SYNAPTIC PRODUCT & FUND

USER GUIDE

SYNAPTIC
PRODUCT
& FUND

Version 1.0

Contents

1 Welcome to Synaptic Fund Research

This guide has been designed for use in conjunction with the Synaptic Product user guide and assumes the user has a working knowledge of Synaptic Research. You should ensure you have read and understood the Synaptic Product Research user guide before reading this guide, as much of the basic information, such as logging on, navigation, client data entry and generics on filtering and grids are contained only in the Product user guide.

The Fund functionality of the system has been designed with maximum flexibility to allow you to source, choose and compare funds.

This user guide is designed to provide sufficient knowledge to conduct basic research using the main functionality of Synaptic Fund Research. Far more detailed information is contained within the help files on the system (accessed by **F1** on your keyboard or by clicking **Help** in the Synaptic menu bar).

This guide shows how an adviser might use Synaptic Fund Research to perform research on funds. It depicts the use of the system in the way that advisers have told us they normally use it. However, a valuable element of Synaptic Research is that it is very non-prescriptive. If you were so inclined, you could start a piece of research, and go straight to the report stage, without filtering or ranking.

Please also note that the software is under constant development and evolution. We do not update the user guides after every small change, so the screenshots you see in this document may be slightly different to what you might see on-screen. Additionally, the product and fund data we hold is subject to monthly updates, so the screenshots you see may well show results that you are unable to replicate.

1.1 Fund Sectors

Synaptic Fund Research uses two different types of fund classification in different contexts:

Relative past performance figures such as quartile rankings and alpha are always calculated in relation to the fund’s ABI or IMA sector average.

On the **Sectors** tab and **PP** tab of a piece of research (and in similar areas such as contract factsheets and lists of linked funds), the system offers a choice of either Financial Express Global classification of funds or the IMA/ABI sectors.

2 Types of Fund Research

Synaptic Fund Research provides four types of fund research:

- Research into unit trusts, investment trusts, life funds, pension funds, and offshore funds.
- Research into all the funds offered by a single promoter (such as Fidelity or Merrill Lynch).
- Research into all the funds available on a specific contract (e.g. Aviva Personal Pension).
- A manual list of funds – i.e. a portfolio of funds

Research into unit trusts, life funds, etc. is intended for general analysis of the fund market, or for occasions when a client wants to make a direct investment in unit trusts outside of a wrapper such as an investment bond or ISA.

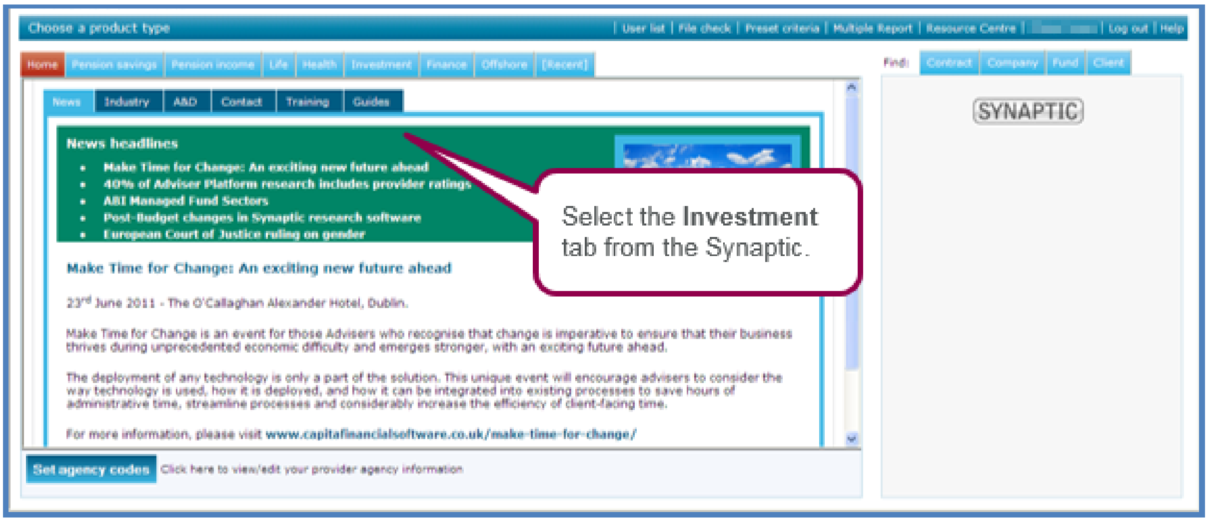
Research into the linked funds available on a contract provides in-depth analysis of the investment options when you already know which contract you are recommending. In effect, you complete two pieces of research: one into the product type to determine which contract to recommend, and then a second piece of research into the funds available on the selected contract.

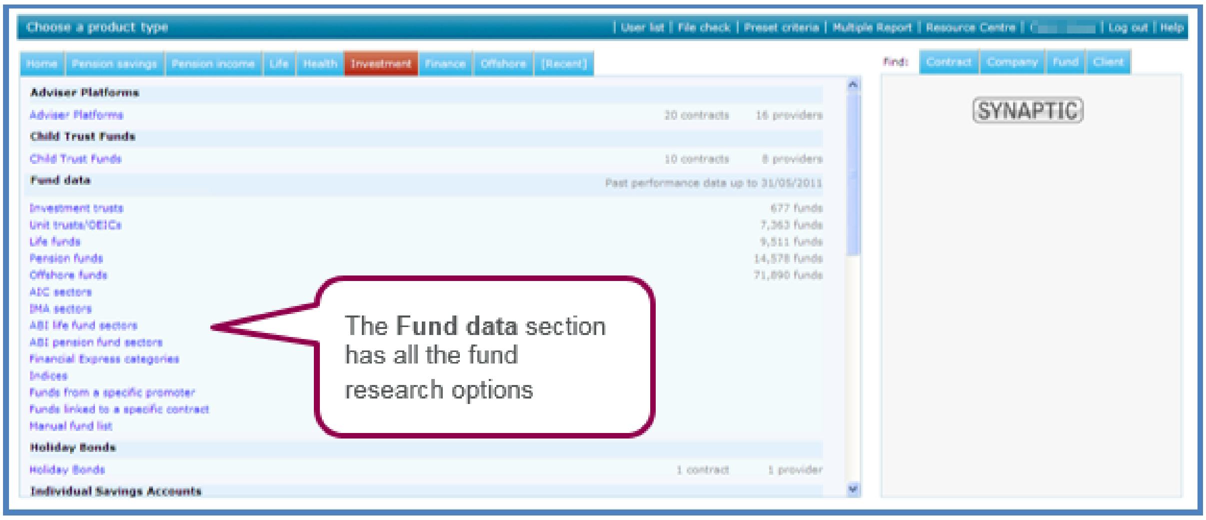
Manual fund lists have a number of uses, and these are covered in more detail below.

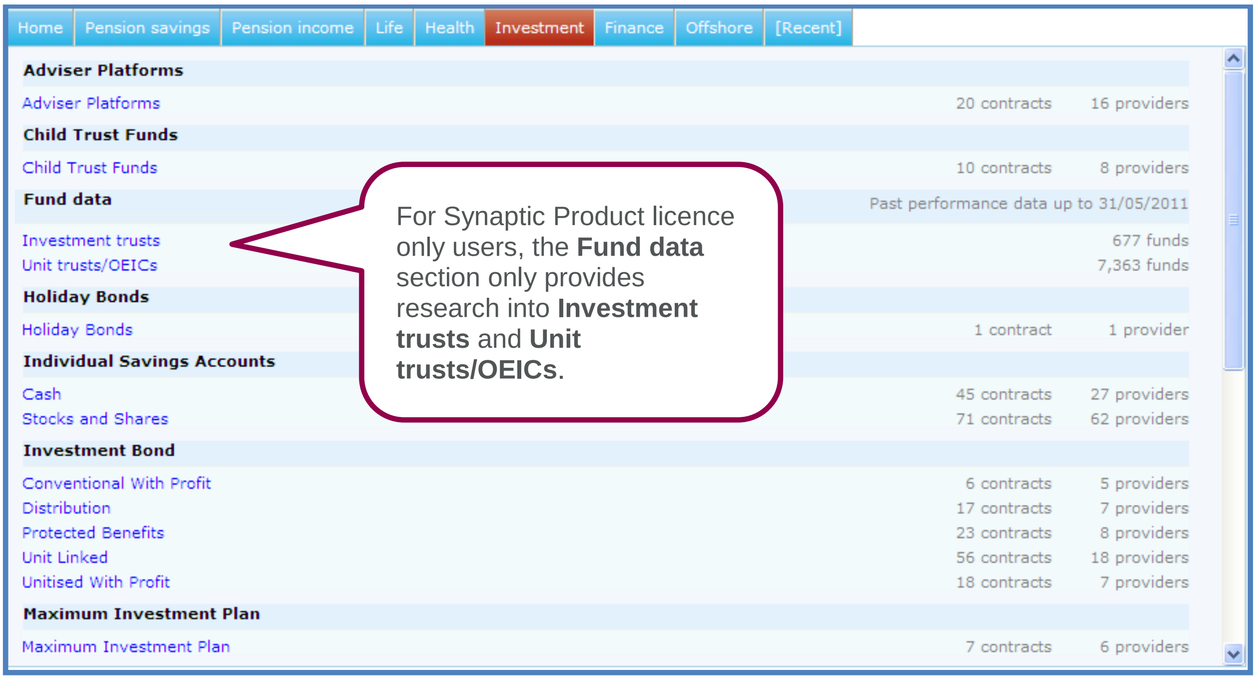
Additionally, Synaptic Fund Research also provides access to sector and index data, also detailed below.

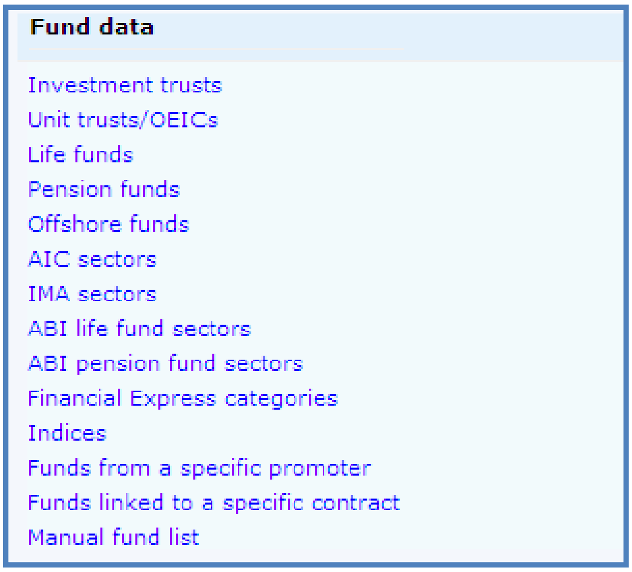
3 Researching Funds

All Fund research is accessed from the **Investment** tab:









The fund universes can be researched by selecting either; **Investment trusts, Unit trusts/OEICs, Life funds, Pension funds** or **Offshore funds**.

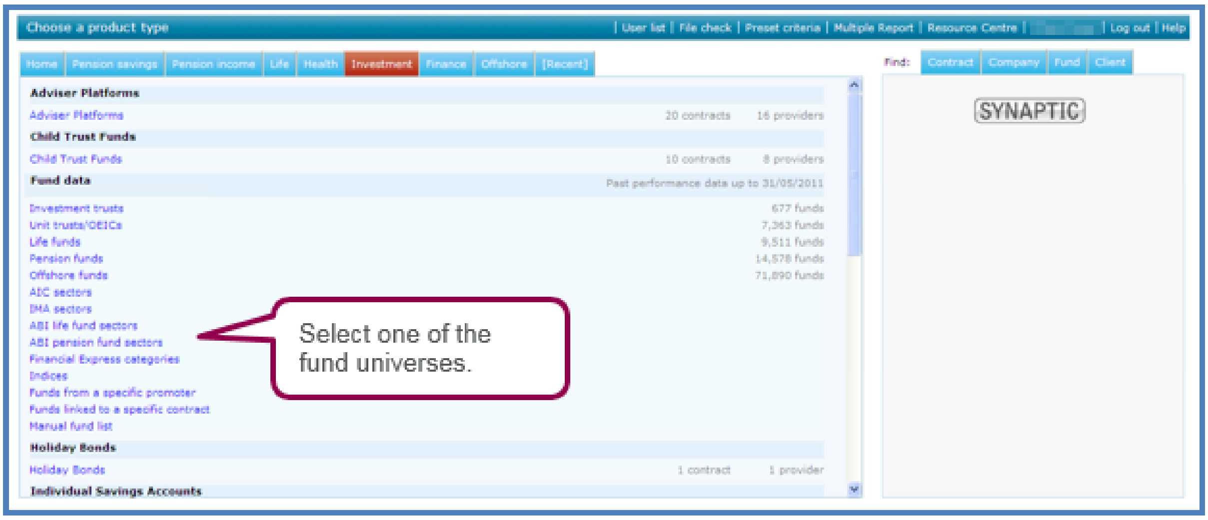
The sectors can be researched by selecting **IMA/ABI sectors** or the **Financial Express categories**.

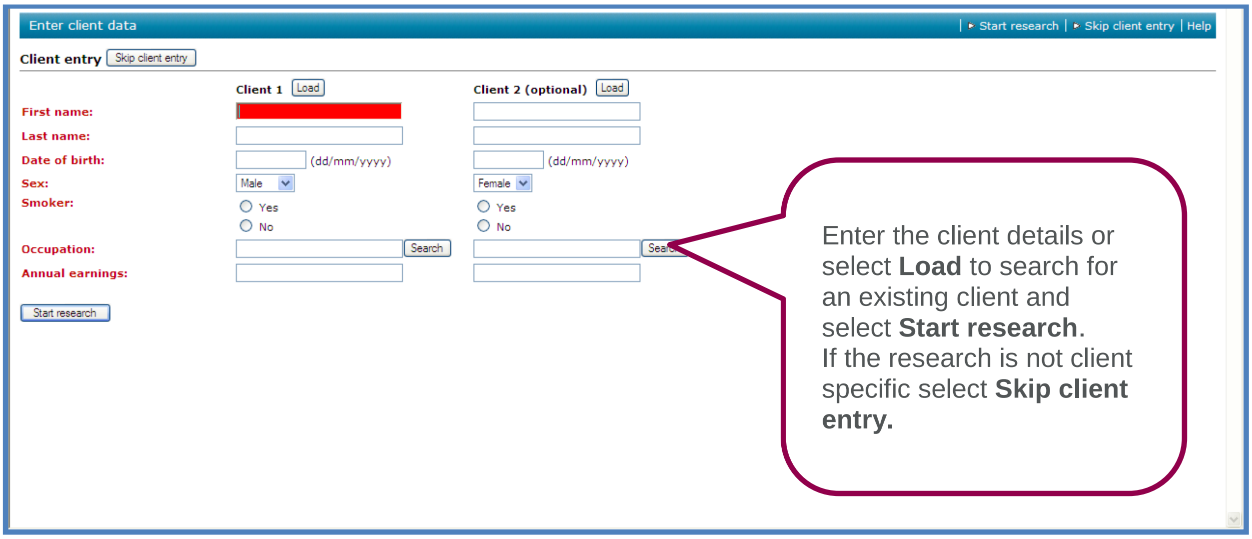
The **Indices** provided by Financial Express, for example the 'FTSE', 'RPI' can be researched.

If the product research has already been performed and the contract or at least the provider that is being recommended is known, you can research the specific funds by **selecting Funds from a specific promoter** or **Funds linked to specific contract**.

Client and preferred portfolio's can be setup by using **Manual fund list**.

