

Salary £

Service Level

Platinum

Attitude to Risk

(No Attitude to Risk Defined)

Edit...

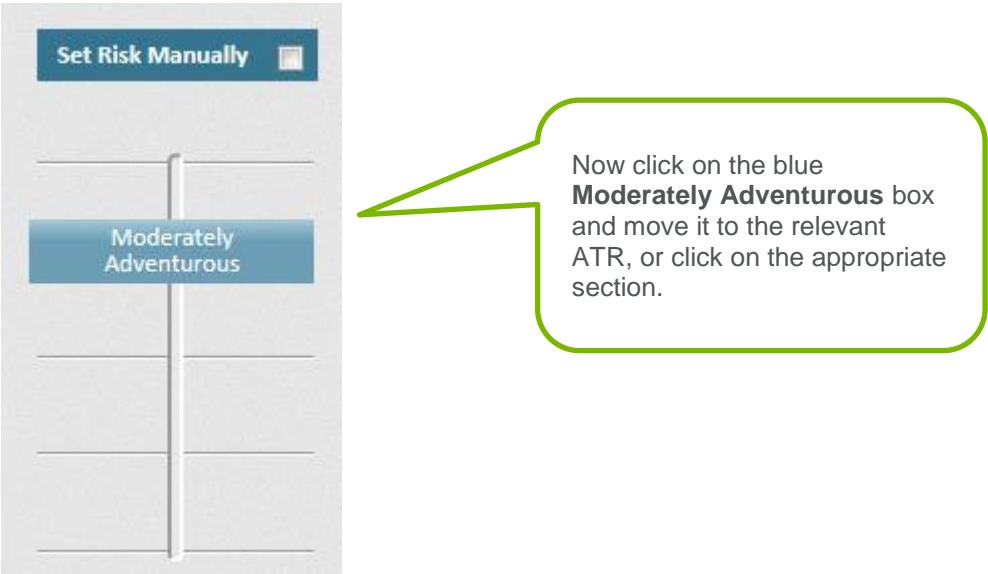
External identifier

4 Setting the Default Attitude to Risk

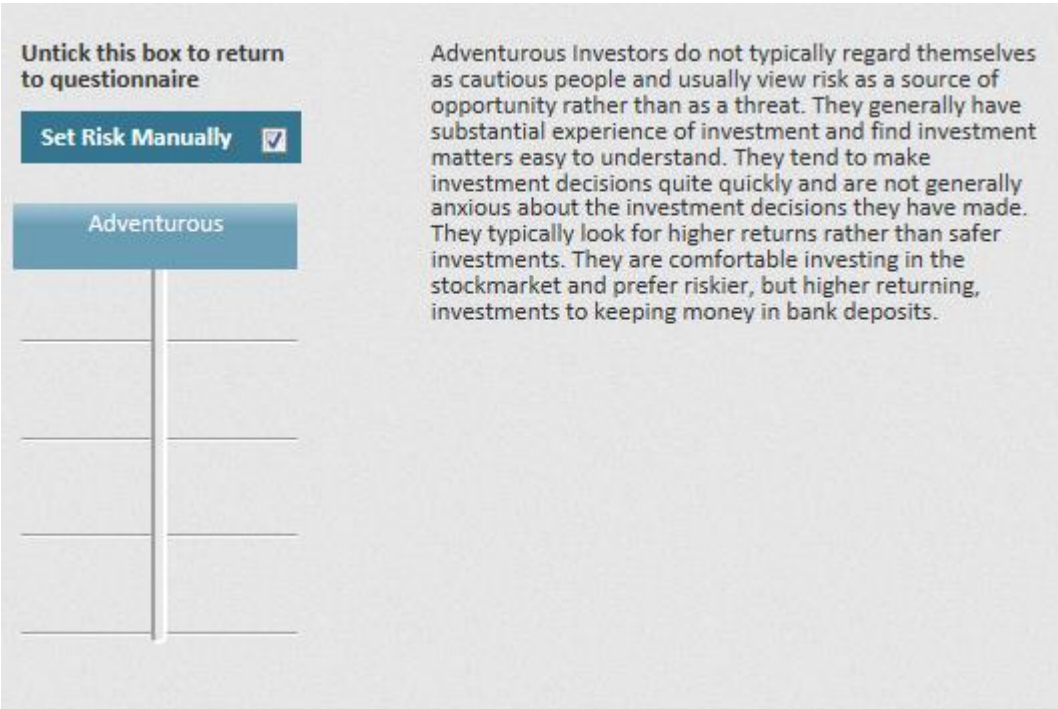
You can set a client’s default attitude to risk from the **Personal Detail** section as shown above. It is possible for a client’s default attitude to risk to either be set manually, or to be calculated by completing the Attitude to Risk questionnaire.

In addition for each goal, the attitude to risk can be set as part of the process.

4.1 Setting the Default Attitude to Risk Manually



Once you ‘drop’ the blue box, the page greys out and a definition appears for the chosen attitude to risk:



If this is not the appropriate attitude to risk for the client, it can be changed. Simply click onto the correct attitude to risk tab or move the slider.

If you have decided to set the risk manually, then you will need to enter a reason why on the next screen which will be stored against the client.

**You have manually set your Attitude to Risk to Balanced.**

Enter a reason why you have set your risk manually (max 255 characters)

255 characters remaining

4.2 Setting the Default Attitude to Risk Using the Questionnaire

If you select the questionnaire to determine your client’s attitude to risk, a new page will be displayed with a series of questions.

The default ATR can be used with the client’s goals, or a different ATR can be allocated to each goal that a client has.

People who know me would describe me as a cautious person.	Not yet answered	*
I feel comfortable about investing in the stockmarket.	Not yet answered	*
I generally look for safer investments, even if that means lower returns.	Not yet answered	*
Usually it takes me a long time to make up my mind on investment matters.	Not yet answered	*
I associate the word "risk" with the idea of "opportunity".	Not yet answered	*
I generally prefer bank deposits to riskier investments.	Not yet answered	*
I find investment matters easy to understand.	Not yet answered	*
I am willing to take substantial investment risk to earn substantial returns.	Not yet answered	*
I've little experience of investing in stocks and shares.	Not yet answered	*
I tend to be anxious about the investment decisions I've made.	Not yet answered	*
I'd rather take my chances with higher risk investments than increase the amount I'm saving.	Not yet answered	*
I'm concerned by the volatility of stockmarket investments.	Not yet answered	*

Use the drop down against each of the questions to answer them. There are several “sense checks” run against the answers to the questionnaire, an example being if your client answers “no strong opinion” to more than six questions. If it fails one or more of the sense checks there will be a notes pop up box (as seen below) which will need to be read and either accepted, or go back and re-visit the relevant questions:

**Notes** ✕

Adventurous investors typically have portfolios that involve some investment risk. You strongly agreed with the statement "I generally look for safer investments, even if that means lower returns." You might want to consider whether this category really is right for you. You should speak to an adviser to consider risk in more detail.

Accept Back

Once all the questions have been answered, the client’s default ATR will be calculated.

### 4.3 Client Attitude to Risk Report

You can also produce a report for your client’s Attitude to Risk by selecting the Report button as indicated below.

Attitude to Risk

Moderately Adventurous

Edit...

Report

The report will display your client’s chosen answers to the risk questionnaire and explain what the questionnaire indicates.

## 5 Recording Holdings

Modeller allows you to add client holdings in the holdings area and allows these holdings to be allocated to goals which the client may have. Note that it is only possible to allocate a complete holding towards a desired goal.

To enter client holdings select the Holdings tab on the left hand side of the menu:

**John Smith**

New Action... ▾

Add new client

Save

Cancel

Delete

Personal Details

Holdings

Goals

Title

Mr ▾

Name

Address

county

Here you can record details of Platforms, SIPPs, Plans, Assets and Accounts against the client as shown below:

Synaptic Version 3.2.131

Enter any relevant products the client has under the **Plans** section, e.g. ISAs.

You can add and edit plan **Details** and record contract numbers, which can be used for contract enquiry in the future. You can select whether the holding can be Rebalanced, Augmented and/or Transferred.

In the **Contributions Tab**, you can record the amount currently being paid to any holdings by clicking on the 'add' button.

You can also record any withdrawals in the **Withdrawals** tab.

**Underlying Assets** can be manually entered as asset classes or you can manually select funds (these are explained further in section 8).

test test New Action... SIP

Portfolio Factsheet

Details

Contributions

Withdrawals

Underlying Assets

Performance

Plan Underlying Assets

Get plan valuations: Manual Fund List

Funds

Fund Name	Units	% of Holding	Value	Add
Manual Asset Class List				

Valuations

Current Value: 0.00

Projected Maturity Values

3%

5%

7%

The **Performance** tab displays plan performance over a period of time using data points. Data points are picked automatically whenever a new valuation has been entered into the system either manually or via contract enquiry. Please note that there can only be one data point per day.

You can record client assets in the **Assets** section, e.g. property. You can record asset purchase date, net value, income and income frequency.

The **Account** section allows you to record account details and current value together with interest rates for the account.

Both the **Platform** and **SIPP** sections can hold details of client’s **Assets**, **Accounts** and/or **Plans** relevant to that **SIPP** and/or **Platform**.

In addition, under **Platforms** you can also record client’s SIPP details.

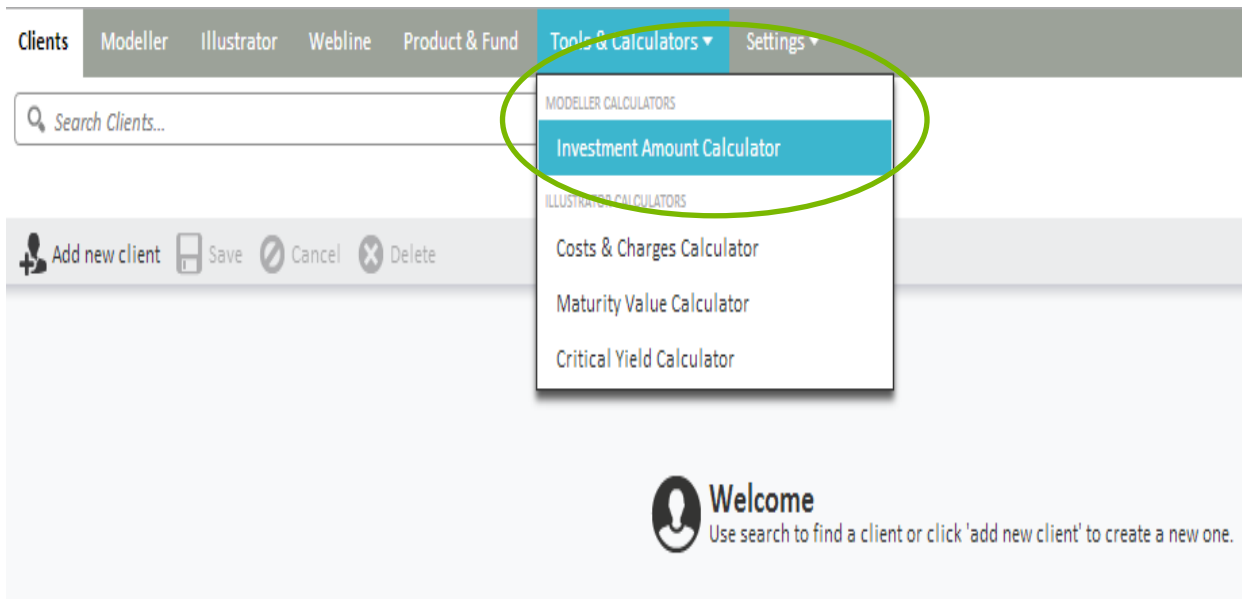
6 Investment Amount Calculator

This is a standalone calculator to help you work out how much a client would need to invest in order to hit a goal with a specific level of certainty.

The Investment Amount Calculator can determine either the amount of initial contribution or regular contribution required to achieve the specified financial goal.

You will need to input all the normal criteria including the type of goal (lump sum or income), the investment strategy used, the term, the target, any money going in and the chance of success you desire. It will then return either the lump sum or the regular contribution needed to hit that target with that level of success.

You can access the Investment Amount Calculator by selecting “Tools & Calculators” and clicking on the appropriate tab.



This will open the calculator for you to input the criteria.

If you have already selected a client before accessing the calculator then this client will be imported from Synaptic client. Alternatively you need to access Synaptic Client, input new client details or select and existing client before clicking on the Investment Amount Calculator tab.

It is also possible to use the Investment Amount Calculator generically but you must select the sex and age of your client (these inputs are required for the calculation to run).

A screenshot of the 'Investment Amount Calculator' form in the Synaptic Modeller. The form is titled 'Investment Amount Calculator' and includes a sub-header: 'The Investment Amount Calculator can determine either the amount of initial contribution or regular contribution required to achieve the specified financial goal.' Below this, there are two radio buttons: 'Calculate Initial Contribution' (selected) and 'Calculate Regular Contribution'. The 'Client Details' section is highlighted with a green oval. It contains a dropdown menu for 'Select details from' with options '(No client selected)' and 'Enter Details Manually'. Below this is a yellow box with an information icon and text: 'You can change clients by searching for one in the 'search clients' field above and returning to this calculator.' Underneath, there are input fields for 'Sex' (a dropdown menu with 'Please select' as the current value) and 'Age' (a text input field). The 'Investment' section below contains various input fields and radio buttons for 'Use Asset Allocation Derived From', 'Term (Years)', 'Goal Type' (Lump Sum or Income), 'Target Value (£)', 'Total Solution Cost (%)', 'Investment Basis' (Balanced or Non-balanced), 'Target Basis' (Real or Nominal), and 'Regular Contribution (£)'. A 'Clear' button is located in the top right corner of the form.

You must also decide whether you wish to calculate a lump sum or regular contribution for your client.

The screenshot shows the 'Investment Amount Calculator' interface within the Synaptic Modeller application. The top navigation bar includes 'Clients', 'Modeller', 'Comparator', 'Illustrator', 'Workflow', 'Product & Fund', 'Tools & Calculators', and 'Settings'. A search bar for clients is visible. The main heading is 'Investment Amount Calculator', with a sub-note: 'The Investment Amount Calculator can determine either the amount of initial contribution or regular contribution required to achieve the specified financial goal.' Below this are two radio buttons: 'Calculate Initial Contribution' (selected) and 'Calculate Regular Contribution'. The 'Client Details' section has a dropdown for 'Take details from' (set to '(No client selected)') and a link to 'Enter Details Manually'. A yellow tooltip states: 'You can change clients by searching for one in the "search clients" field above and returning to this calculation.' Below this are fields for 'Sex' (a dropdown menu) and 'Age' (a text input). The 'Investment' section includes a dropdown for 'Use Asset Allocation Derived From', a 'Term (Years)' text input, a 'Goal Type' section with radio buttons for 'Lump Sum' (selected) and 'Income', a 'Target Value (£)' text input, a 'Comfort Percentage (%)' text input, a 'Total Solution Cost (%)' text input, an 'Investment Basis' section with radio buttons for 'Balanced' (selected) and 'Non-balanced', a 'Target Basis' section with radio buttons for 'Real' (selected) and 'Nominal', and a 'Regular Contribution (£)' text input. A 'Clear' button is located in the top right corner.

You must then select the investment criteria which must include;

- The asset allocation – here you have the opportunity to select one of the investment strategies, ATR level asset allocation or in fact any portfolio you have access to or any fund contained in any fund panel you have set up within Portfolio Builder.
- Term
- Goal type – lump sum or income
- Target Value
- Comfort Percentage
- Total Solution Cost
- Illustration Type – Balanced or Non-balanced & Real or Nominal
- A Contribution – if you are calculating a lump sum you can input a current regular amount with a frequency, if you are calculating a regular amount then you can input a lump sum and specify the frequency of the regular amount calculated.

Investment

Use Asset Allocation Derived From

Balanced

\*

Term (Years)

10

\*

Goal Type

☒ Lump Sum

☐ Income

\*

Target Value (£)

15000

\*

Comfort Percentage (%)

75

\*

Total Solution Cost (%)

2

\*

Illustration Type

☒ Balanced

☐ Non-balanced

\*

Illustration Type

☒ Real

☐ Nominal

\*

Regular Contribution (£)

150

\*

Regular Contribution Frequency

Monthly

\*

Calculate

Quick Report

The calculated initial contribution is

not yet calculated

Once you have entered all your criteria select calculate and a figure will be returned equivalent to the amount required to achieve your selected target goal.

### Investment

Use Asset Allocation Derived From Balanced \*

Term (Years)  \*

Goal Type ☒ Lump Sum ☐ Income \*

Target Value (£)  \*

Comfort Percentage (%)  \*



Total Solution Cost (%)  \*

Illustration Type ☒ Balanced ☐ Non-balanced \*

Illustration Type ☒ Real ☐ Nominal \*

Regular Contribution (£)  \*

Regular Contribution Frequency Monthly \*

 Calculate  Quick Report

The calculated initial contribution is

## £1643

You can then print a quick report that will contain all of the data. You can repeat the calculation changing different criteria as much as you like and save a report each time but once you leave this page all the input criteria will be lost.

If a figure of £0 is returned it means you would not need to add any money to the scenario in order to achieve the selected target goal.

## 7 Modeller Journey

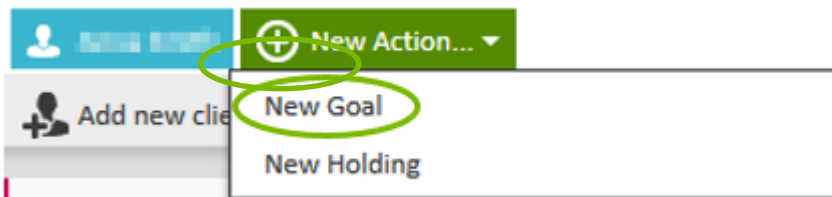
Now that the client's default ATR has been set and client holdings have been added, their **Goals** can be recorded. The goals can use the default ATR or for each goal a new ATR can be set.

Modeller requires a goal to be set for the client before moving on; this is to satisfy FCAs requirements so clients understand how their ATR will affect the probability of achieving their goal within their chosen timescale, what other factors will affect achievement of their financial goals i.e. timescale or funding and that clients can be satisfied that the risk and probability of achievement align with how they feel and if they do not, clients understand that they will have to alter their goal parameters.