3.1 Researching a Fund Universe





Similar to Product research there are three stages of Fund research;

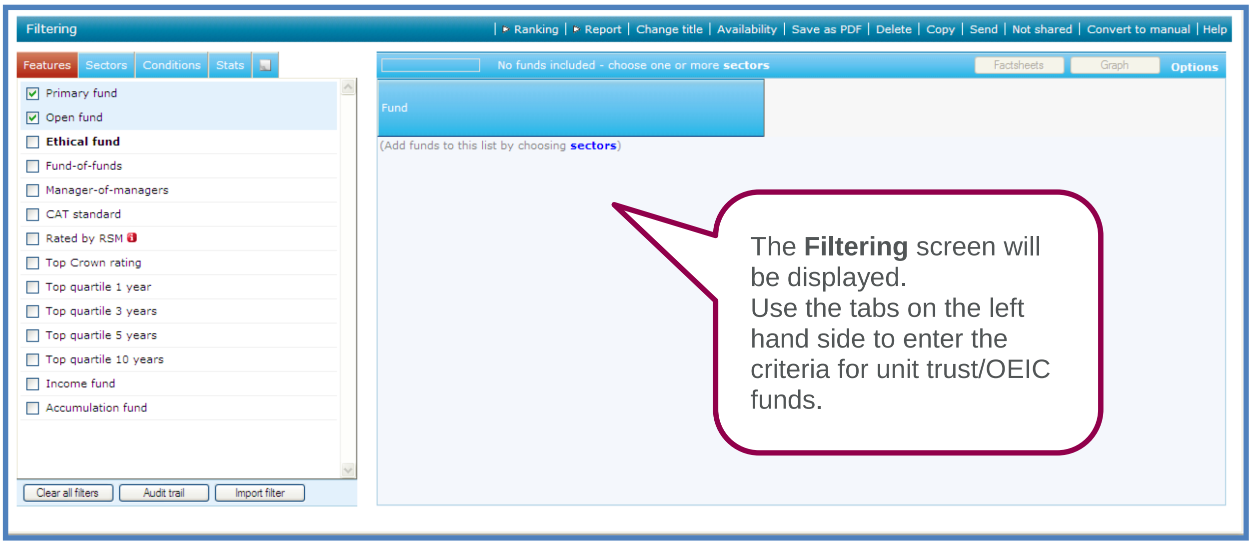
1. Filtering
2. Ranking
3. Report

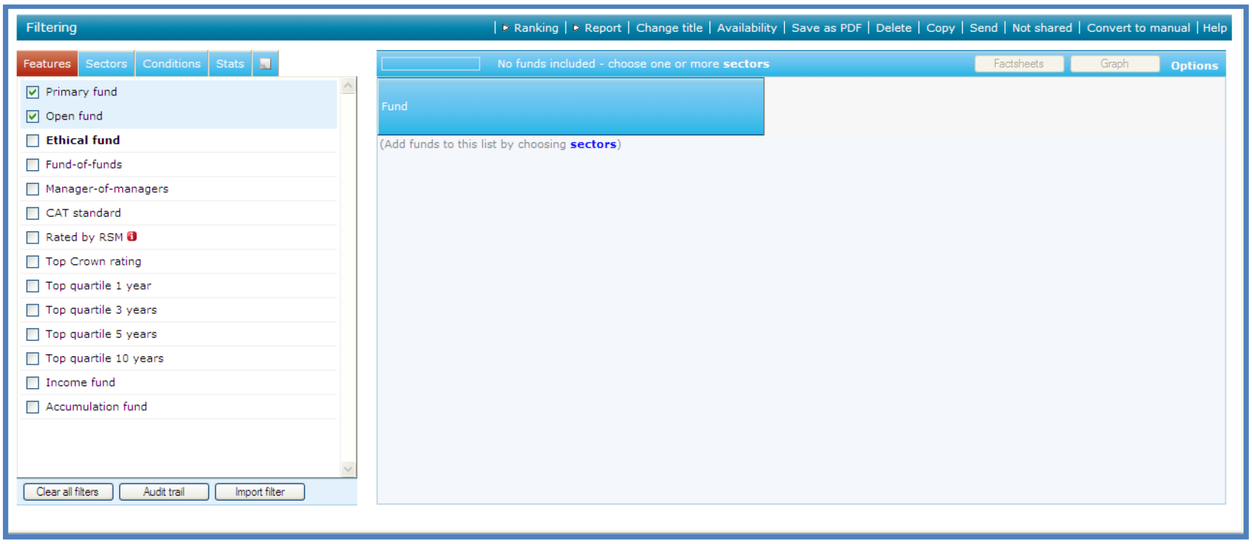
At this point, you should note a fundamental difference between Product Research and Fund Research.

When you reach the filtering section of Product Research, the main section of the window shows the list of companies and contracts. This is because (at the time of writing) only one product type (Offshore bonds) has more than 100 contracts available. This means that for the majority of your research, you will be starting with a list of less than about 50 contracts.

By comparison, if Synaptic showed the list of funds before filtering was applied, there may be a list of over 7,000 funds.. Therefore we only display the first 500 funds in any fund list (although the full list is generated and can be viewed by clicking on the 'page' numbers at the top of the grid).

The fund list is only generated when you tell the system which sectors you want.



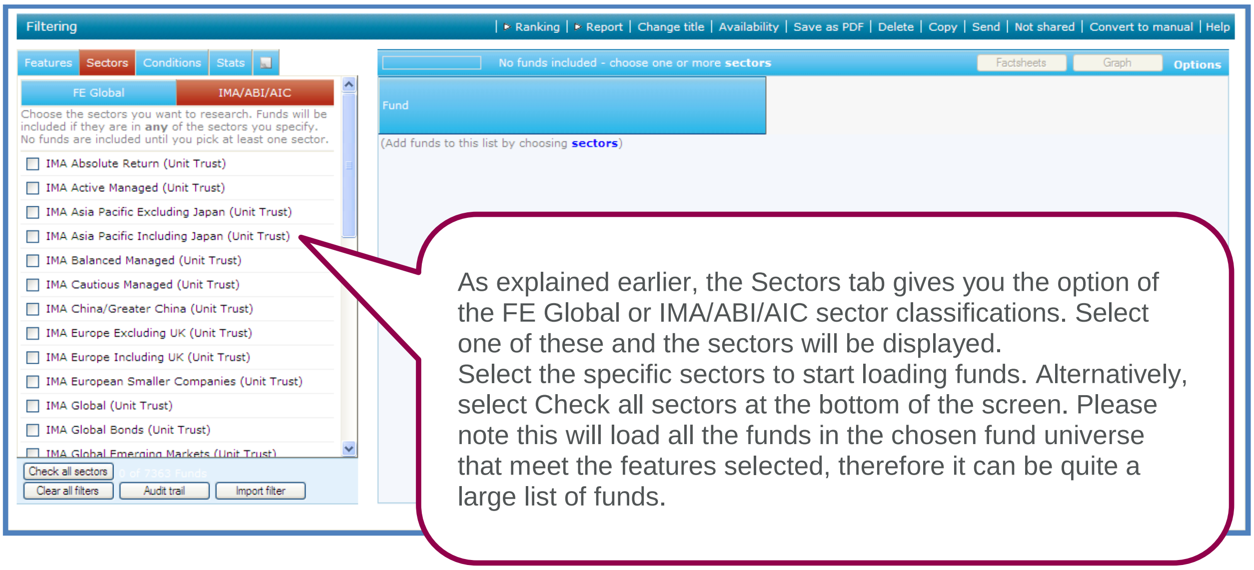


Primary fund and **Open fund** are automatically selected when you start fund research. To view the definitions of any of the features, simply right click on the feature and select **Show definition**.

Select any additional required features remembering features are simply a 'Yes' or 'No' answer. Therefore any fund that does not answer 'Yes' to the selected features will be excluded.

Features highlighted in 'bold' will display a further sub menu when selected, i.e. **Ethical fund**.

Once the features have been chosen, select the **Sectors** tab.

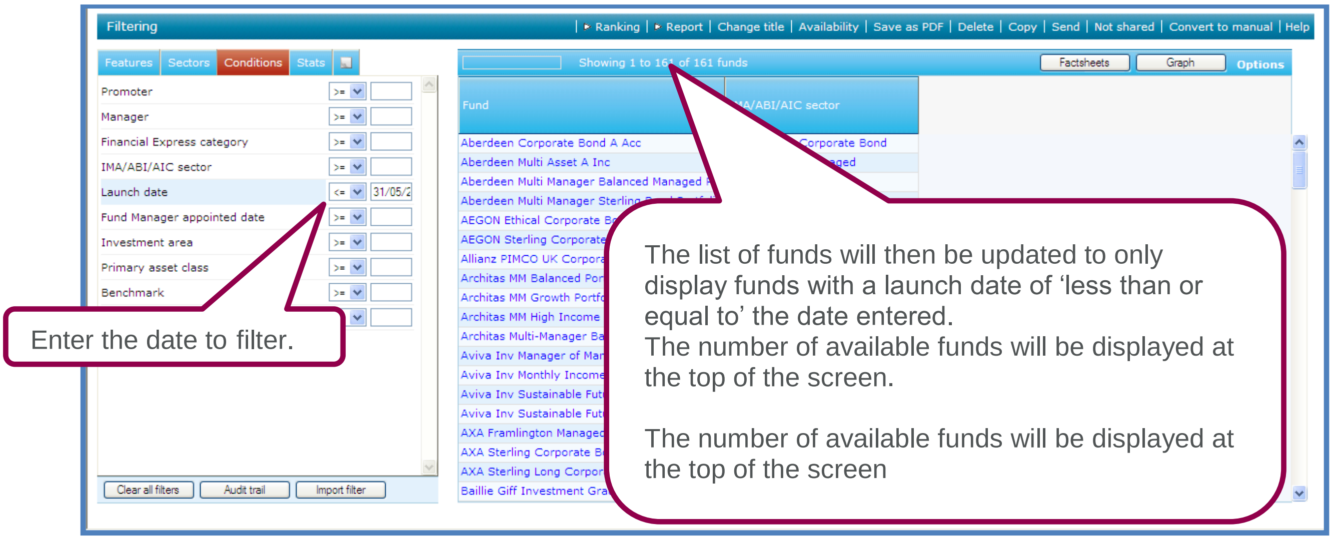


Once the sectors have been chosen, select the **Conditions** tab.

The **Conditions** tab will list further areas to filter on.

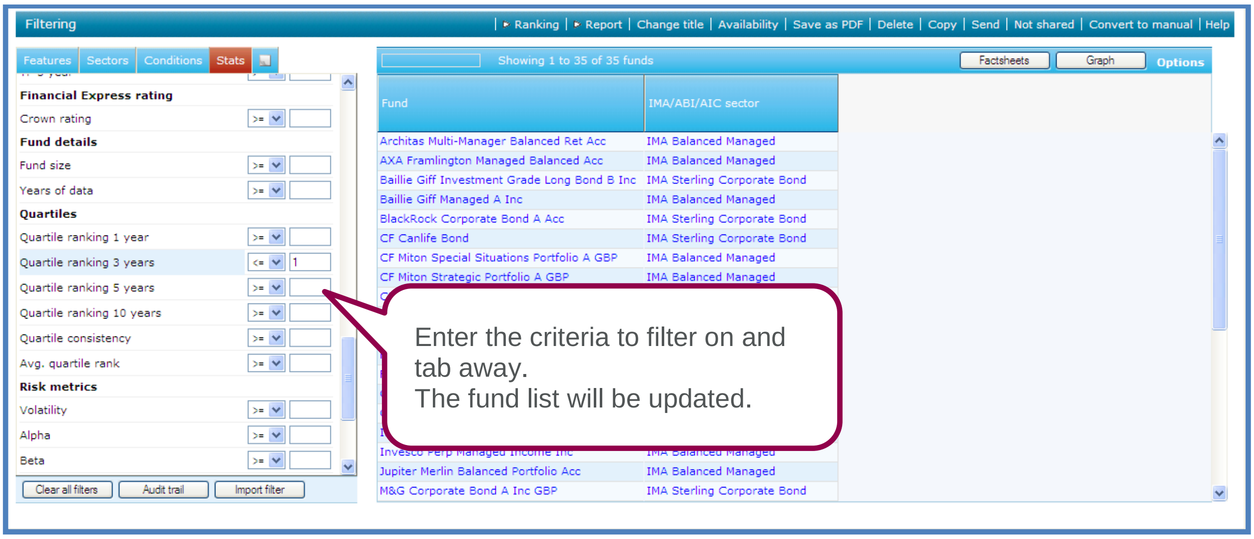
Not all the conditions may be required for filtering. Therefore they could be used for information purposes. For example it is unlikely you will need to filter on the sector classifications as the required sectors have been selected already in the **Sectors** tab. Therefore you may just wish to add either the **IMA/ABI/AIC sector** or **Financial Express category** to view which funds are in which sectors.

Other conditions lend themselves to be filtered on. For example **Launch date**, you may wish to exclude young funds, so you could enter a filter on the launch date for funds older than five years.



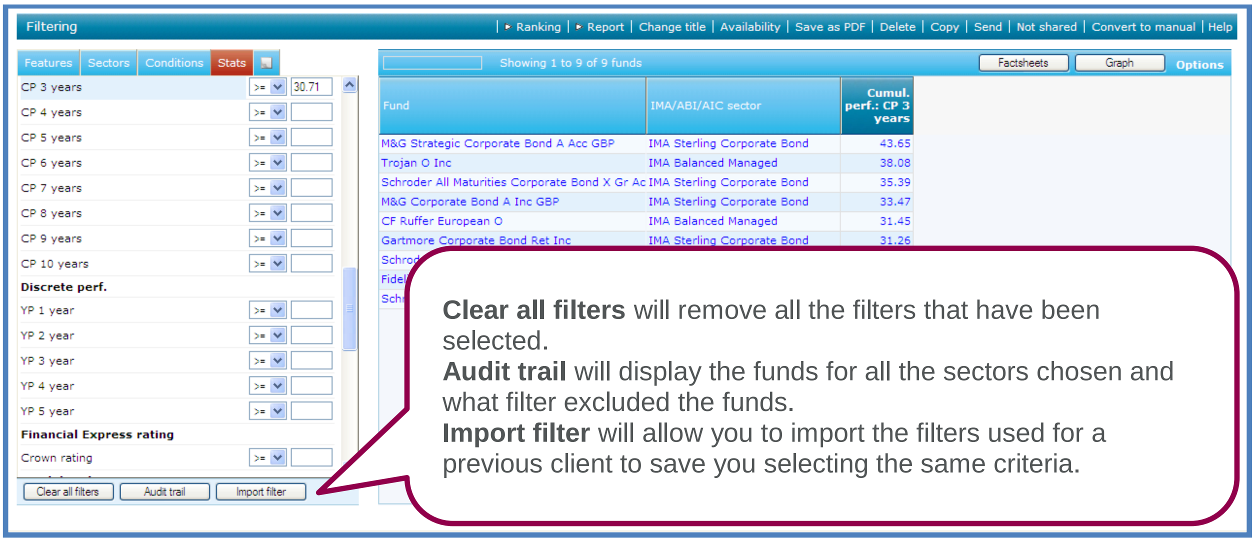
Once the required **Conditions** have been chosen, select the **Stats** tab.

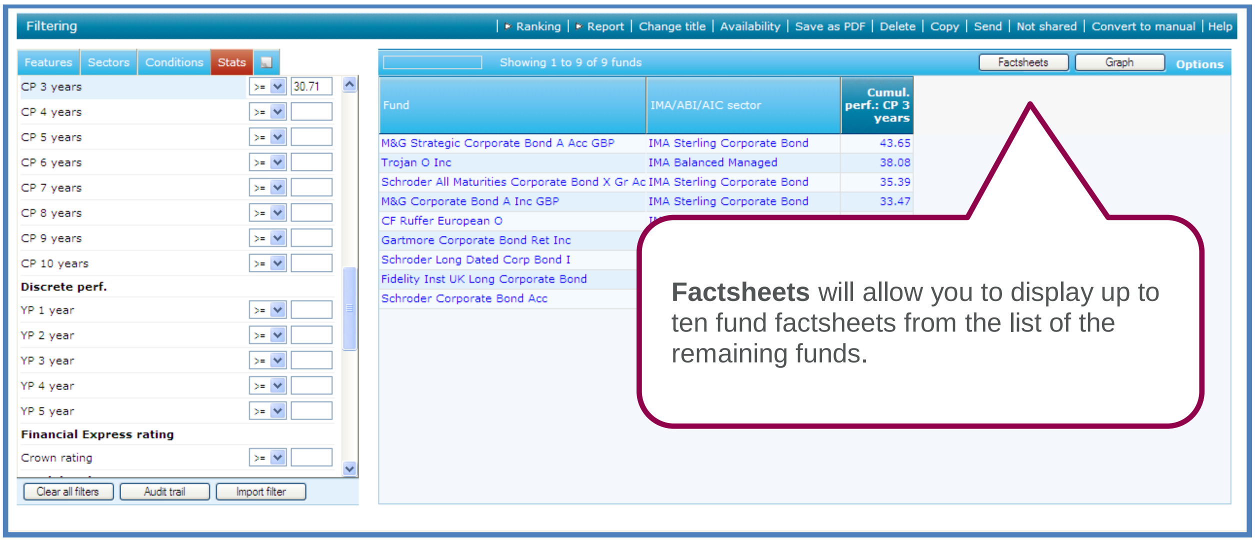
The **Stats** tab can be used to filter on the fund's performance.