Both asset allocation approach and fund based journey require the recording of goals for clients. The next sections will guide you through both approaches and depending on the approach your organisation has decided to take, you can skip sections which are not applicable to your chosen journey. For asset allocation approach, skip section 7.4 and for fund based journey, skip section 7.3.

## 7.1 Adding a New Goal

To record a new goal, you have the option of either using the **New Action** button (as shown below) at the top of the screen or clicking on the Goal tab on the left of the Client screen.



Choose **New Goal** and the following screen appears:

A screenshot of the 'Goal Details' form. The form has a header with tabs: 'Goal Details' (active), 'Holdings', 'Determine Risk Level', 'Results', and 'Generate Report'. Below the header, the 'Goal Details' section contains fields for 'Goal Type' (radio buttons for 'Lump Sum' and 'Income'), 'Goal Name' (text input), 'Target Value £' (text input), and 'Review Date' (date picker). Below this is the 'Investment Details' section, which includes an information icon and a note: 'You should add any holdings on the next page.' This section contains fields for 'Term' (text input), 'Total Solution Cost % (Annually)' (text input), 'New Initial Contribution £' (text input), 'New Regular Contribution £' (text input), 'Contribution Frequency' (dropdown menu), 'Indexed' (dropdown menu), and 'Illustration Type' (radio buttons for 'Balanced', 'Non-balanced', 'Real', and 'Nominal'). Fields with a red asterisk (\*) indicate required fields.

The fields with a \* need to be completed. All other fields are optional.

Choose the **Goal Type**. Either your Client is looking for a lump sum or an Income.

Enter the **Goal Name**.

Confirm either the **Target Value £** or **Target Annual Income**.

Enter the **Review Date**. This is the date that you will next review this goal and it defaults to one year.  
Record the **Term** in years. (Minimum term is one year)

Enter **Assumed Product Charge %**. This is the total solution cost to include all charges associated such as product/fund/platform and your charges calculated on an annual basis.

If known and relevant, enter the **Initial Contribution £**.

If known and relevant, enter the **Regular Contribution £**.

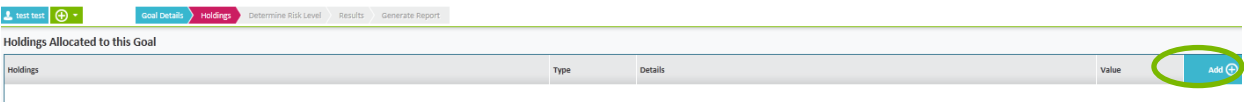
Confirm **Contribution Frequency** and **Indexed** (if relevant). The Indexation figures are updated monthly.

For the first **Illustration Type** box - choosing **Balanced** – assumes that re-balancing is done at the end of the year on the different asset classes. **Non- balanced** assumes that no asset class re-balancing will be carried out.

Second **Illustration Type** box confirm if a *nominal* or *real* value is required. A **Real** illustration adjusts the nominal value to reflect the effects of inflation over time and include this within the projected value. Once the details have been set select **Next**.

7.2 Adding Holdings to Goals

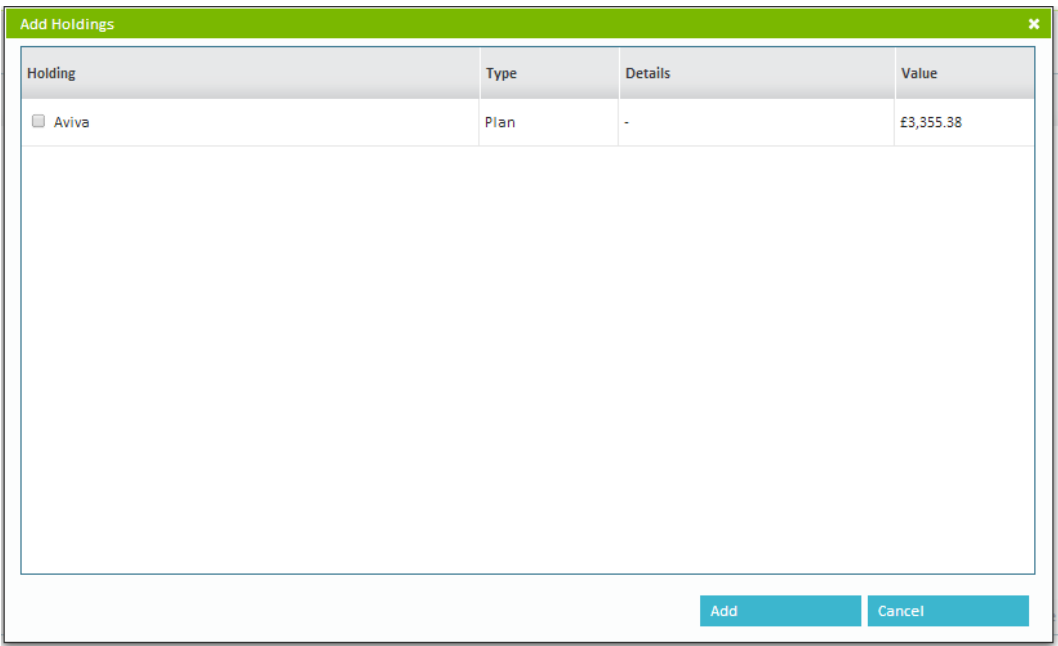
The next screen displays the following **Holdings** screen:



Click **Add** on the top right hand side of the screen and this will allow you to assign selected existing holdings to the goal specified.

You will then be presented with the following screen, which displays this list of existing holdings. In order to assign any holdings, tick the box on the left hand side applicable to the relevant holding. There is also a warning triangle which indicates the validity of holdings, where the underlying asset in the holding does not contain the required information for modeller to be able to use it.

Once you have completed your selection click add at the bottom of the screen.



The holdings are set up in the **Holdings** area as specified in section 5.

### 7.3 Asset Allocation Approach

If your organisation has not configured their investment strategy, please read the following section and skip section 7.4. All other sections of this user guide apply.

Once goal has been completed, use the **Next** button to move to the next page. The following will now be displayed:

Select if the default ATR is to be used, whether it is to be set up manually or a new ATR is to be calculated for this goal and click the **Next** button. If client's ATR was not set up in **Personal Details**, you have the option to set it against the goal.

If **"I know my attitude to risk for this goal, let me set it manually"** is selected, a new page will be displayed with the options to manually set the client's ATR. If this is selected, when moving on to the next screen, you will be prompted to add a reason why ATR was manually set.

If **"I am unsure of my attitude to risk for this goal, I will determine it through questionnaire"** is selected, a new page will be displayed with the questionnaire to answer the questions to calculate the ATR once the **Next** button has been clicked.

You will then be presented with an asset allocation split for the proposed goal. This is reflected in the 'donut' graph on the right hand side.

There is also information displayed which gives details of an investment of £10,000 within a balanced ATR.

**An example illustration of a £10,000.00 investment:**

Over a 10 year period with a risk rating of Balanced based on nominal and balanceable projected values.

Maximum (5% chance) Gain in a 1 year Period is 25.32% (£2,532.23)

Average (Mean) Gain in a 1 year Period is 4.65% (£465.49)

Minimum (5% chance) Gain in a 1 year Period is -15.39% (£-1,539.24)

This shows the potential maximum and minimum gains in a 1 year period with a once in twenty year occurrence.

There is a question here which also has to be answered:

How certain do you want to be of achieving your goal in terms of a percentage? (client comfort %)

90

The target value your client wants to achieve has a % probability of being achieved. The system needs to know how important it is to the client of achieving the value. Examples of this are as follows:

Example 1

Client wants £10,000 in 5 years' time to buy a new car and are willing to save £100pm to achieve this. My client comfort percentage is 30% - if in 5 years the investment isn't worth £10,000, she will just keep saving until it is.

Example 2

Client needs £15,000 in 10 years' time to pay for his son's first year of university fees. He is willing to save £100.00 pm to achieve this. My client comfort percentage is 90% - he needs to have the £15,000 in 10 years.

To move onto the next page, use the **Next** button in the bottom right hand corner:

[Clients](#) | [Modeller](#) | [Comparator](#) | [Illustrator](#) | [Webline](#) | [Product & Fund](#) | [Tools & Calculators](#) | [Settings](#)

Search Clients... SYNAPTIC

[hh hh](#) | [Goal Details](#) | [Holdings](#) | [Determine Risk Level](#) | [Results](#) | [Generate Report](#)

**You are using your default Attitude to Risk of Balanced for this goal.**

**Description of Balanced Attitude to Risk**  
 Balanced Investors do not particularly regard themselves as cautious people and have no strong positive or negative associations with the notion of taking risk. They will typically have some experience of investment and a degree of understanding of investment matters. They will usually make investment decisions reasonably quickly and don't tend to be particularly anxious about investment decisions they have made. They can be inclined to look for safer investments rather than higher returns, but understand that investment risk may be required to meet their investment goals. While they will take investment risk, they are still not particularly comfortable with investing in the stockmarket and get more comfort from bank deposits than riskier investments.

**An example illustration of a £10,000.00 investment:**  
 Over a 10 year period with a risk rating of Balanced based on nominal and balanceable projected values.  
 Maximum (5% chance) Gain in a 1 year Period is: **26.71%** (£2,671.23)  
 Average (Mean) Gain in a 1 year Period is: **6.02%** (£602.31)  
 Minimum (5% chance) Gain in a 1 year Period is: **-13.66%** (-£1,365.99)

**Client's Comfort Percentage**  
 How certain do you want to be of achieving your goal in terms of a percentage?  
 % \*

**Client's Capacity for Loss**  
☒ Enter monetary value ☐ Enter percentage value  
 Please enter the amount of money the client can afford (is able) to lose in any one year assuming a total investment of £10,000:  
 £

**Client's Tolerance for Loss**  
☒ Enter monetary value ☐ Enter percentage value  
 Please enter the amount of money the client is willing to lose in any one year assuming a total investment of £10,000:  
 £

**Asset Allocation**

**Growth Projection**

Synaptic Version 3.2.133 Back Next

There are also 2 additional boxes here which can be answered to ensure that client is aware of their capacity and tolerance for loss, these boxes are not mandatory to fill in.

**Client's Capacity for Loss**  
☒ Enter monetary value ☐ Enter percentage value  
 Please enter the amount of money the client can afford (is able) to lose in any one year assuming a total investment of £10,000:  
 £

**Client's Tolerance for Loss**  
☒ Enter monetary value ☐ Enter percentage value  
 Please enter the amount of money the client is willing to lose in any one year assuming a total investment of £10,000:  
 £

The clients Capacity for loss – the amount of money they **can** afford to lose.

The clients Tolerance for Loss – the amount of money they are **willing** to lose.

This information will appear within the final report.

If anything has been missed, a warning message will appear in red as shown for the question **How certain do you want to be of achieving your goal in terms of percentage?** as indicated by the star on the above screen shot. Once the question has been completed, click **Next** to move to the **Results** screen (please note that the next section explains the fund based journey and can be skipped, if this is not the chosen configuration of your organisation).

## 7.4 Fund Based Journey Approach

If your organisation has chosen to configure their own investment strategy, you will be taken to the **Determine Risk Level** screen as shown below:

You will need to select one of the following options:

- Use the default asset allocation defined for this attitude to risk
- Use an asset allocation derived from the portfolio
- Use an asset allocation derived from the fund

**NB** The default asset allocation option refers to either the investment strategy created for Synaptic Software Limited by Barrie & Hibbert or the asset allocation your organisation has mapped to the different risk levels.

If you select to use the default asset allocation, the allocation split will display on the right hand side of the screen. You will need to fill in **Client's Comfort Percentage** and also **Capacity** and **Tolerance for Loss** if required before clicking **Next**.

If you decide to use an asset allocation derived from a portfolio or a fund, select the required options and follow the sections below.

Manually Set your Attitude to Risk to: Dog

You have manually set your Attitude to Risk to Dog for this goal.

Description of Dog Attitude to Risk  
Med

☐ Use the default asset allocation defined for this attitude to risk  
☒ Use an asset allocation derived from the portfolio:  
 No portfolio selected [Change](#)  
☐ Use an asset allocation derived from the fund:  
 No fund selected [Change](#)

Asset Allocation

Growth Projection

Client's Comfort Percentage  
How certain do you want to be of achieving your goal in terms of a percentage?  
90 %

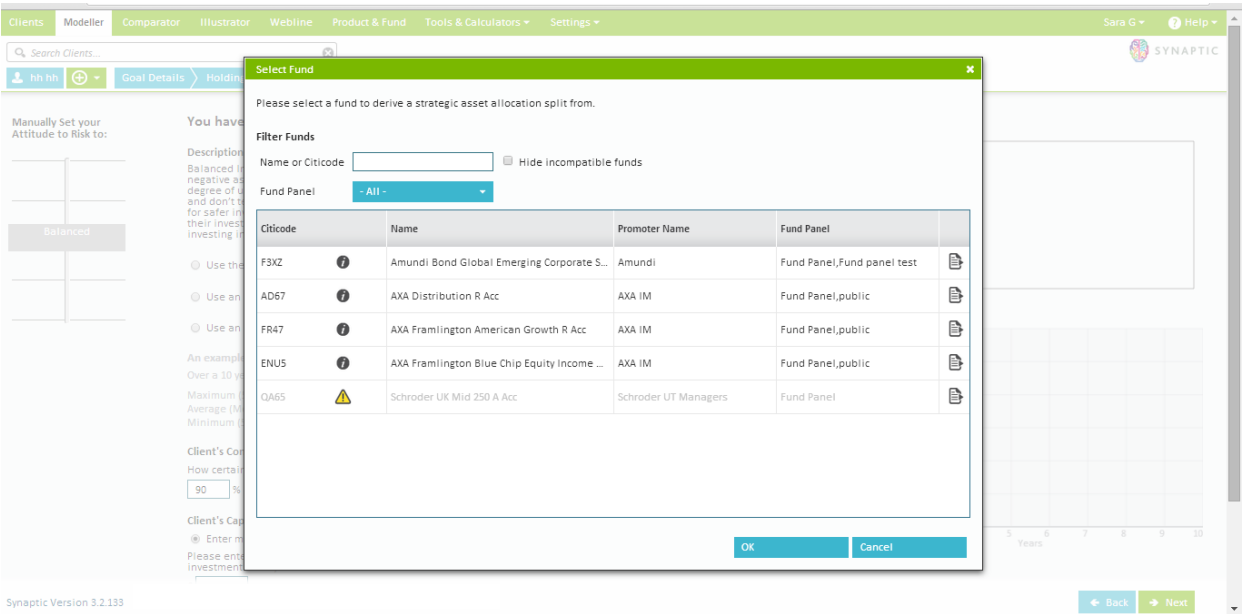
Client's Capacity for Loss  
Enter monetary value Enter percentage value  
Please enter the amount of money the client can afford (is able) to lose in any one year assuming a total investment of £10,000:  
£

Client's Tolerance for Loss  
Enter monetary value Enter percentage value  
Please enter the amount of money the client is willing to lose in any one year assuming a total investment of £10,000:  
£

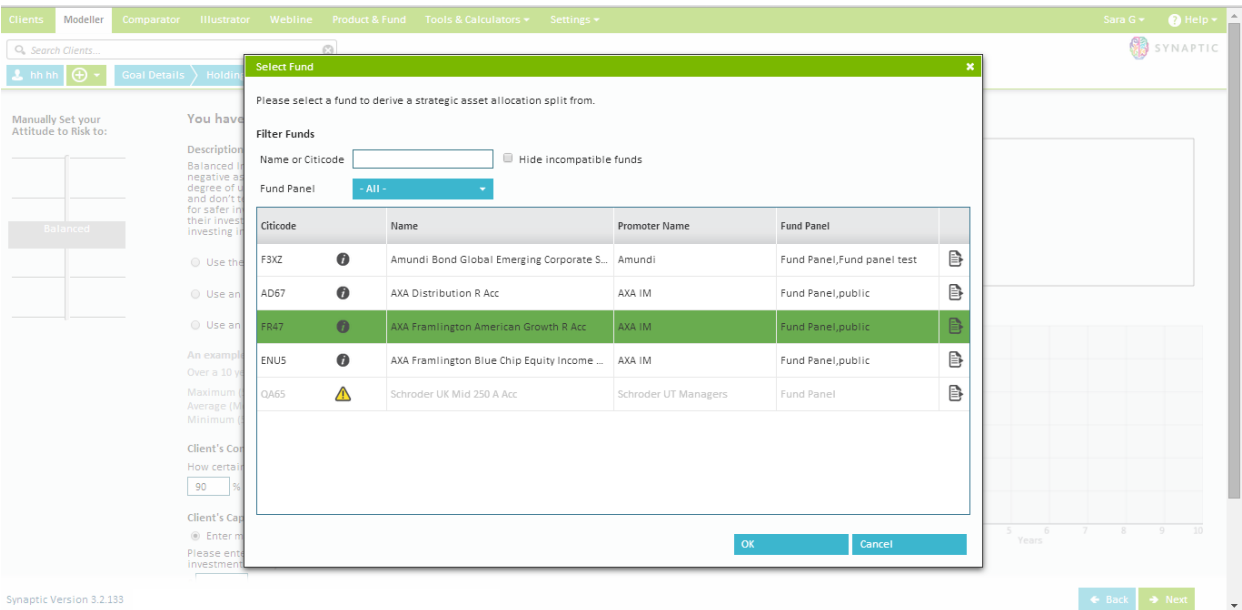
Select the change tab for either your portfolios or funds to continue.

No fund selected [Change](#)

You will then be taken to the screen to filter:



Make the selection of your funds/portfolios as shown below:



Click on **OK** when completed and return to the **Determine Risk Level** screen.

You will then need to complete the **Client Comfort Percentage** box as shown below:

Clients Modeller Comparator Illustrator Webline Product & Fund Tools & Calculators Settings Sara G Help

Search Clients...

Bob Brown + Goal Details Holdings Determine Risk Level Results Generate Report

No fund selected Change £3.64k 2 3 4 5 Years

An example illustration of a £10,000.00 investment:  
Over a 5 year period with a risk rating of Moderately Adventurous based on nominal and balanceable projected values.