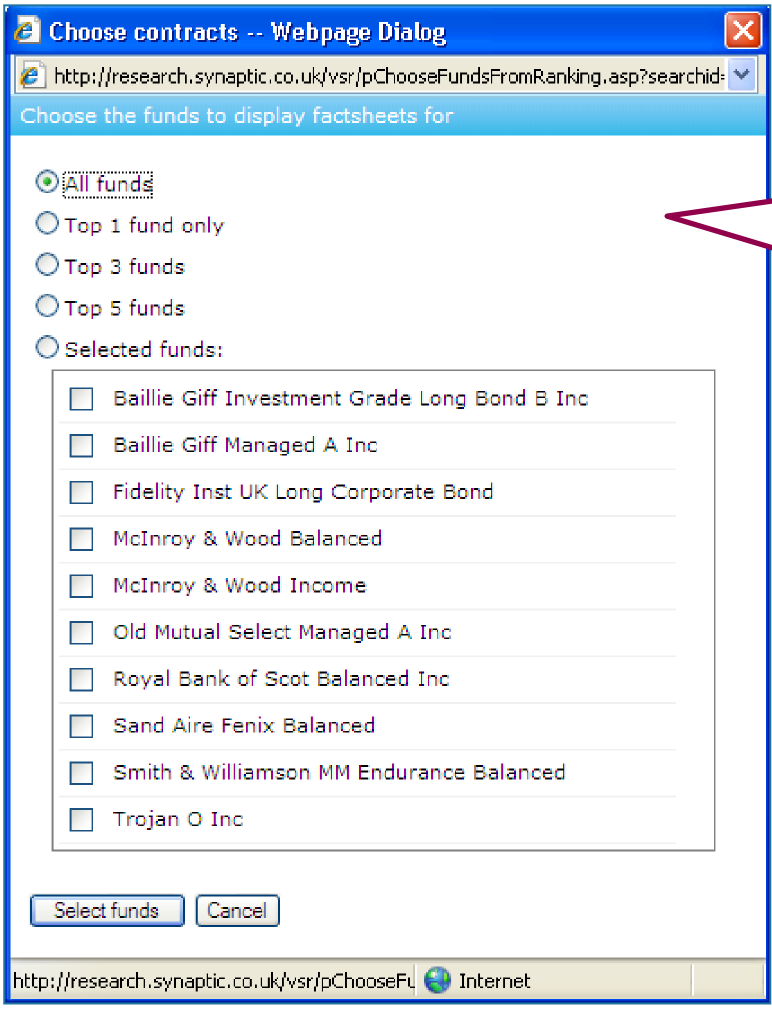


The **Stats** can also be included in the grid to view the details, simply left click on the stat and an extra column will be added to the screen. Once the stats are in the grid, it can then be used to sort the funds to help give you a benchmark figure to filter on.

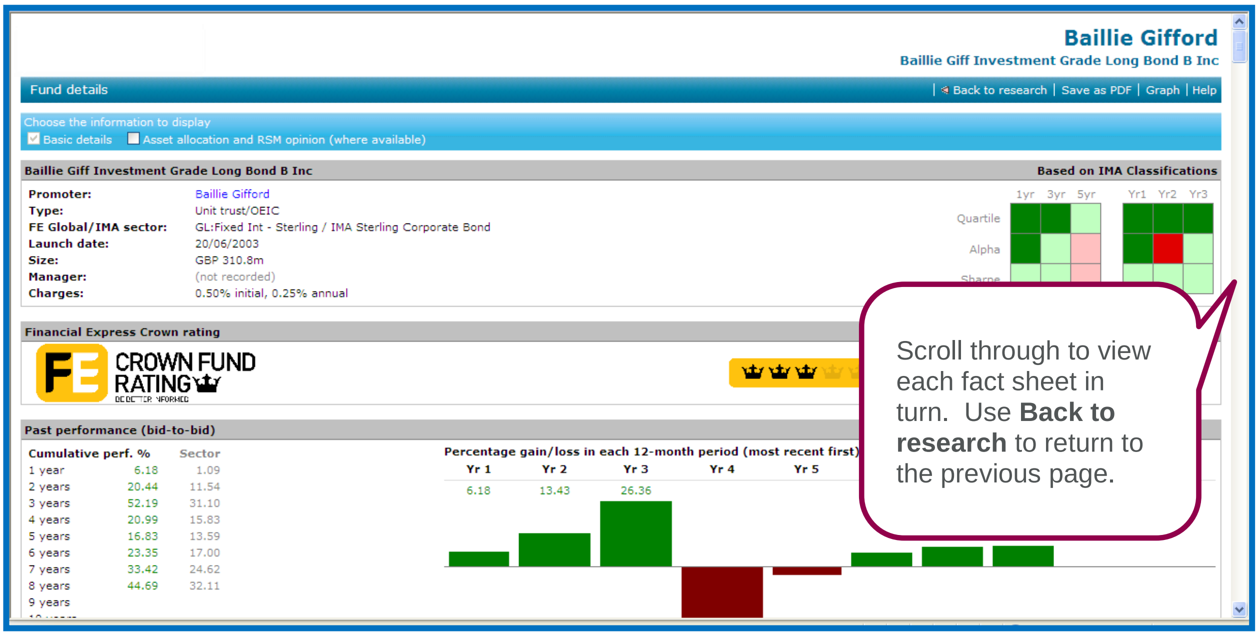
Once the filtering has been completed there are several additional features available within the filtering area that you may find useful.


Clear all filters will remove all the filters that have been selected.
Audit trail will display the funds for all the sectors chosen and what filter excluded the funds.
Import filter will allow you to import the filters used for a previous client to save you selecting the same criteria.


Factsheets will allow you to display up to ten fund factsheets from the list of the remaining funds.

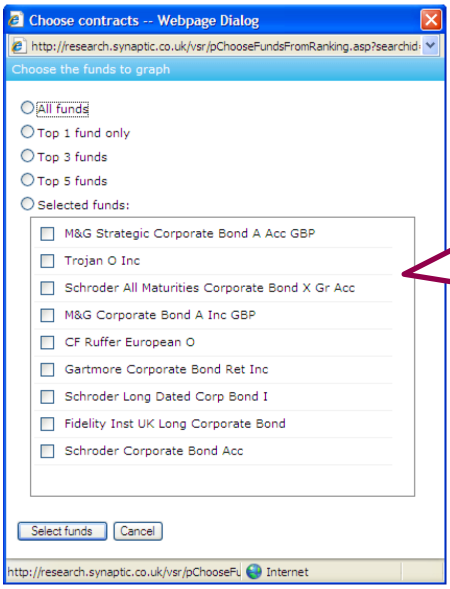


Select the funds to view the fact sheets or choose **All funds**. Then click **Select funds**.

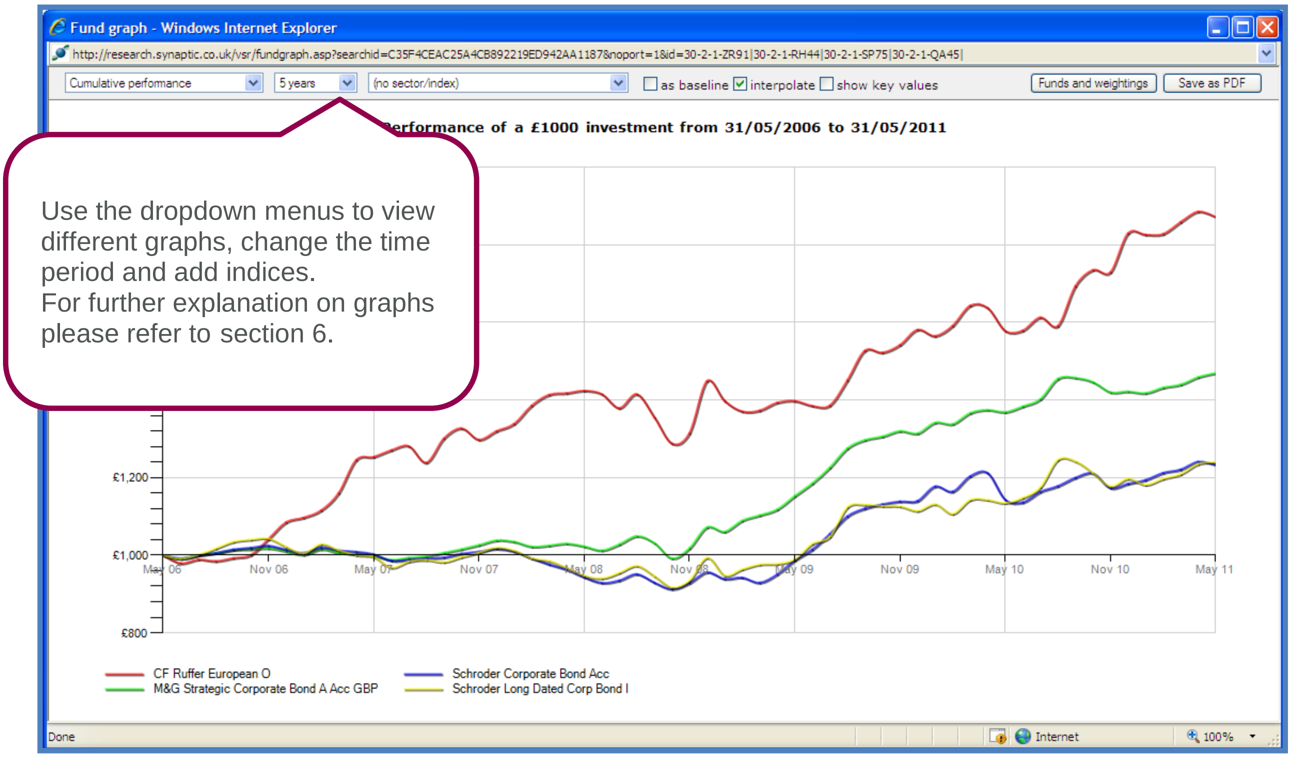


Scroll through to view each fact sheet in turn. Use **Back to research** to return to the previous page.

Please see section 7 for further information on fund fact sheets.

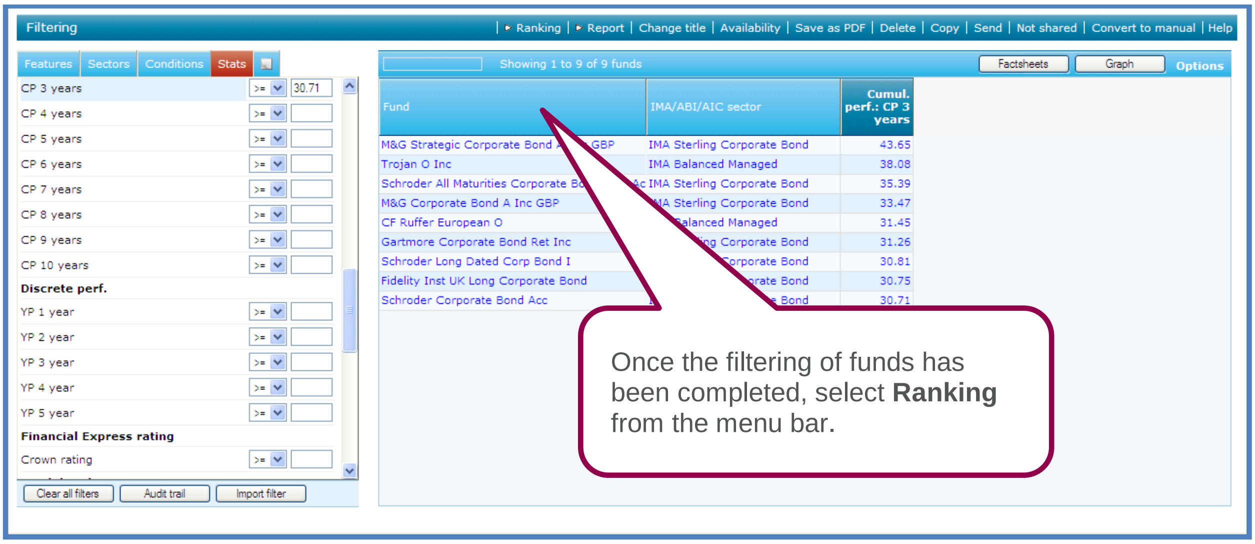


Select the funds to be included in the graph. Or use **All funds.** Once done, click **Select funds.**



Convert to manual allows you to convert the fund research into a manual fund list. Once it is a manual fund list it can become a portfolio and be used to graph and compare against other portfolios along with being used within Product research. Please refer to section 4.

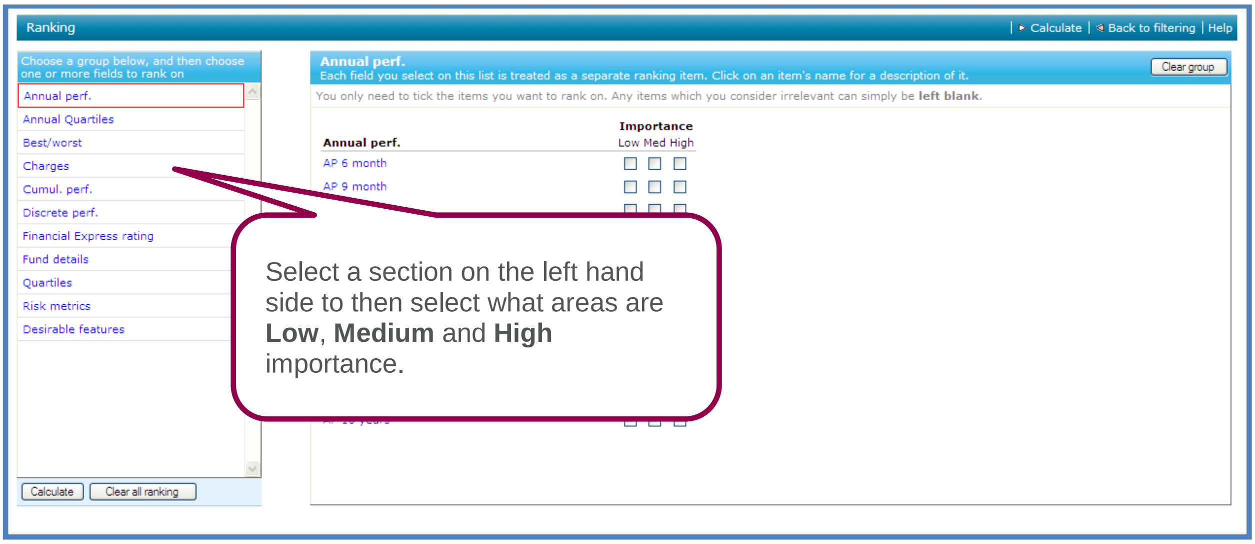
Availability allows you to select up to ten funds and check the availability of those funds in contracts for a chosen product type.

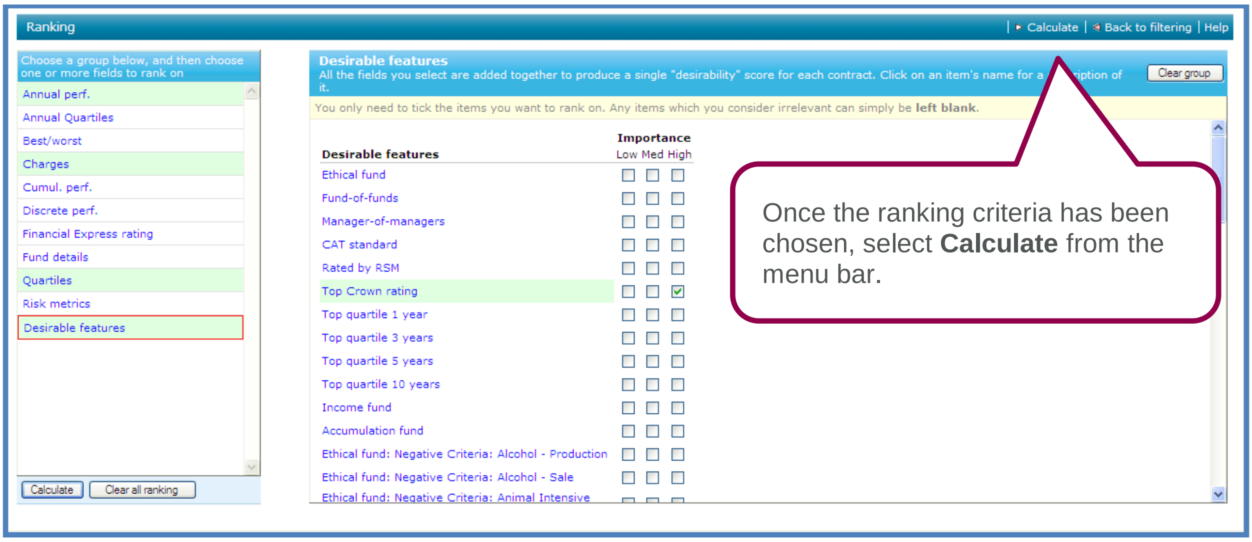


Ranking allows you to sort the remaining funds in order of preference by selecting the criteria to rank on as oppose to filtering.

The ranking criteria are made up of quantitative data and non-quantitative data. The quantitative data is the fund performance stats where Synaptic has an actual figure to rank on. The non-quantitative data is the features that are simply a ‘Yes’ or ‘No’ answer.

To get valuable ranking we would recommend you use a mixture of quantitative and non-quantitative data.


Ranking
Calculate | Back to filtering | Help
Choose a group below, and then choose one or more fields to rank on
Annual perf.
Annual Quartiles
Best/worst
Charges
Cumul. perf.
Discrete perf.
Financial Express rating
Fund details
Quartiles
Risk metrics
Desirable features
Calculate
Clear all ranking
Annual perf.
Each field you select on this list is treated as a separate ranking item. Click on an item's name for a description of it.
Clear group
You only need to tick the items you want to rank on. Any items which you consider irrelevant can simply be left blank.
Importance
Low Med High
AP 6 month
AP 9 month
Select a section on the left hand side to then select what areas are **Low**, **Medium** and **High** importance.