Maximum (5% chance) Gain in a 1 year Period is:	28.66%	(£2,865.50)
Average (Mean) Gain in a 1 year Period is:	5.74%	(£574.10)
Minimum (5% chance) Gain in a 1 year Period is:	-18.22%	(-£1,822.43)

**Client's Comfort Percentage**  
How certain do you want to be of achieving your goal in terms of a percentage?  
 % \*

**Client's Capacity for Loss**  
☒ Enter monetary value ☐ Enter percentage value  
Enter percentage value  
Please enter the amount of money the client can afford (is able) to lose in any one year assuming a total investment of £10,000:  
£

**Client's Tolerance for Loss**  
☒ Enter monetary value ☐ Enter percentage value  
Enter percentage value  
Please enter the amount of money the client is willing to lose in any one year assuming a total investment of £10,000:  
£

Synaptic Version 3.2.133

Back Next

If you choose to complete the **Capacity/Tolerance for Loss** sections on behalf of your client, the figures entered will appear on the final report at the end of the journey.

☒ Use an asset allocation derived from the fund:

No fund selected Change

An example illustration of a £10,000.00 investment:  
Over a 2 year period with a risk rating of Dog based on nominal and balanceable projected values.

Maximum (5% chance) Gain in a 1 year Period is:	-.-%	(£-.-)
Average (Mean) Gain in a 1 year Period is:	-.-%	(£-.-)
Minimum (5% chance) Gain in a 1 year Period is:	-.-%	(£-.-)

**Client's Comfort Percentage**  
How certain do you want to be of achieving your goal in terms of a percentage?  
 90 % \*

**Client's Capacity for Loss**  
☒ Enter monetary value ☐ Enter percentage value  
Please enter the amount of money the client can afford (is able) to lose in any one year assuming a total investment of £10,000:  
£

**Client's Tolerance for Loss**  
☒ Enter monetary value ☐ Enter percentage value  
Please enter the amount of money the client is willing to lose in any one year assuming a total investment of £10,000:  
£

**Growth Projection**

£14.54k  
£12.45k  
£10.66k  
£9.13k  
£7.82k  
£6.69k  
£5.73k

Years 2

Click **Next** to continue with your journey to **Results** screen.

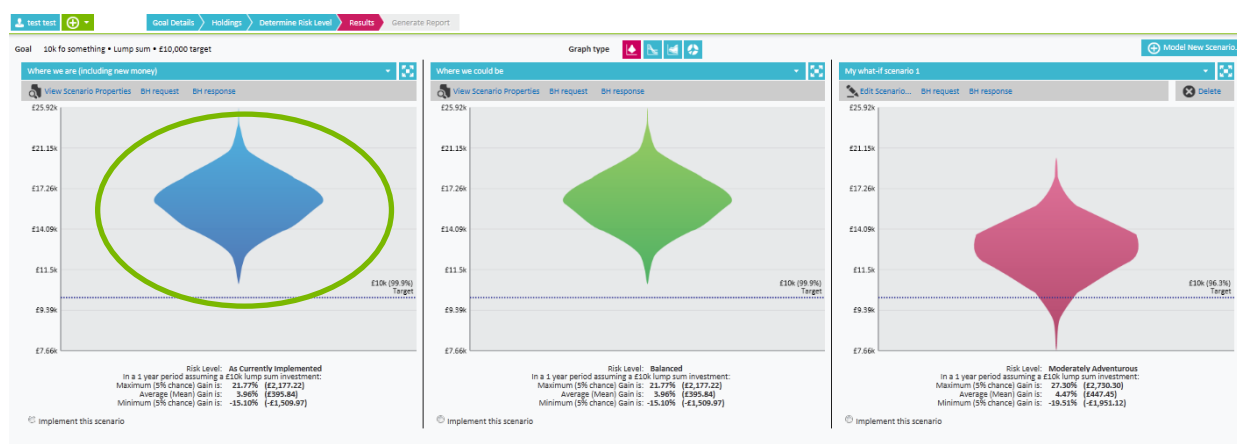
## 7.5 Results

A stochastic model is a tool for estimating probability of potential results by allowing for random variation in one or more outcomes over time. This random variation is usually based on fluctuations observed in historical data for a selected period of time using standard time series techniques. Synaptic Modeller is powered by the Barrie & Hibbert Wealth Scenario Generator (WSG) in order to stochastically project the selected investment strategy. The WSG inputs the chosen asset allocation and outputs a thousand different possible results based upon a number of different economic factors, such as inflation.

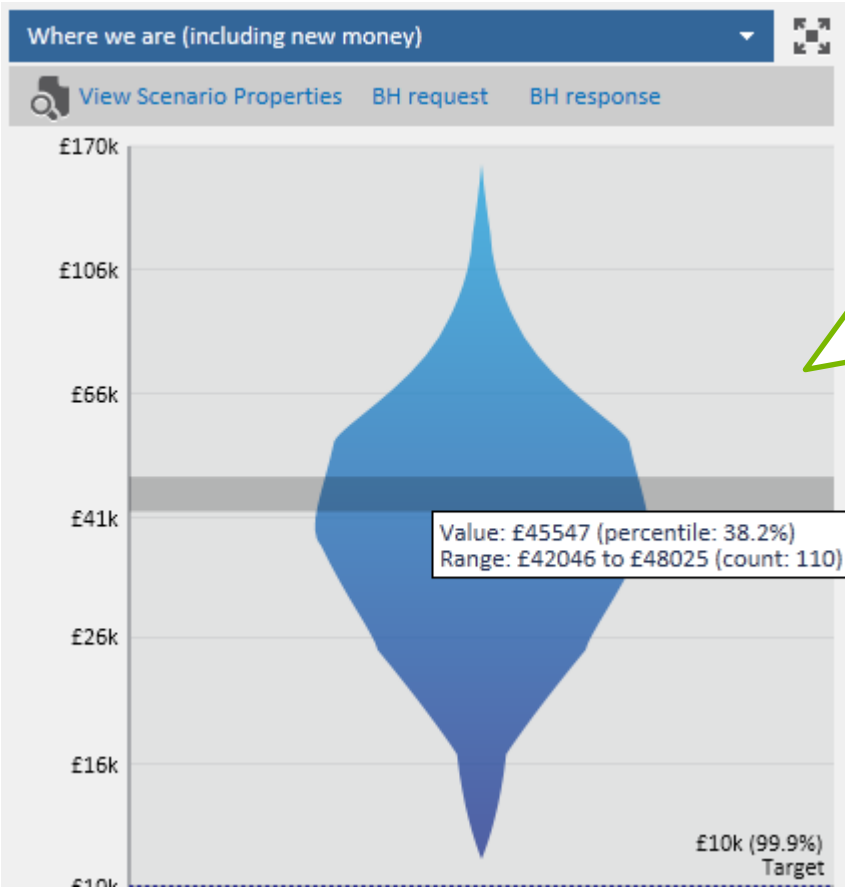
The outputs cover a range of values; the lowest representing the value which it is considered most likely that an investor will at least receive. Increasing from the lowest value, the likelihood of achieving larger amounts reduces. For example your client may have an 80% chance of receiving at least £5,000 back from an investment; only a 50% chance of at least £7,000 and it may be considered almost impossible that your client will receive more than £20,000. The results can be expressed in either nominal or real terms. The selection for this is done at the goal setting phase, please see section 7.1.

The results screen will display the modelled scenarios and you can display up to three scenarios side-by-side for comparison. The widest point of the graph dictates the “mode” value range i.e. the range in which the most answers fell. The probability of achieving the minimum amount of your target goal decreases as you move up the graph.

In the example above, the probability diamond looks like this:

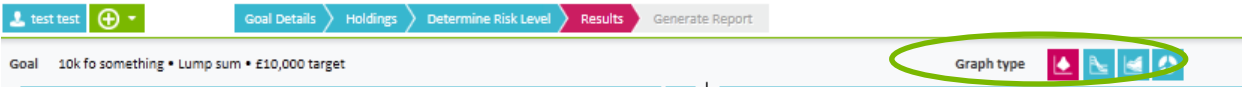


By hovering over the graph below, you will see confirmation of the number of the 1000 calculations that fell within a particular range of values as well as the value at which the percentile probability of achieving your target goal is indicated:



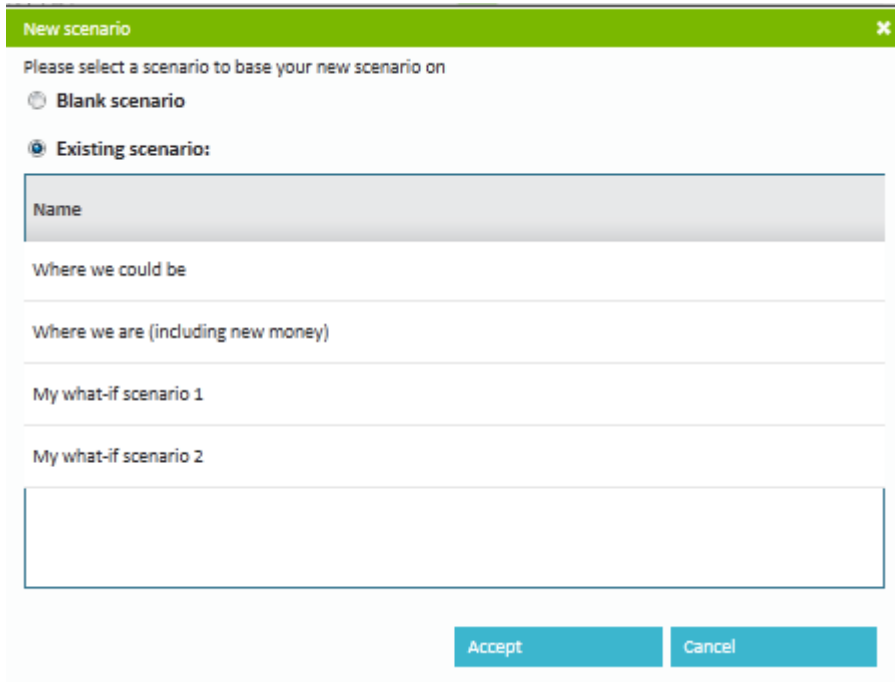
There were 110 results that fell within the range of 42046 to 48025 and the probability of achieving at least £45547 is 38.2%.

You can view the information in different graph formats by selecting graph type. You can also display the asset allocation by way of a donut graphical illustration.



## 7.6 Model New Scenarios in Work Space

You can model new scenarios for your client by selecting **Model New Scenarios** from the top right hand corner of the **Results** screen. You will be prompted to select a scenario which you would like to model, you can either click on a blank scenario or modify an existing version displayed on your current screen.



New scenario

Please select a scenario to base your new scenario on

☐ Blank scenario

☒ Existing scenario:

Name

Where we could be

Where we are (including new money)

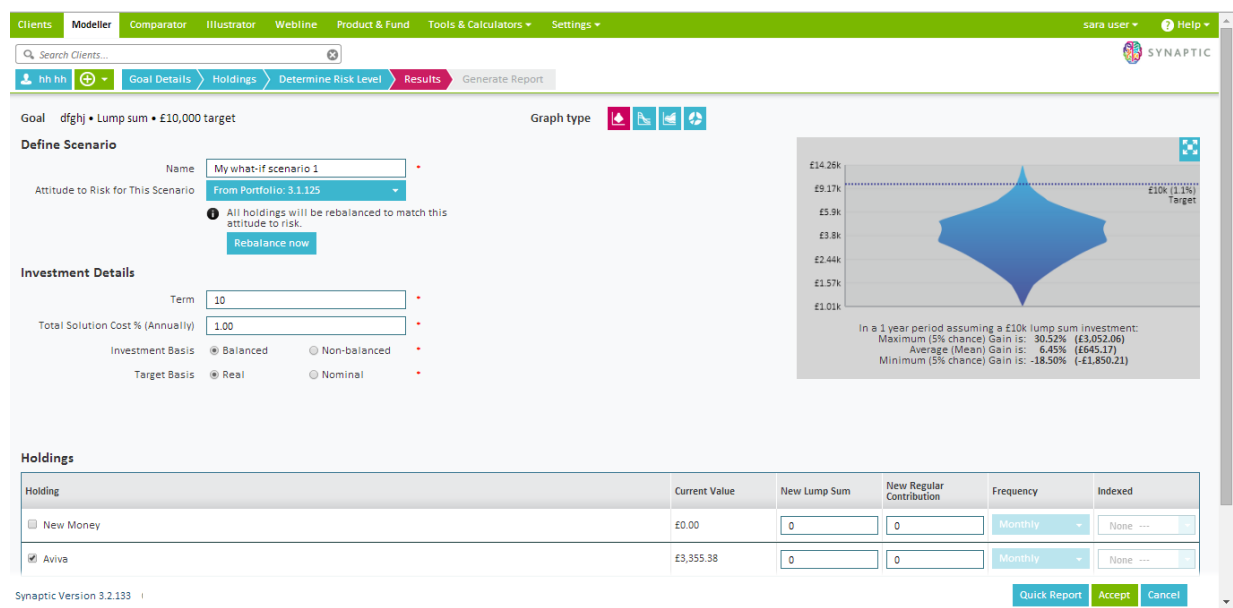
My what-if scenario 1

My what-if scenario 2

Accept Cancel

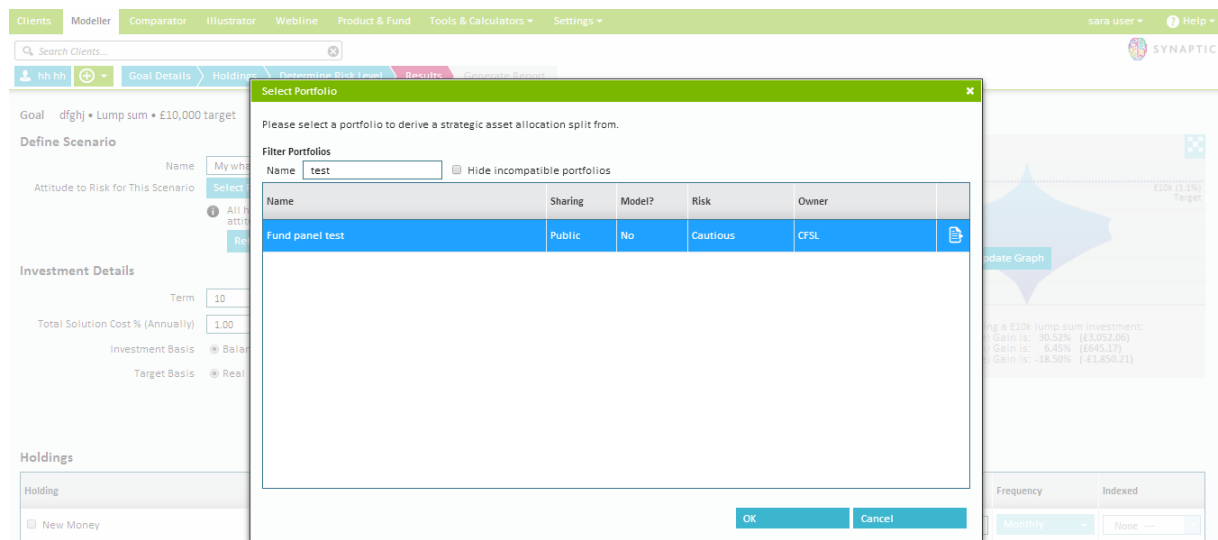
You can edit the new scenario by selecting a new name, ATR, term, Assumed Product Charge %, Illustration type and the holdings for this scenario. You can also add new money in the **Holdings** area to display the difference this would make to reaching your clients investment goal.

It will also allow the user to complete the “rebalancing loop” by clicking on the **rebalance now** button before recommending a particular scenario. This allows you to compare the ‘actual’ possible recommendations i.e. post fund selection rather than just the ‘target’ recommendations i.e. pre fund selection.



Modelling against an existing portfolio is designed for users who use “model portfolios” that do not necessarily align to the asset allocations for the ATR levels that come as a default in the system. This allows you to directly compare applying different portfolios to a client’s situation.

To select a portfolio to model against, we have added another option to the ‘Attitude to Risk for This Scenario’ selection called “from portfolio...”, selecting this will open a window of all the portfolios you have access to for selection.



Some portfolios will be marked as invalid and not selectable, this means that they contain an invalid fund. See later in these notes for fund validity rules.

To rebalance a particular scenario just click the **rebalance now** button. Please note if you re-edit a rebalanced scenario in any way it will undo the rebalancing

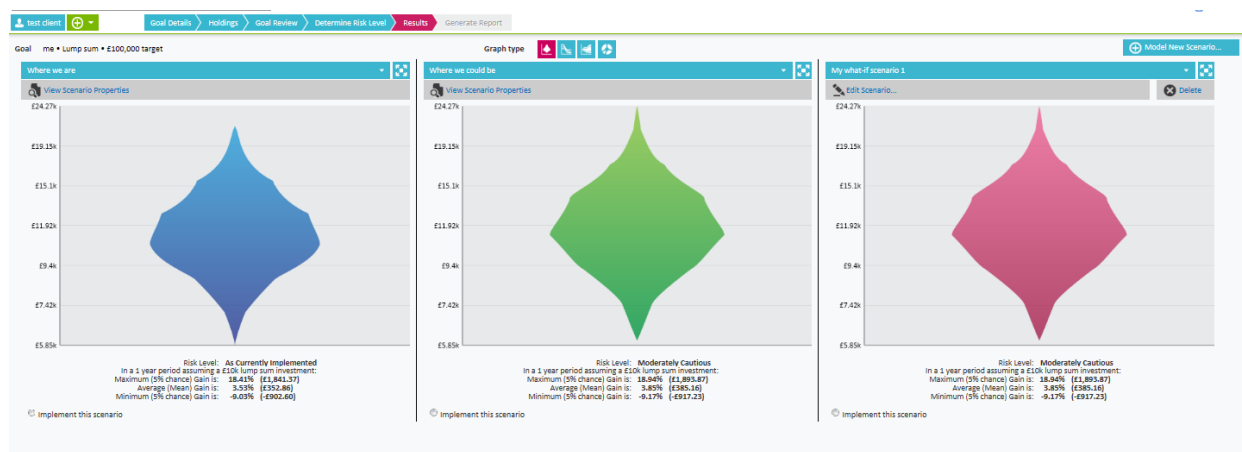
You can also run a quick report from here detailing the scenario. The report displays scenario parameters, holdings attached, results and updates the graph each time the parameters are changed. All reports are designed to be easy to cut and paste to different documents you might want to use.