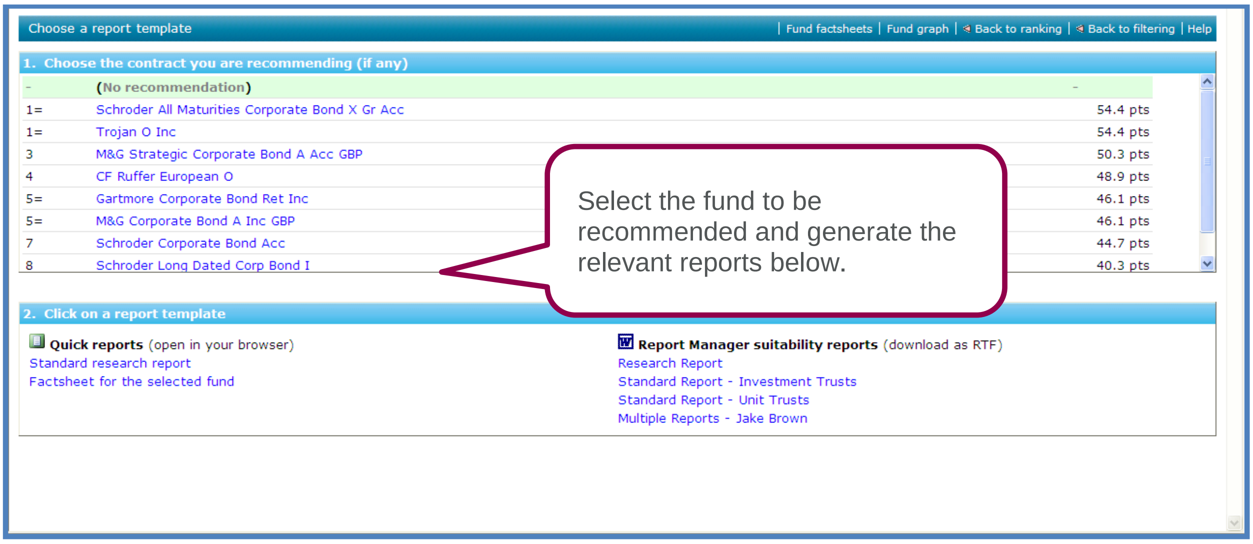

Ranking
Calculate | Back to filtering | Help
Choose a group below, and then choose one or more fields to rank on
Annual perf.
Annual Quartiles
Best/worst
Charges
Cumul. perf.
Discrete perf.
Financial Express rating
Fund details
Quartiles
Risk metrics
Desirable features
Calculate
Clear all ranking
Desirable features
All the fields you select are added together to produce a single "desirability" score for each contract. Click on an item's name for a
Clear group
You only need to tick the items you want to rank on. Any items which you consider irrelevant can simply be left blank.
Importance
Low Med High
Ethical fund
Fund-of-funds
Manager-of-managers
CAT standard
Rated by RSM
Top Crown rating
Top quartile 1 year
Top quartile 3 years
Top quartile 5 years
Top quartile 10 years
Income fund
Accumulation fund
Ethical fund: Negative Criteria: Alcohol - Production
Ethical fund: Negative Criteria: Alcohol - Sale
Ethical fund: Negative Criteria: Animal Intensive
Once the ranking criteria has been chosen, select **Calculate** from the menu bar.

The calculations used to arrive at the "scores" for each fund are complex. They are covered in detail within the Help files within the software.

The menu bar will once again give you the same options as explained in the filtering stage.

You can return to the ranking criteria and re-calculate by selecting **Back to ranking** from the menu bar.

Once you are happy with the ranking, select **Report** from the menu bar.



The **Quick reports** open in your browser window with limited editing features available, they can be used for the client file purposes to document the research that has been performed. These are not the reports to be issued to clients.

The **Report Manager Suitability reports** are exported to Microsoft Word. The Research report is very similar to the **Quick report** but opens in Microsoft Word, allowing you to personalise it for the client.

The Standard Report is designed to go a long way towards producing a full suitability report for handing to your client.

For more detail on the production of reports, see the relevant section in the Synaptic Product Research User Guide.

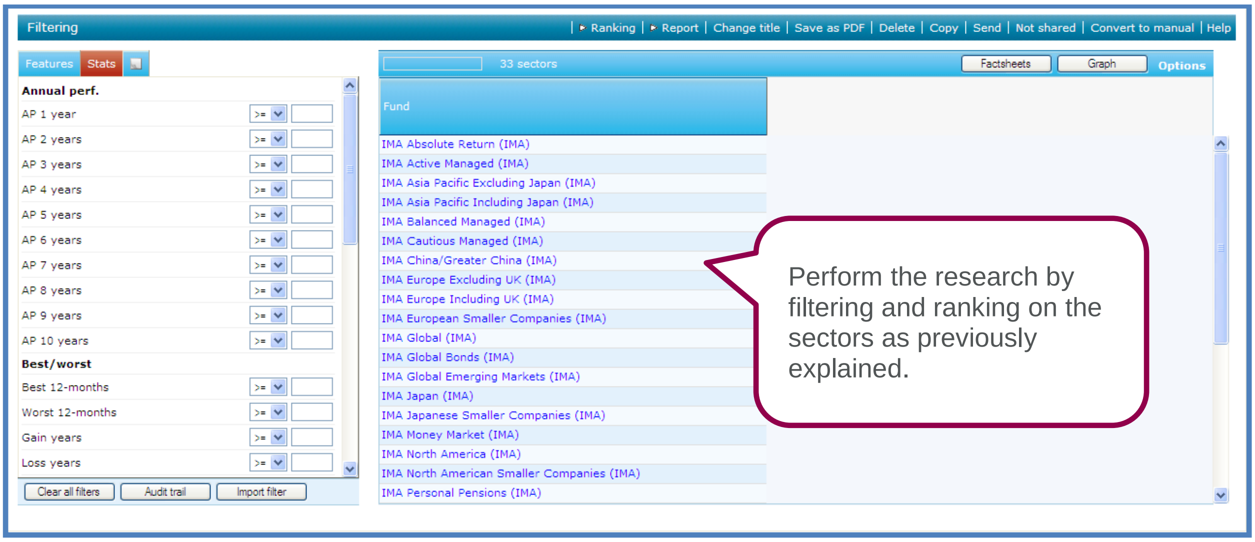
1.2 Researching Sectors

Synaptic Fund Research allows you to conduct research into sectors, as well as individual funds.

The sector research is separated into five sections:

- AIC sectors
- IMA sectors
- ABI life fund sectors
- ABI pension fund sectors
- Financial Express categories

The way the sector research is performed follows the exact same process as explained earlier for the fund universe research. The only difference being, you will be presented with the sectors as opposed to the funds.



This research is useful in at least two respects:

1) It can greatly aid understanding of sector performance for the purposes of guiding advice to your client

2) It can be saved and used as a template for product research.

Remember that (just as with product and fund research), the data can be built into a grid by clicking on the text of the statistic – this will then enable you to see the range of values, which in turn will allow you to enter a realistic value to filter on.

3.3 Researching Indices

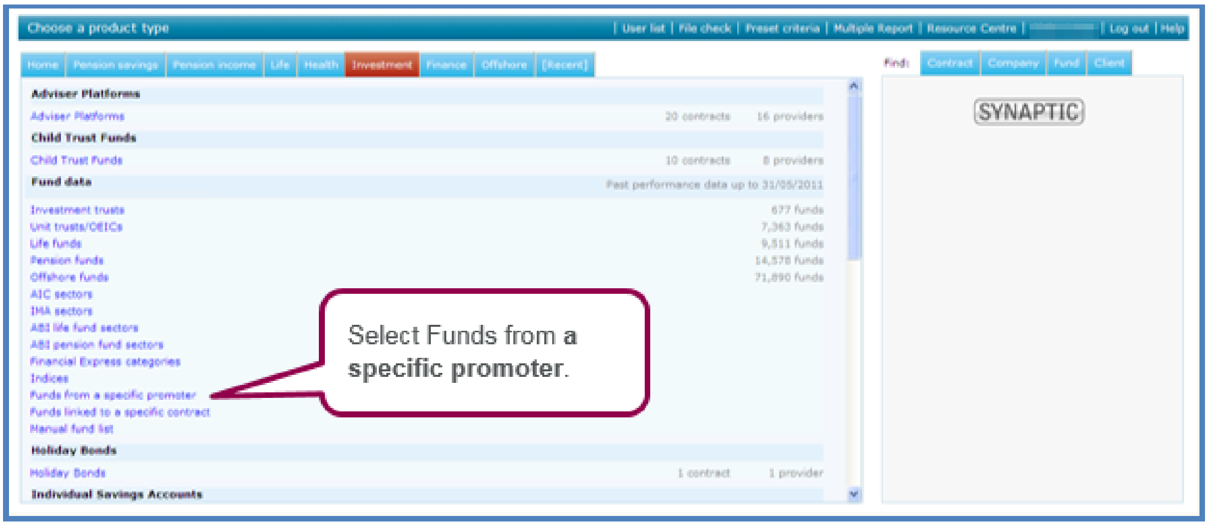
The way the indice research is performed follows the exact same process as explained earlier for the fund universe research. The only difference being, you will be presented with the indices as opposed to the funds.

This functionality works in exactly the same way as the research into sectors, detailed above It is useful for building grids of data to see how various indices differ, most notably, the values between the UK, Europe, US and Japan, and the differences between equities, gilts, cash and RPI.

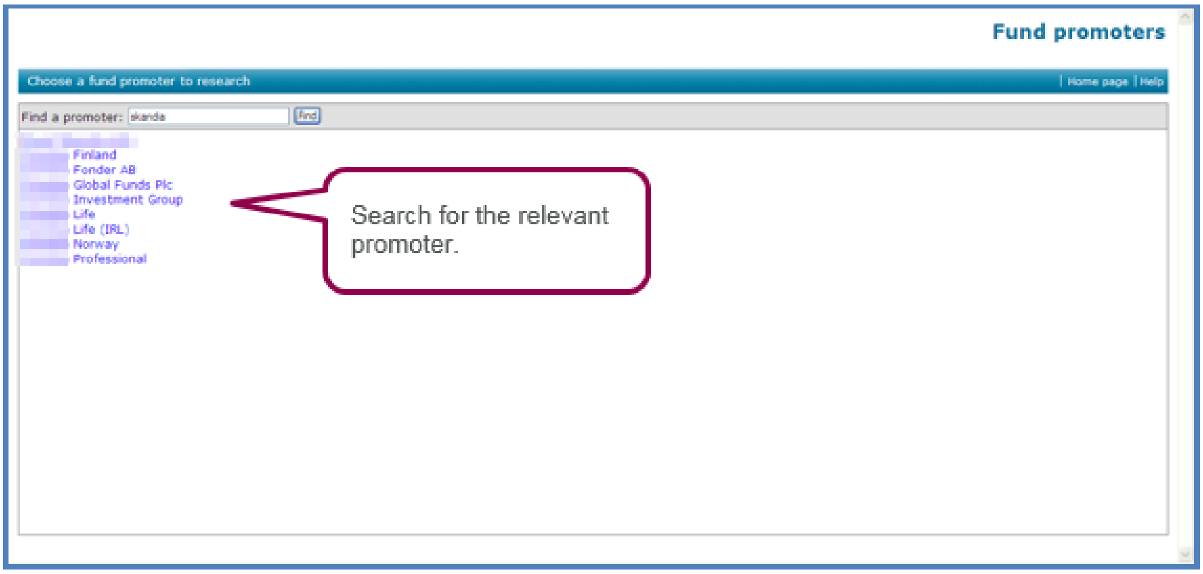
3.4 Researching Funds from a Specific Promoter

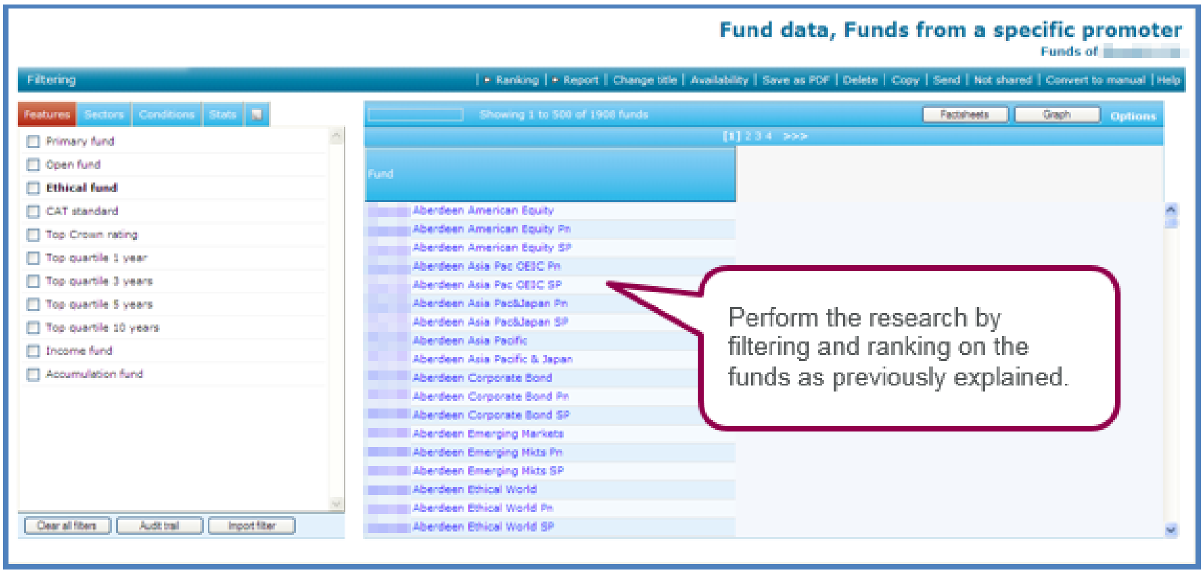
In addition to conducting whole-of-market fund research, you may wish to narrow the fund universe to only those funds available from a specific promoter.

This may be useful when advising clients on their investment choice from within an existing investment.



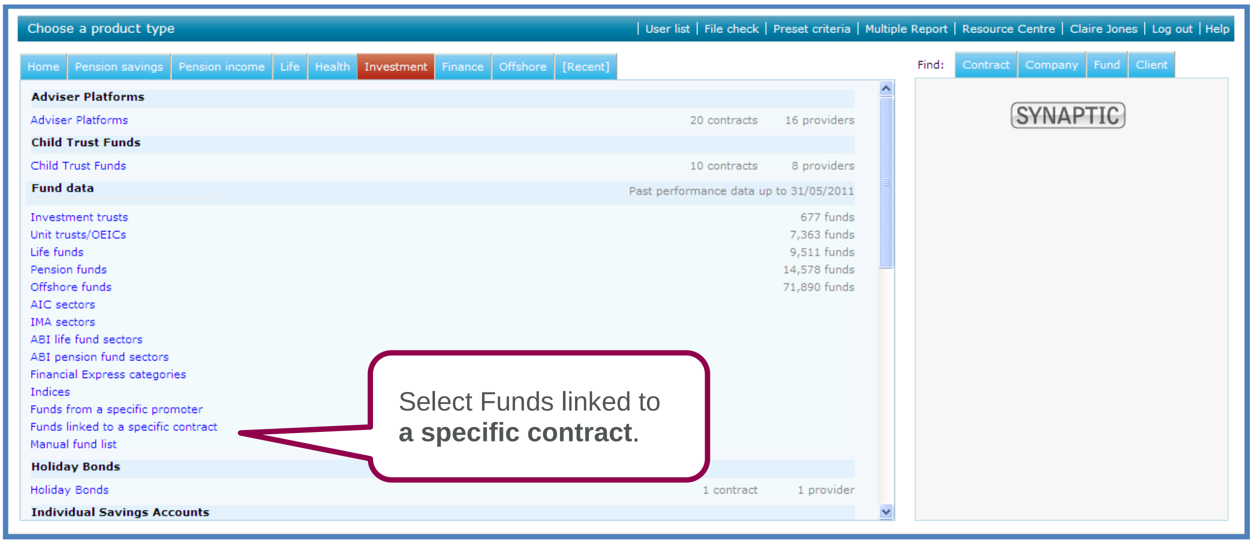
When starting research into the linked funds from a single promoter, you start by finding the name of the promoter you want to research. (This is the only type of research where there is not an option for entering client details).