Whenever you change a parameter you need to update the graph in order to view the results.



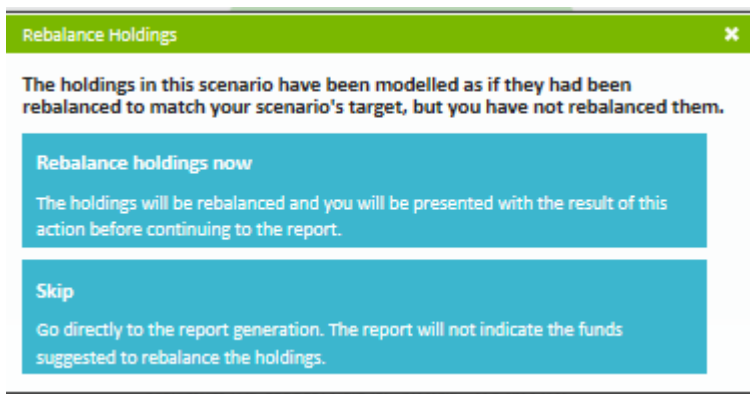
Once you are happy with the scenario you have modelled, click accept to save, and return to the results screen, or cancel to discard.

You can display any 3 scenarios at once in the results screen by using the drop down boxes at the top of each graph, which display the scenario name.



Click onto the **Edit Scenario** button if you want to amend some of the investment details and return to the work space or click on **implement this scenario** at the bottom of the page and click **next**.

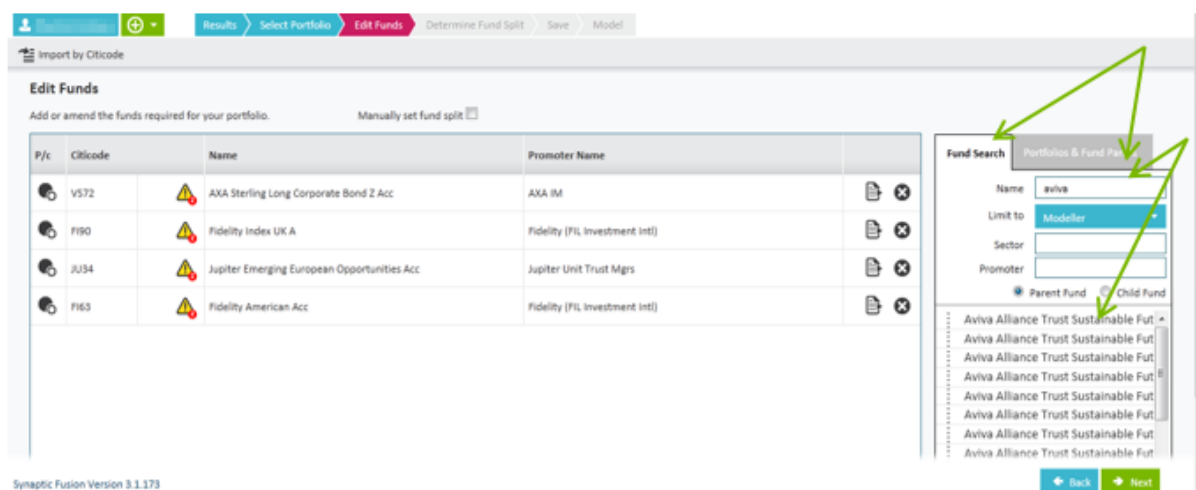
You will then be prompted to rebalance your holdings or continue to the report without rebalancing the holdings. To rebalance your portfolio, please see the next section, otherwise skip to the report section.



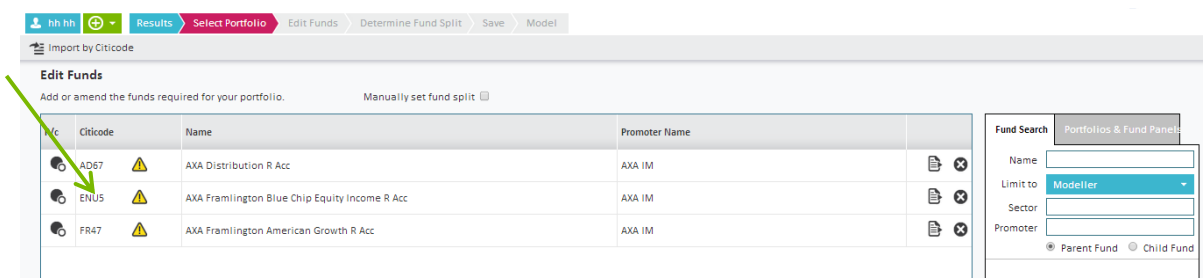
## 7.7 Portfolio Rebalancing

Click on rebalancing and you will be presented with a screen that allows you to choose the holdings to be rebalanced. You can select one or several holdings to be rebalanced. You can also change the order of the holding by dragging and dropping the individual holdings as required and click **Next**.

You will need to re-balance each individual holding in turn, together with any brand new money being invested. Select whether you want to use the existing portfolio as a basis for the rebalance or create a new one. You can search funds by starting to type the first few letters of the fund name and a list of matching funds will appear. You can also choose to select **Portfolios & Fund Panels** set previously.



You can select a fund manager under the fund search section on the right hand side of the screen and then drag and drop the required funds from the list provided into the main **Edit Funds** section.



Any fund which contains asset classes not in the target mix will be highlighted in red and display triangle warning signs next to the fund, as indicated below.

Schroder Absolute Return Bond A Acc
✕

**Caution:** This fund's asset allocation includes negative values and has been reappportioned.

This fund contains one or more asset classes not required by the selected investment proposal. You can ignore this warning, however this may jeopardise the ability to achieve the determined asset mix for this investment.

[Show keys to icons](#)

Show Fund Asset Allocation

Close

After you have selected the funds, click **Next**. The following screen will appear:

Test test Results Select Portfolio Edit Funds Determined Fund Split Save Model

**Determined Fund Split** Failed to allocate the fund splits

Target is an acceptable variance of 0.00% and a minimum weighting per fund of 0.00% Recalculate

Your target mix could not be achieved. You could select a different fund combination, review your acceptable variance or minimum fund weighting, or continue with this result.

**Achieved Asset Class Mix**

Asset Class	Target Mix	Achieved Mix	Delta
UK Corporate Bonds	36.00%	1.60%	-34.40%
Global Equities (ex UK)	30.00%	43.45%	13.45%
UK Equities	20.00%	25.10%	5.10%
Global Property	9.00%	0.00%	-9.00%
Emerging Markets Equities	5.00%	3.14%	-1.86%

**Funds in Portfolio**

Citicode	Name	Promoter Name	Weight
WH03	Newton Balanced	Newton & BNY Mellon Asset Mgmt	89.69%
AHWD	SKAGEN Global GBP	SKAGEN	10.31%

Synaptic Fusion Version 3.1.93

Back
Next

The screen displays the target mix, achieved mix and delta for the target portfolio. If this is acceptable click **next**, alternatively click **back** and change the fund selection to increase the chance of achieving the target portfolio.

At this point you can define the acceptable variance and minimum weighting per fund if required by entering the figures into the boxes at the top of the screen and clicking **recalculate**. Use the **Next** tab to move to the **Save** area, where you can save the portfolio to use for other scenarios/clients.

Once all the relevant funds have been selected and you are happy with the weightings, use the **Next** button to display the target asset split and the asset split of the portfolio you have built by way of donut graphical illustrations.

Throughout the Portfolio Rebalancing loop you can display any fund fact sheet by selecting the following symbol:- .

Once you have completed re-balancing all of the individual holdings together with any new funds, you will be taken to a results screen. From here you can either 'accept' and create the final report, enter the re-balancing loop again or 'discard' the re-balancing journey completely.

7.8 Report

There will be a number of questions to answer before being able to produce the report and a manual ATR reason and a closing statement can also be added if required:

Test test

Goal DetailsHoldingsDetermine Risk LevelResultsGenerate Report

Report Options

Options

☐

Include set of Questions and Answers from this review

☐

Include Growth Probability Line Graph

☐

Include Growth Projection Graph

☐

Include Policy Reports☐

Manual ATR Reason 1 (max 255 chars)

We agreed that this was suitable and representative of your attitude to risk with the above goal in mind. You confirmed your reason to manually choose your ATR as follows.

dfg2uk1

Manual ATR Reason 2 (max 255 chars)

You believe this is a more appropriate risk level with the above goal in mind. You confirmed your reason to manually choose your ATR as follows.

dfg2uk1

Closing Statement (max 4000 chars)

You were happy to proceed on this basis and we agreed to review this goal in 1 months.