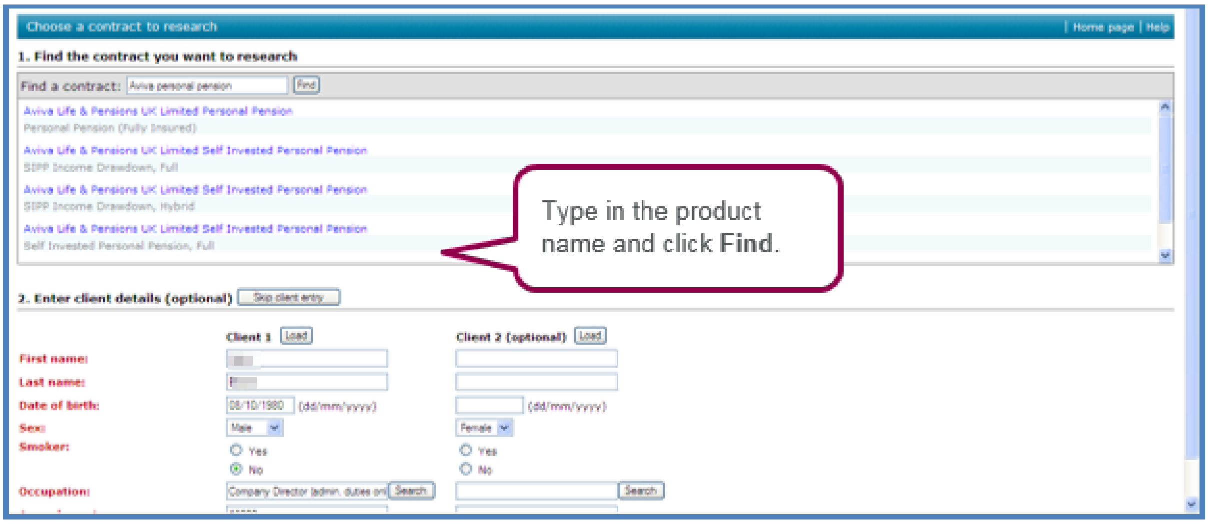




3.5 Researching Funds Linked to a Specific Contract

If the product has already been chosen, you may not want to then research all funds using one the fund universes, as you will then need to establish which of the funds are available through the chosen product. A more efficient way to perform the research is to only research the funds available through the chosen product.

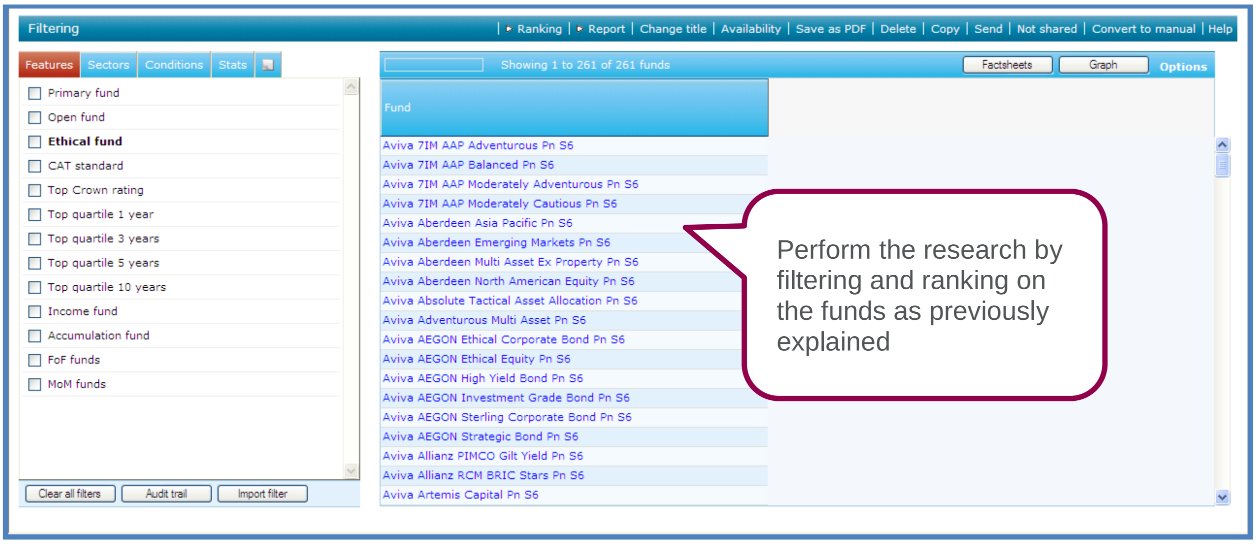




When you have found the contract you want, you click on its name (which will highlight it with a green background).

After choosing a contract you can then enter (or load) the details of one or more clients. If you don’t want to record client details against your research, you simply click on the **Skip client entry button**.

You will then be able to start your research in the normal way, but starting from a specific list of funds

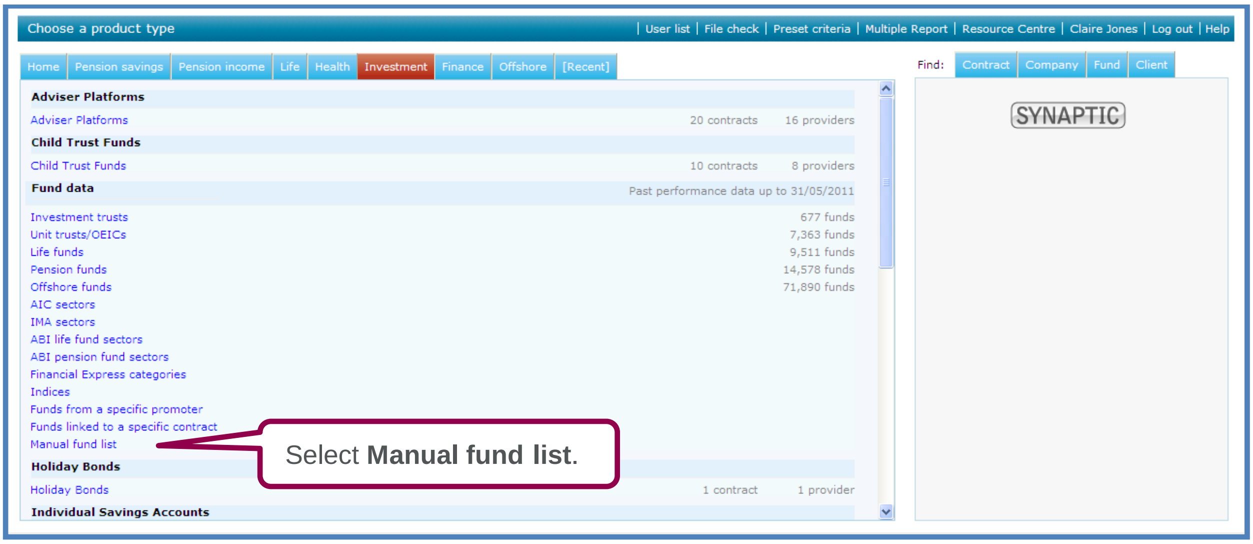


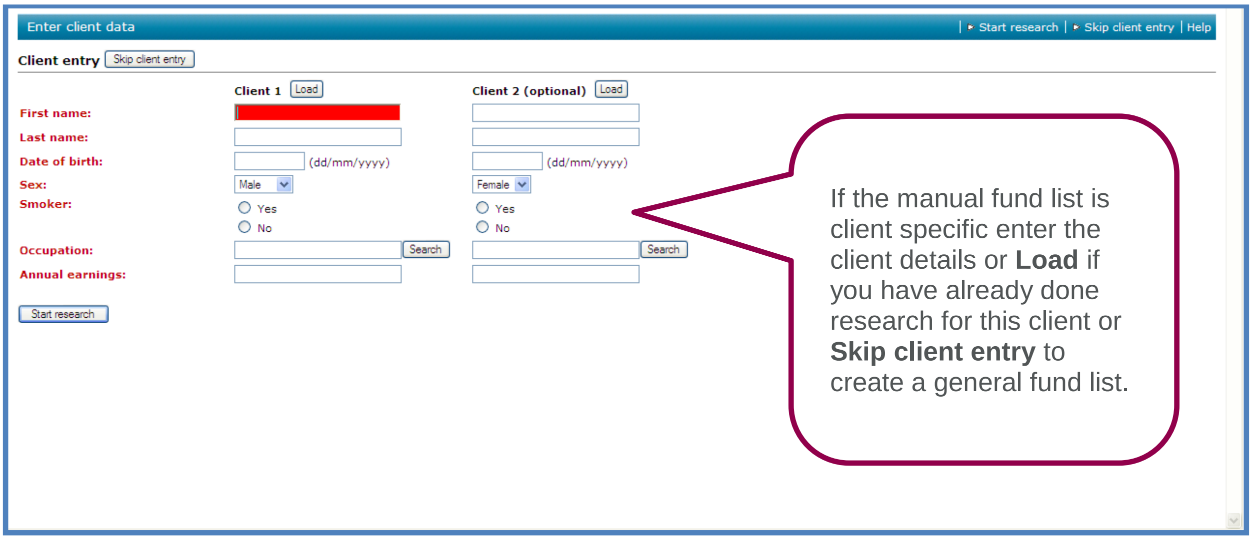
4 Manual Fund Lists

The creation of Manual fund lists will allow you to permanently store a client's current portfolio and your recommended portfolio's. Once created, reports and performance graphs can be generated.

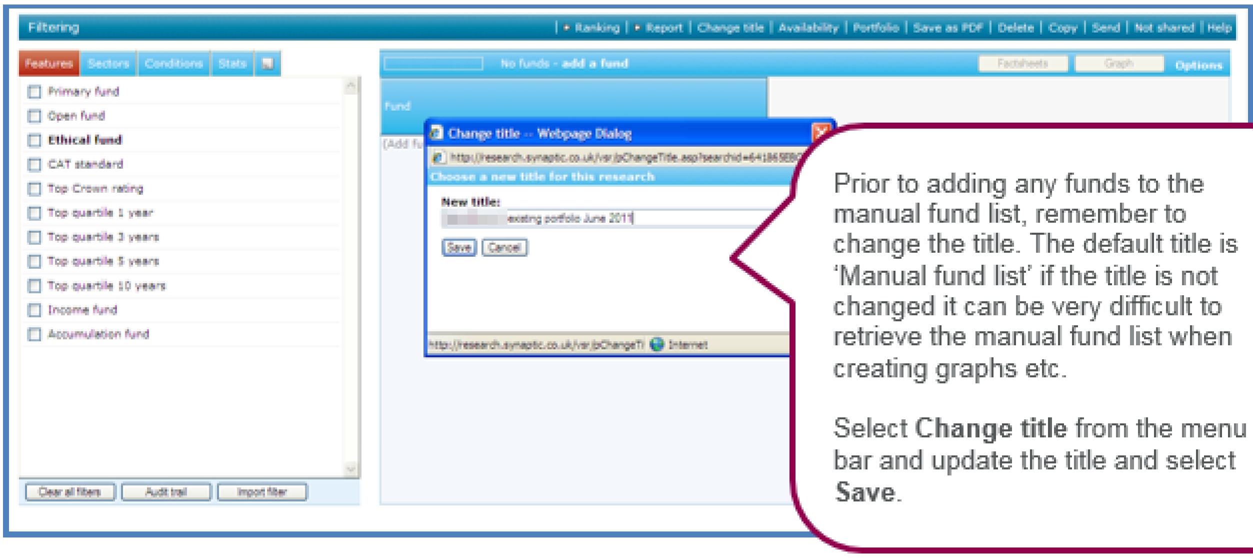
Manual fund lists can be created by manually adding funds or converting a piece of fund research.

4.1 Manually Creating Manual Fund Lists



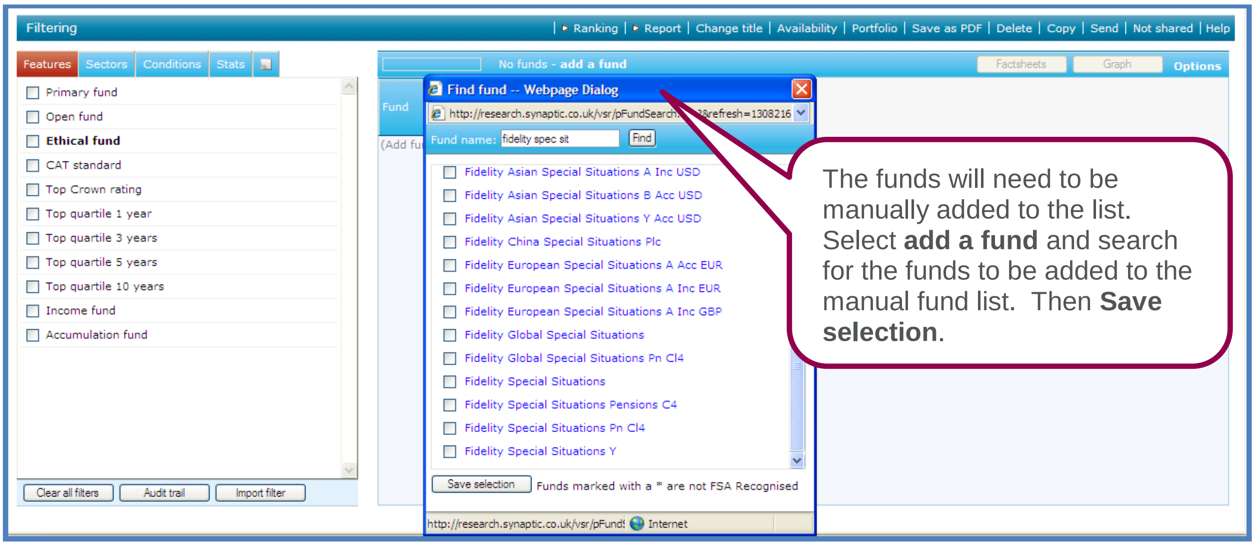


If the manual fund list is client specific enter the client details or **Load** if you have already done research for this client or **Skip client entry** to create a general fund list.

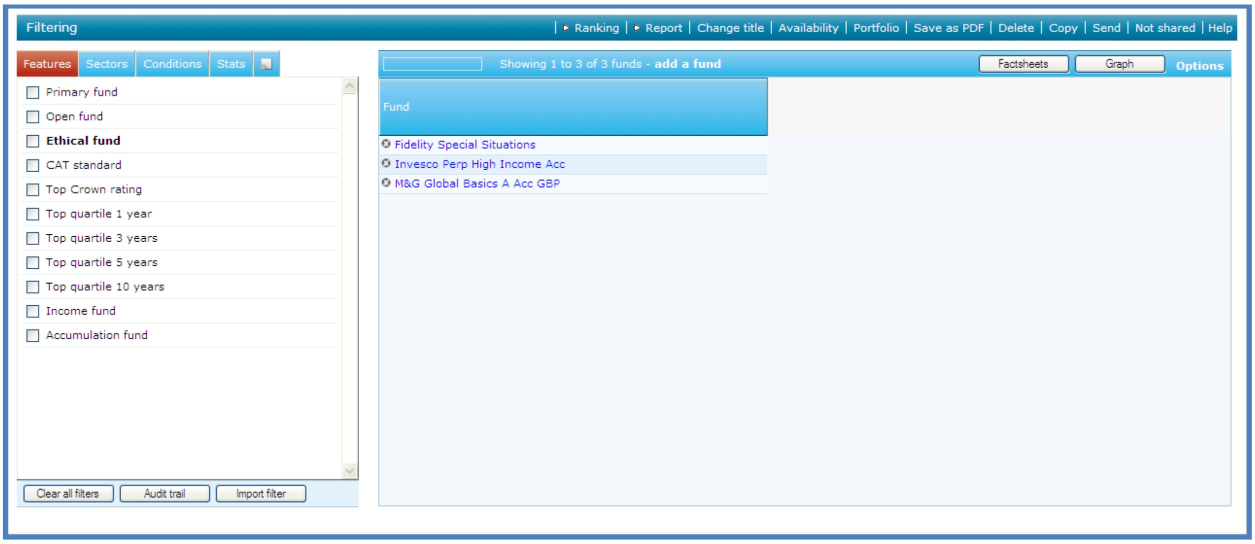


Prior to adding any funds to the manual fund list, remember to change the title. The default title is 'Manual fund list' if the title is not changed it can be very difficult to retrieve the manual fund list when creating graphs etc.

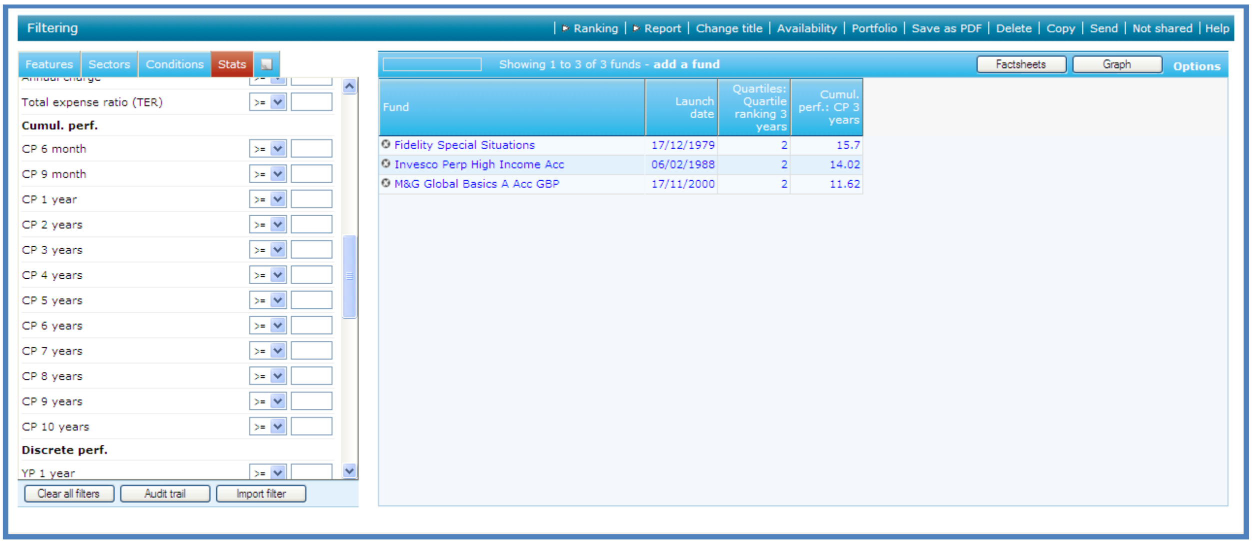
Select **Change title** from the menu bar and update the title and select **Save**.