Synaptic Fusion Version 3.1.93

Back

Next

Once done, use the **Next** button to produce the report:

✓

Modelling complete

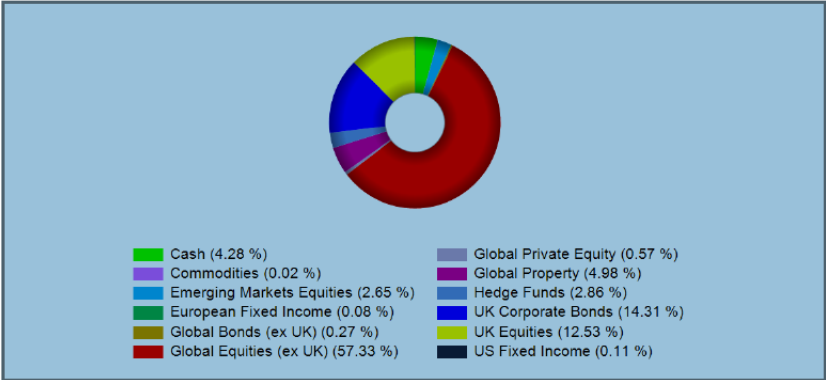
View final report

Return to client

The report opens in a separate window as a PDF document. The report has been designed to easily copy and paste the sections you need for your client. Simply highlight an area of the report as shown below and copy the image by right clicking with you mouse or selecting Ctrl + C. You can paste the section to your own report as required.

Asset Allocation

Asset Allocation associated with the above parameters for this goal. All new money assumed to have the asset allocation of your associated attitude to risk which is detailed further down this document.



Minimum Gain: -19.59% (£-1958.55 if the value at this point was £10,000)

8 Finding Existing Goals

Once a goal has been added and modelled, it can be located at a later date by finding the client and clicking on **Goals** within the client’s record:

test test

New Action...

Add new client

Save

Cancel

Delete

Personal Details

Holdings

Goals

Title

Mr

Name

test

test

Address

test

test

Postcode

po12 4au

Date of Birth

01/01/1980

Once this has been clicked, a list of all the goals recorded for this client will be displayed:

Goal Details				Investment Details				Add
Goal Name	Target	Type	Review Date	Term	Remaining	Attitude to Risk	Holdings	
House Deposit	£25,000.00	Lump sum	01/09/2015	2 years	2 years (expires on 01/09/2016)		1 holding	
Long Term Growth	£50,000.00	Lump sum	03/11/2015	15 years	15 years (expires on 01/09/2029)		4 holdings	
University Fund	£50,000.00	Lump sum	09/09/2015	15 years		Balanced	2 holdings	

There are three goals displayed here. The first two goal journeys are completed. This is indicated by the **magnifying glass** symbol on the right hand side of the screen alongside the completed goal. Click on this to review the goal.

The third goal '**University Fund**' is currently in progress as indicated by the **Edit** pen on the right hand side of the screen alongside the completed goal. To continue with this goal, click on the pen and it will open.

In this screen you can also add the basics of a new goal to resume later by clicking the **Add** button and filling in the criteria as shown on the next page.

Goal Details				Investment Details				Add +
Goal Name	Target	Type	Review Date	Term	Remaining	Attitude to Risk	Holdings	
House Deposit	£25,000.00	Lump sum	01/09/2015	2 years	2 years (expires on 01/09/2016)		1 holding	
Long Term Growth	£50,000.00	Lump sum	03/11/2015	15 years	15 years (expires on 03/11/2016)		4 holdings	
University Fund							2 holdings	

**New Goal**

**Goal Details**

Goal Type ☐ Lump Sum ☐ Income

Goal Name

Target Value £

Review Date

Term

## 8.1 Reviewing a Goal

Start a goal review by selecting the magnifying glass symbol at the end of the goal you wish to review.

Goal Details									Add +
Goal Name	Target	Type	Review Date	Term	Remaining	Attitude to Risk	Holdings		
10k to something	£10,000.00	Lump sum	14/06/2013	5 years	4 years 11 months	Balanced	0 holdings		
asdad	£123,123.00	Lump sum	06/06/2013	11 years			0 holdings		
ertsee	£50,000.00	Income	15/06/2013	23 years	22 years 1 month	Moderately Adventurous	0 holdings		
report complex 1	£30,000.00	Lump sum	07/06/2013	5 years	4 years 1 month	Cautious	0 holdings		

You can then work your way through the different steps available for reviewing the client's goal.

**Goal Details**
Holdings
Goal Review
Determine Risk Level
Results
Generate Report

**Goal Details** area allows you to only change the target value of the goal, name, and review date.

**Holdings** area shows all holdings allocated to this goal and will allow you to add new holdings only when the last implemented scenario contains brand new money Hence you have to confirm what the new money allocated to the latest goal has purchased as shown below:

ClientsModellerComparatorIllustratorWeblineProduct & FundTools & CalculatorsSettings

sara userHelp

SYNAPT

Search Clients

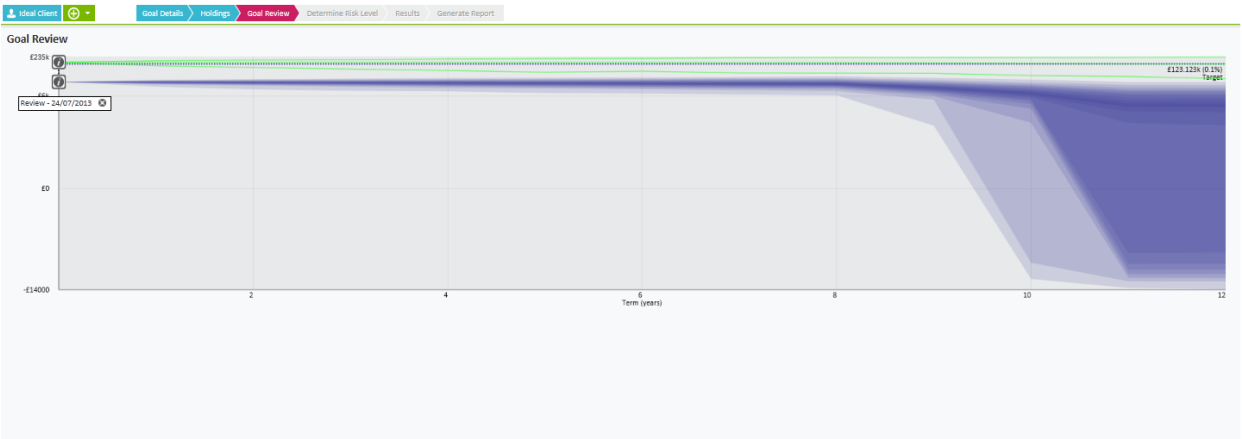
hh hh

Goal DetailsHoldingsDetermine Risk LevelResultsGenerate Report

Holdings Allocated to this Goal

Holdings	Type	Details	Value	Add
Skandia	Plan	-	£3,355.38	<div><div></div><div></div></div>

Goal Review displays a growth projection point for each review undertaken within a single graph.



Ideal Client

Goal DetailsHoldingsGoal ReviewDetermine Risk Level

Your Attitude to risk for this goal is 'Balanced'.

☐

Keep this attitude to risk

☐

Set my attitude to risk for this goal manually

☐

I will determine my attitude to risk through questionnaire

As indicated above it is possible to change the client’s attitude to risk manually or by referring back to the questionnaire during the course of the review by following the steps in section 4.

Ideal Client

Goal DetailsHoldingsGoal ReviewDetermine Risk LevelResultsGenerate Report

Your Attitude to Risk for this goal was previously determined to be Balanced.

An example illustration of a £10,000,000 investment:  
Over a 12 year period with a risk rating of balanced based on nominal and balanceable projected values.  
Maximum (5% chance) Gain in a 1 year Period is: 26.91% (£2,691.44)  
Average (Mean) Gain in a 1 year Period is: 5.35% (£534.53)  
Minimum (5% chance) Gain in a 1 year Period is: -15.16% (-£1,516.67)

Description of Balanced Attitude to Risk:  
Balanced investors do not particularly regard themselves as cautious people and have no strong positive or negative associations with the notion of taking risk. They will typically have some experience of investment and a degree of understanding of investment matters. They will usually make investment decisions reasonably quickly and don't tend to be particularly anxious about investment decisions they have made. They can be inclined to look for safer investments rather than higher returns, but understand that investment risk may be required to meet their investment goals. While they will take investment risk, they are still not particularly comfortable with investing in the stockmarket and get more comfort from bank deposits than riskier investments.

How certain do you want to be of achieving your goal in terms of a percentage?  %

Asset Allocation

Growth Projection

£29.87k

£21.64k

After selecting **Next**, the following page displays the results page where you can model new scenarios for this goal, view the information in different graph formats and select **Next** to generate the final report for this reviewed goal.

www.synaptic.co.uk



## Products & Services from Synaptic Software:

SYNAPTIC **PRODUCT & FUND**

SYNAPTIC **WEBLINE**

SYNAPTIC **WEBLINE PLAY**

SYNAPTIC **WEB SERVICES**

SYNAPTIC **ANALYSER**

SYNAPTIC **COMPARATOR**

SYNAPTIC **MODELLER**

SYNAPTIC **RISK**



This document is the property of Synaptic Software Limited and the information contained herein is confidential. This document, either in whole or in part, must not be reproduced or disclosed to others or used for purposes other than that for what it has been supplied, without prior permission from Synaptic Software Limited. October 2019

SYNAPTIC