To add more funds to the list simply repeat the process above until you have all of the funds in the list you require. An example of a list is shown below.



Once the manual fund is created you may want to view information on the funds by selecting the areas on the left hand side, for example launch date, performance stats can be added to the grid.

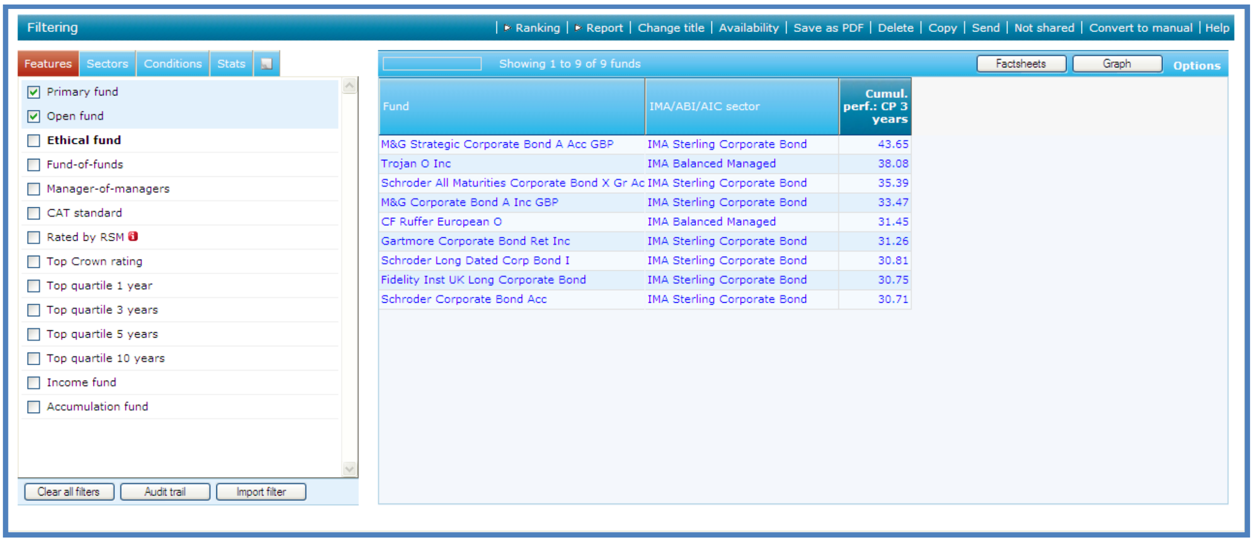


The manual fund list is created within the **Filtering** screen so the same functionality is available as previously explained when performing fund research. The **Factsheets**, **Graph** and **Availability** are available for a maximum of ten funds as previously explained.

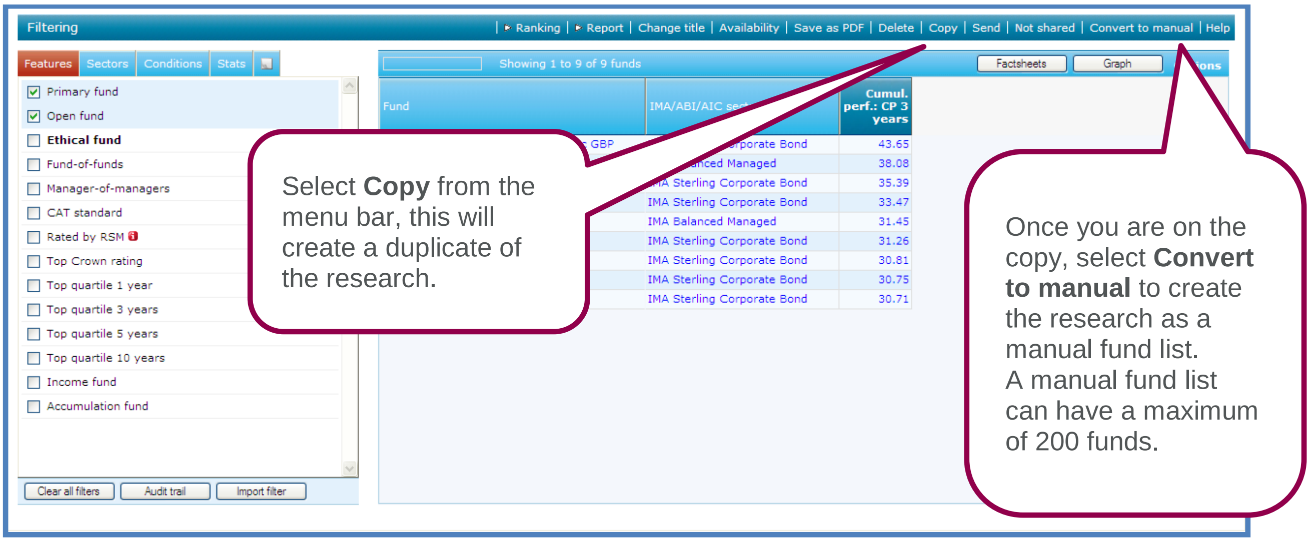
4.2 Converting Fund Research into a Manual Fund List

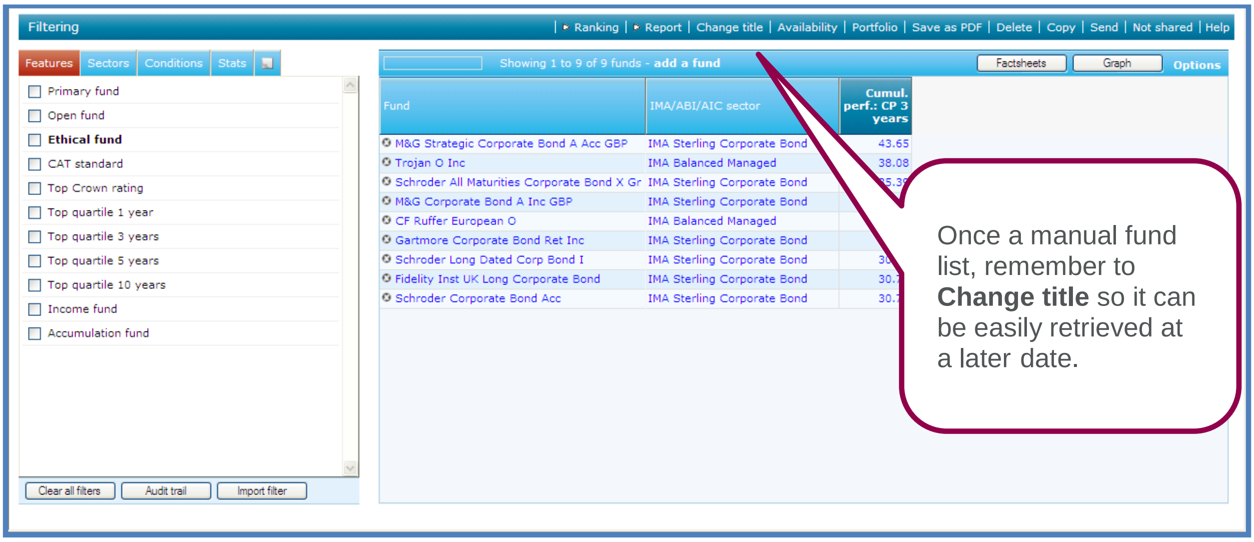
A manual fund list can be created from an existing piece of fund research. This will save you having to add all the funds manually. For example, you may have completed fund research that is going to be a recommended portfolio and this can be easily converted to a manual fund list.

Retrieve the fund research you wish to convert to a manual fund list. Please refer to section 8 on retrieving research.



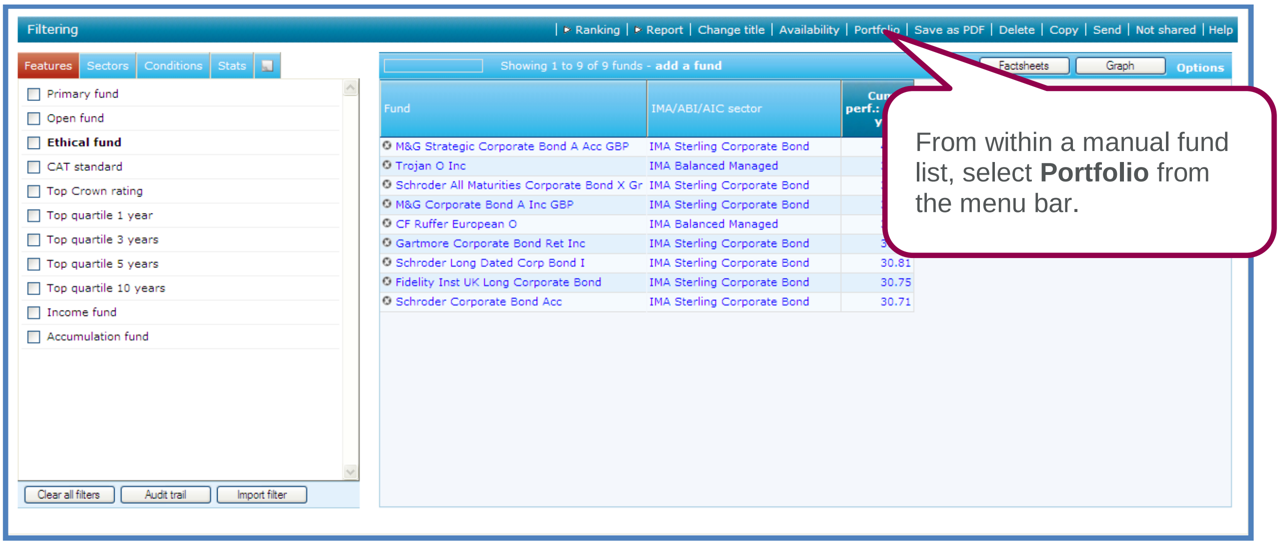
If you need to keep a copy of the fund research that was performed you will first need to create a copy of the research before converting it to a manual fund list.

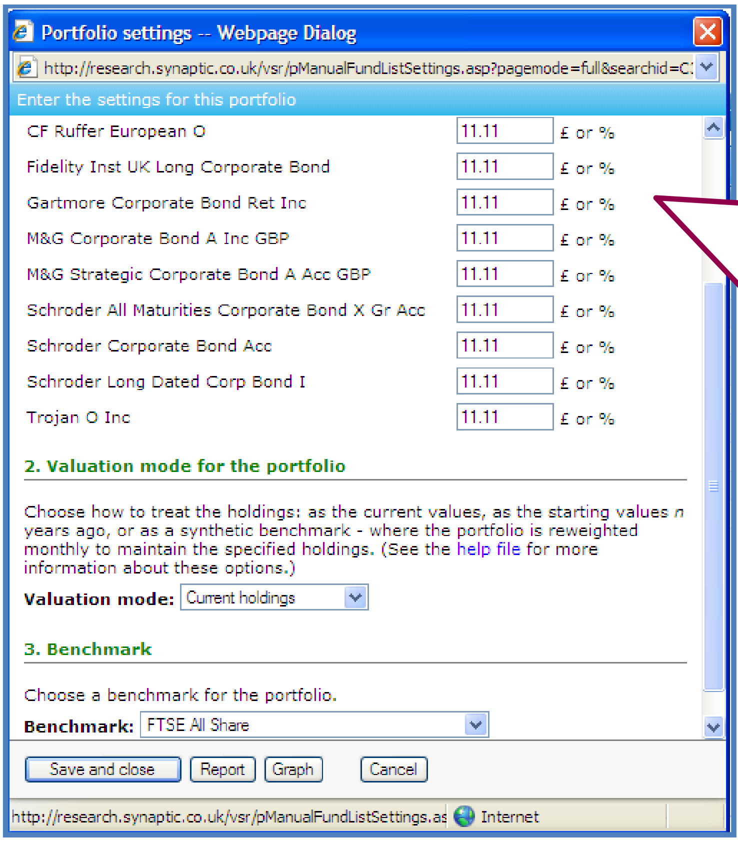




5 Portfolios

A portfolio is simply a 'manual fund list' for which you have defined holdings – e.g. that 20% of the client's money is invested in fund A, 30% in fund B, and 50% in fund C. You set (or change) these values using the Portfolio link on the menu bar which is only available on manual fund lists.





Synaptic Fund Research automatically assigns equal percentages to each of the funds, but this can be overwritten using either a monetary or percentage amount.
If a fund is highlighted in red text – it is indicting the fund is less than a year old and cannot be included in the portfolio. You will need to return to the manual fund list and remove it.

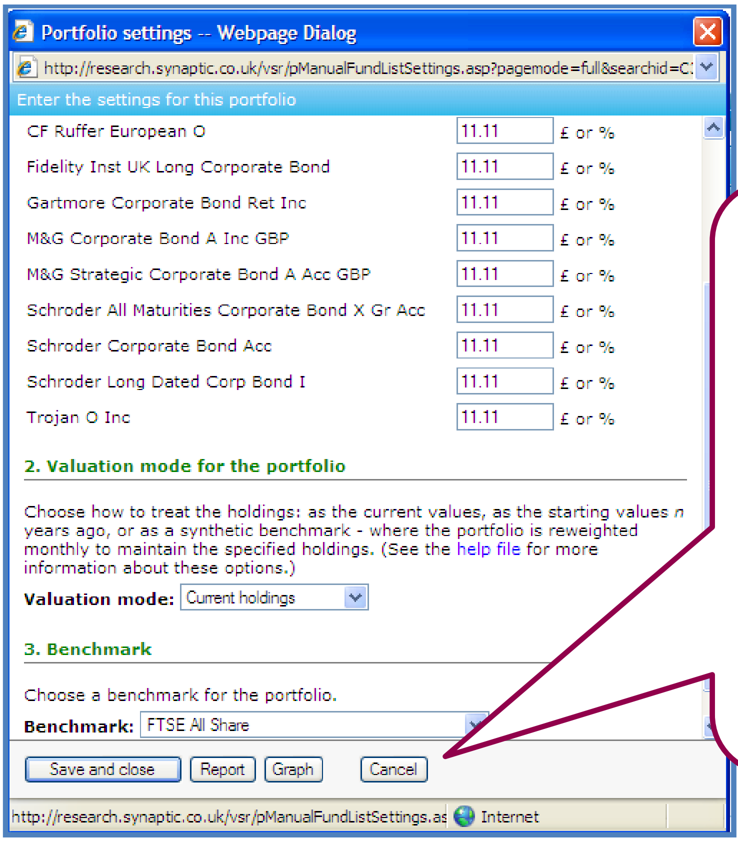
The valuation mode of the portfolio can be changed. There are three options:

- Treat the holdings as the **Current holdings**. The holdings you enter are assumed to be the current values, and the performance of the portfolio is tracked backwards depending on the performance of each individual fund.
- Treat the holdings as the values n years ago. The system values the portfolio as though you invested the specified amounts n years ago, and then tracks performance forwards from that date.

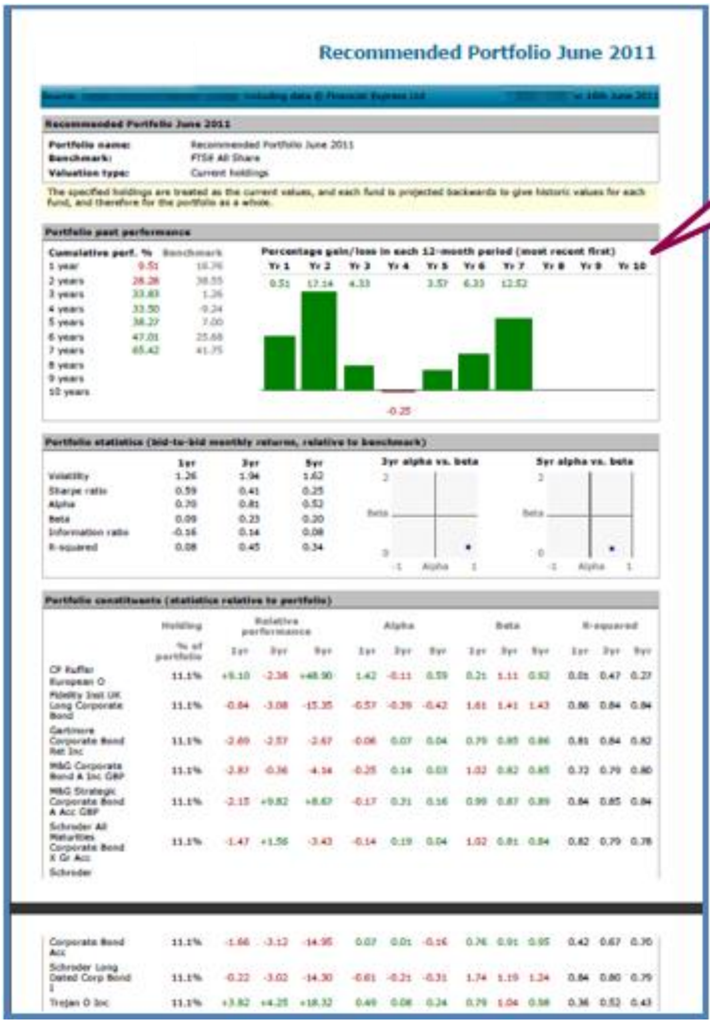
- Treat the holdings as a **Synthetic benchmark**. The portfolio is valued as though it were re-weighted monthly, buying and selling units in the funds so that the percentage split between them remains constant.

In other words, if you choose the synthetic-benchmark option then the split between each fund in the portfolio remains constant. If you choose either of the other two options then the amount invested in each fund will change over time because each fund will have grown at a different rate.

Finally a benchmark can be set for the portfolio. This will be used in the portfolio fact sheet and can also be used for comparison when graphing the portfolio.



Once setup select one of the following options:
Save and close – this will save the settings and return you to the manual fund list.
Report – this will display the portfolio fact sheet.
Graph – this will graph the portfolio and give you the opportunity to compare against other portfolios that have been setup.



Recommended Portfolio June 2011

including data © Financial Express Ltd

Recommended Portfolio June 2011

Portfolio name:	Recommended Portfolio June 2011
Benchmark:	FTSE All Share
Valuation type:	Current holdings

The specified holdings are treated as the current values, and each fund is projected backwards to give historic values for each fund, and therefore for the portfolio as a whole.

Portfolio past performance

Cumulative perf. %		Benchmark
1 year	0.51	18.76
2 years	28.28	38.55
3 years	33.83	1.26
4 years	33.50	-0.24
5 years	38.27	7.00
6 years	47.01	25.68
7 years	65.42	41.75
8 years		
9 years		
10 years		

Percentage gain/loss in each 12-month period (most recent first)

Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
0.51	17.14	4.33	-0.25	3.57	6.33	12.52			

Portfolio statistics (bid-to-bid monthly returns, relative to benchmark)

	1yr	3yr	5yr
Volatility	1.26	1.94	1.62
Sharpe ratio	0.59	0.41	0.25
Alpha	0.70	0.81	0.52
Beta	0.09	0.23	0.20
Information ratio	-0.16	0.14	0.08
R-squared	0.08	0.45	0.34

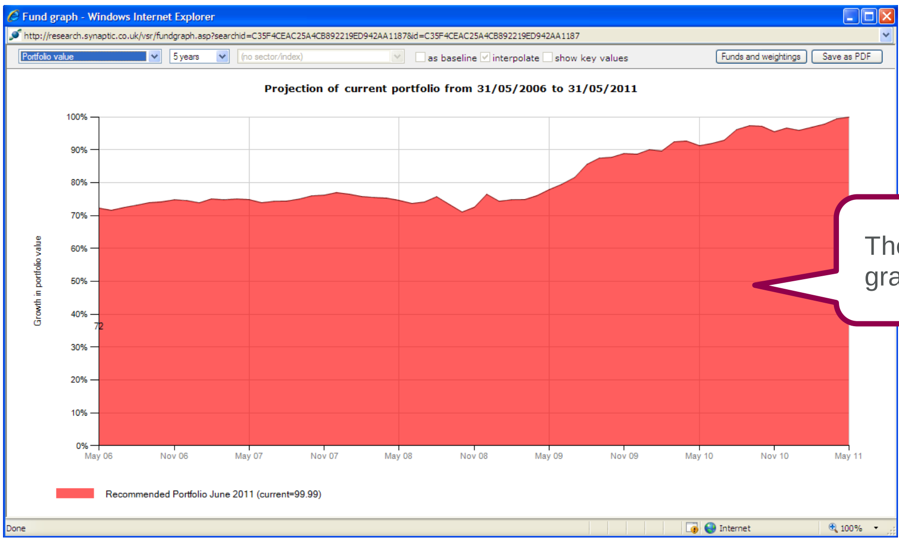
3yr alpha vs. beta

5yr alpha vs. beta

Portfolio constituents (statistics relative to portfolio)

	Holding	Relative performance			Alpha			Beta			R-squared		
	% of portfolio	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr
CF Ruffer European O	11.1%	+5.10	-2.36	+48.90	1.42	-0.11	0.59	0.21	1.11	0.92	0.01	0.47	0.27
Fidelity Inst UK Long Corporate Bond	11.1%	-0.84	-3.08	-15.35	-0.57	-0.39	-0.42	1.61	1.41	1.43	0.86	0.84	0.84
Gartmore Corporate Bond Ret Inc	11.1%	-2.69	-2.57	-2.67	-0.06	0.07	0.04	0.79	0.85	0.86	0.81	0.84	0.82
M&G Corporate Bond A Inc GBP	11.1%	-2.83	-0.36	-4.14	-0.25	0.14	0.03	1.02	0.82	0.85	0.72	0.79	0.80
M&G Strategic Corporate Bond A Acc GBP	11.1%	-2.15	+9.82	+8.67	-0.17	0.31	0.16	0.99	0.87	0.89	0.84	0.85	0.84
Schroder All Maturities Corporate Bond X Gr Acc	11.1%	-1.47	+1.56	-3.43	-0.14	0.19	0.04	1.02	0.81	0.84	0.82	0.79	0.78
Schroder Corporate Bond Acc	11.1%	-1.66	-3.12	-14.95	0.07	0.01	-0.16	0.76	0.91	0.95	0.42	0.67	0.70
Schroder Long Dated Corp Bond I	11.1%	-0.22	-3.02	-14.30	-0.61	-0.21	-0.31	1.74	1.19	1.24	0.84	0.80	0.79
Trojan O Inc	11.1%	+3.82	+4.25	+18.32	0.49	0.08	0.24	0.79	1.04	0.58	0.36	0.52	0.43

The portfolio fact sheet.



The portfolio fact graph.

5.1 Uses of Portfolios

Portfolios have two main uses:

- You can generate portfolio reports showing the performance of each item in the portfolio, and of the whole portfolio compared to a benchmark of your choice.
- You can use portfolios as custom baselines in graphs.

In other words, you can use portfolios as a sort of bespoke benchmark, as well as/instead of a list of funds which you have recommended or are thinking of recommending to a client.

Note that a Portfolio created from a Manual fund list will inherit the name of the manual fund list. The name will then appear in the Indexes drop-down menu of the graphing page – if you have left multiple Manual fund lists called “Manual fund list” it will be very difficult to work out which is which. You should therefore change the title of all Manual fund lists to a more appropriate title, by selecting Change title in the menu bar.

5.2 Limitations of Portfolios

Synaptic Fund Research portfolios are not intended to provide true valuations. They are not “transactional” in the sense of letting you record investments starting and ending at a variety of dates.

Instead, the portfolios are a guide for sales and review purposes, helping you to assess the potential performance of a portfolio you are thinking of implementing for a client, or of a client’s actual existing portfolio.

6 Graphs

Synaptic Fund Research’s graphing functionality has been designed to allow you to show many aspects of a fund’s (or a number of funds’) performance, risk metrics, asset allocation etc.

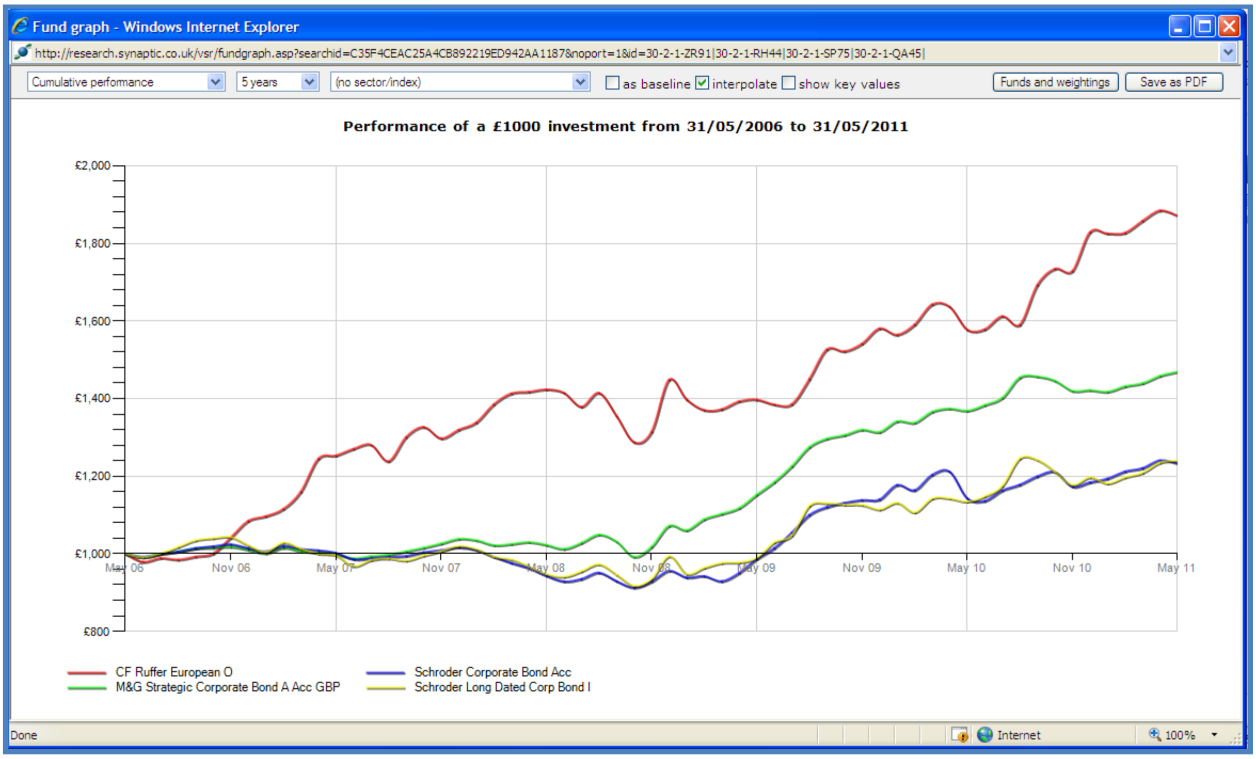
Some graphs are not available for some fund research (for example, the sector position graph cannot be shown when graphing multiple funds from different sectors).

- Fund graphs are available from several places:
- From the Graph button above the grid of funds when researching any fund type
- From the Graph button above the grid of funds from a specific promoter
- From the Graph button above the grid of funds available to a specific contract
- From the Graph button above the grid of funds of any manual fund list
- From the Graph option on the menu bar of any fund factsheet
- From the Graph button at the bottom of the portfolio settings window
- From the Graph button in the Select funds header section of Fund picker
- From the Graph button on the menu bar at the ranking stage of fund research
- From the Graph option after right-clicking any fund name in a grid of funds

Ten funds can be graphed at any one time.

6.1 Graphing Options

The default graph will always be Cumulative performance over 5 years, with no index or baseline. The exception to this rule is if you are plotting a number of funds where portfolio values or percentages have been set.



It is possible from within the graph to:-

- Change the graph type
- Change the time period
- Add a sector or index
- Alter the graphing parameters
- Save the graph as a PDF

6.1.1 Graph Types

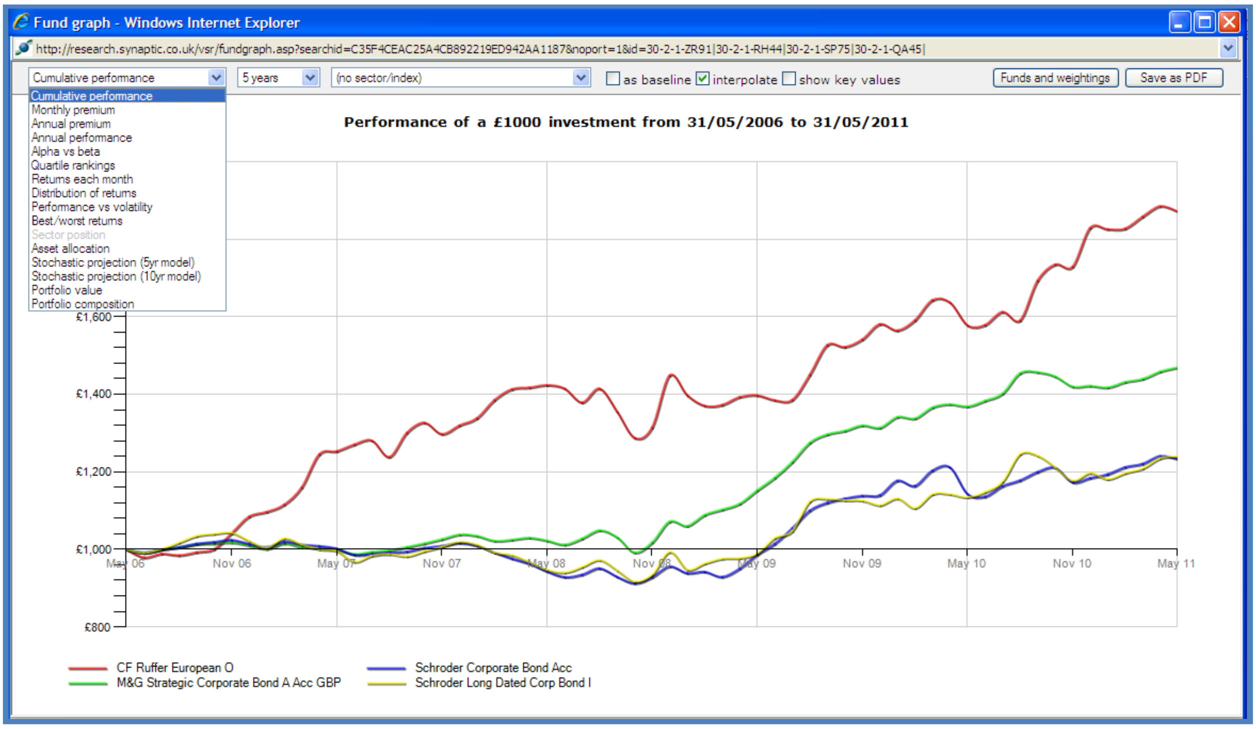
Synaptic Fund Research provides a wide range of fund graphs, each of which is covered in detail in the Help file within Synaptic Research (press F1 from anywhere in the system).

(Please note that firms who have only subscribed to Synaptic Product Research only have access to the annual performance graph.)

Using the dropdown list in the top left of the graphing screen, you can choose between:

- Cumulative performance
- Monthly premium
- Annual premium
- Annual performance

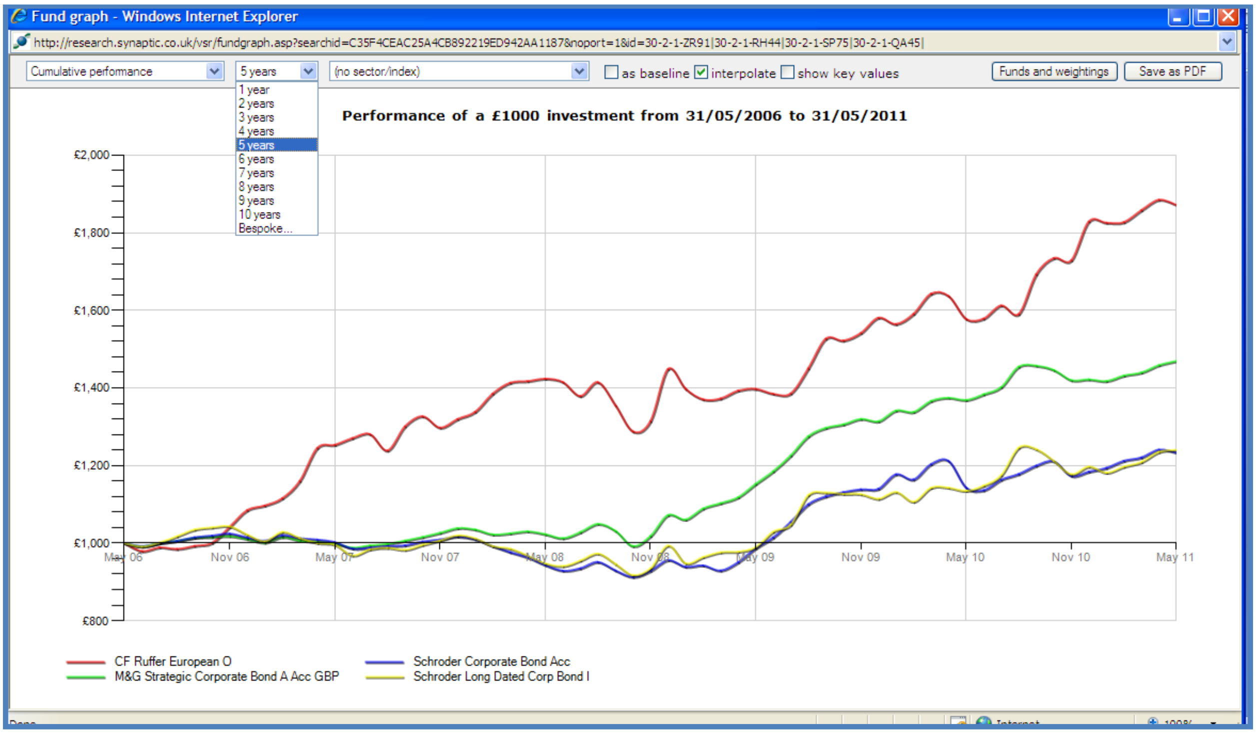
- Alpha vs. beta
- Quartile rankings
- Returns each month
- Performance vs. volatility
- Best/worst returns
- Sector position
- Asset allocation
- Stochastic projections (5 and 10 year models)
- Portfolio value
- Portfolio composition



Detailed explanations of the graphs and their uses are available in the help files (accessible by pressing the F1 key on your keyboard, or by clicking on the Help option from the menu bar).

6.1.2 Time Periods for Graphs

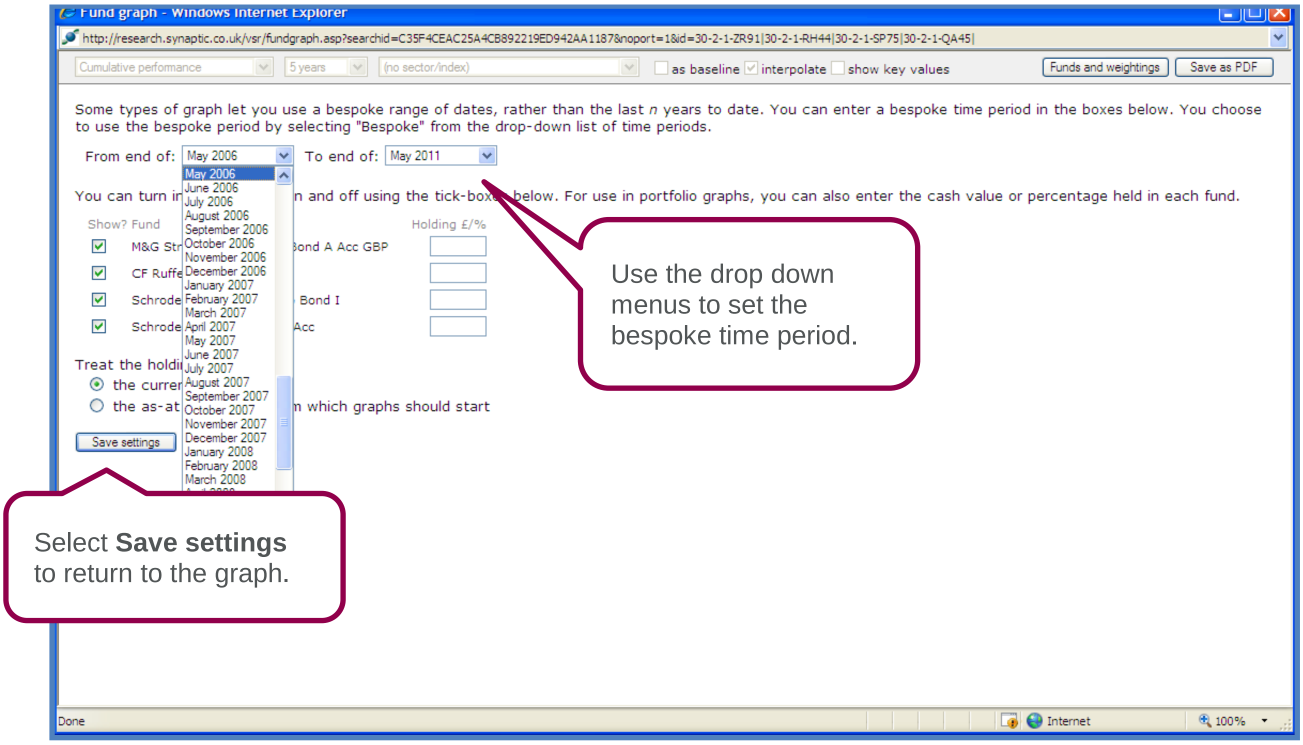
You can change the time period for a graph using the second drop-down box in the graph window's toolbar. However, some graphs used a fixed time period, and therefore this box becomes greyed-out and disabled when these types of graphs are selected.



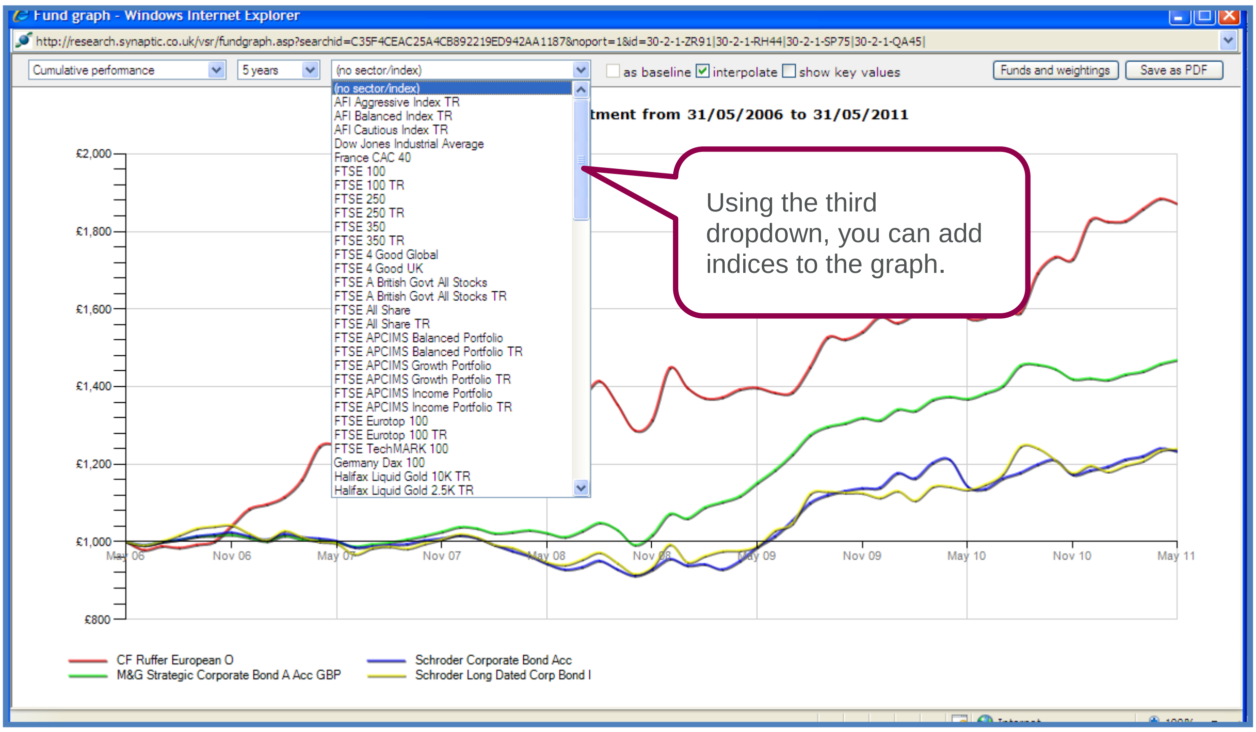
The standard options in the drop-down box are the last ten years – i.e. the last year to date, the last two years to date etc. However, some types of graph also let you choose a bespoke time period. Where applicable, the final entry on the drop-down list will be **Bespoke**…. This entry will not be displayed if the selected graph does not allow bespoke time periods.

You set the bespoke time period using the options on the **Funds and Weightings** page. This page is automatically displayed by the system the first time you select the **Bespoke**... from the drop-down list. The system then continues to use the same time period whenever you choose the bespoke option until you change to a new one by using the Funds and weightings button to re-open the options page.

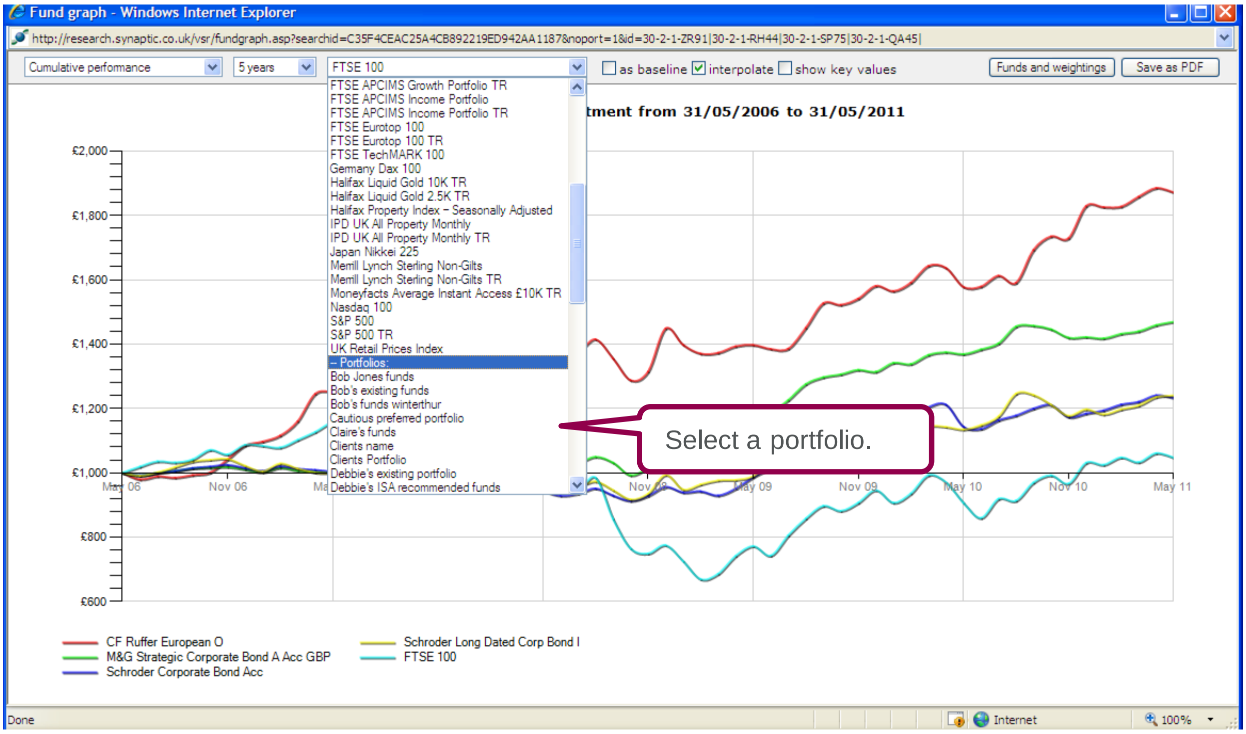
To use the bespoke time period feature, select the **Funds and weightings** button. Once you have clicked on the Funds and weightings button the screen below will open.

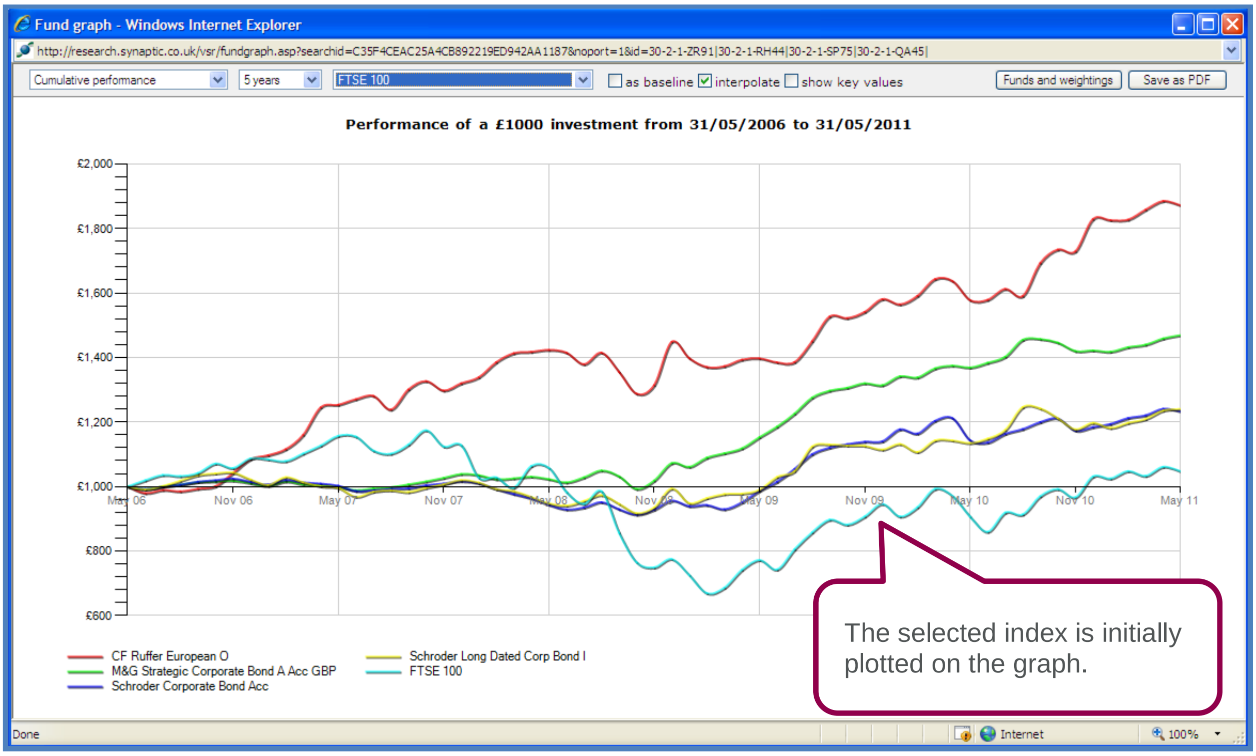


6.1.3 Indices

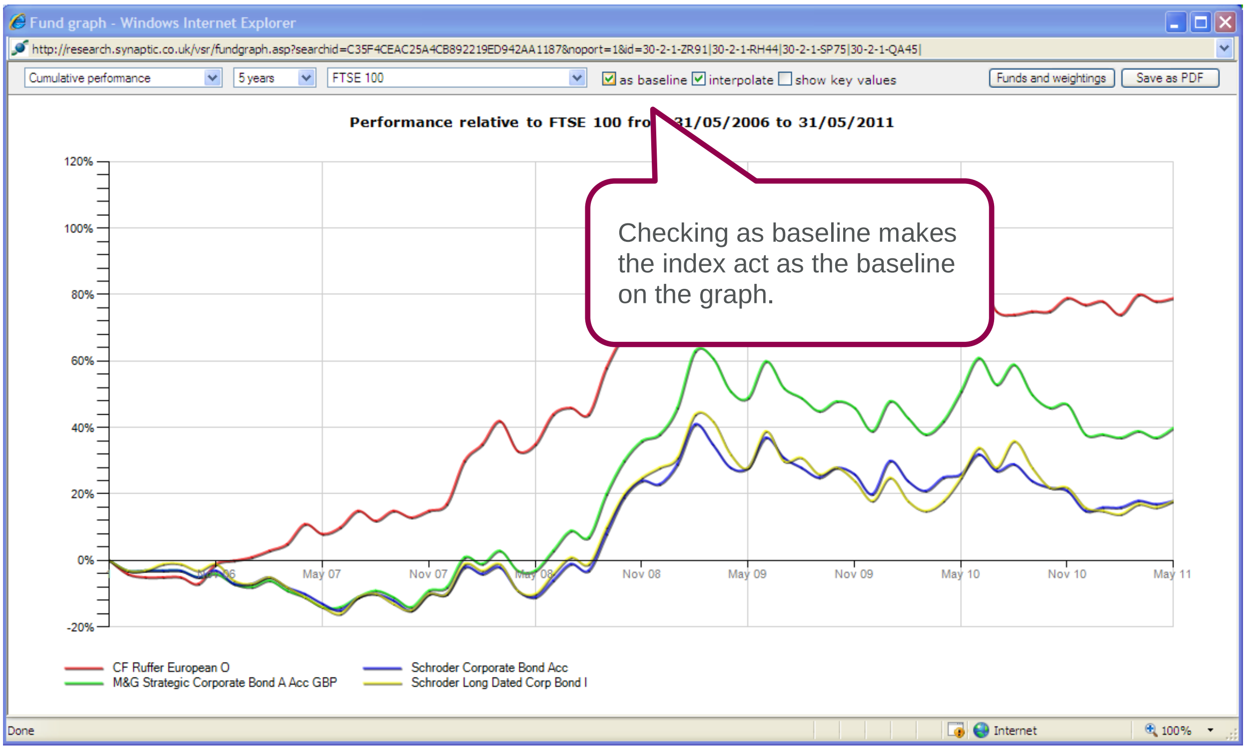


The indices drop down menu will include any portfolios that you have created.



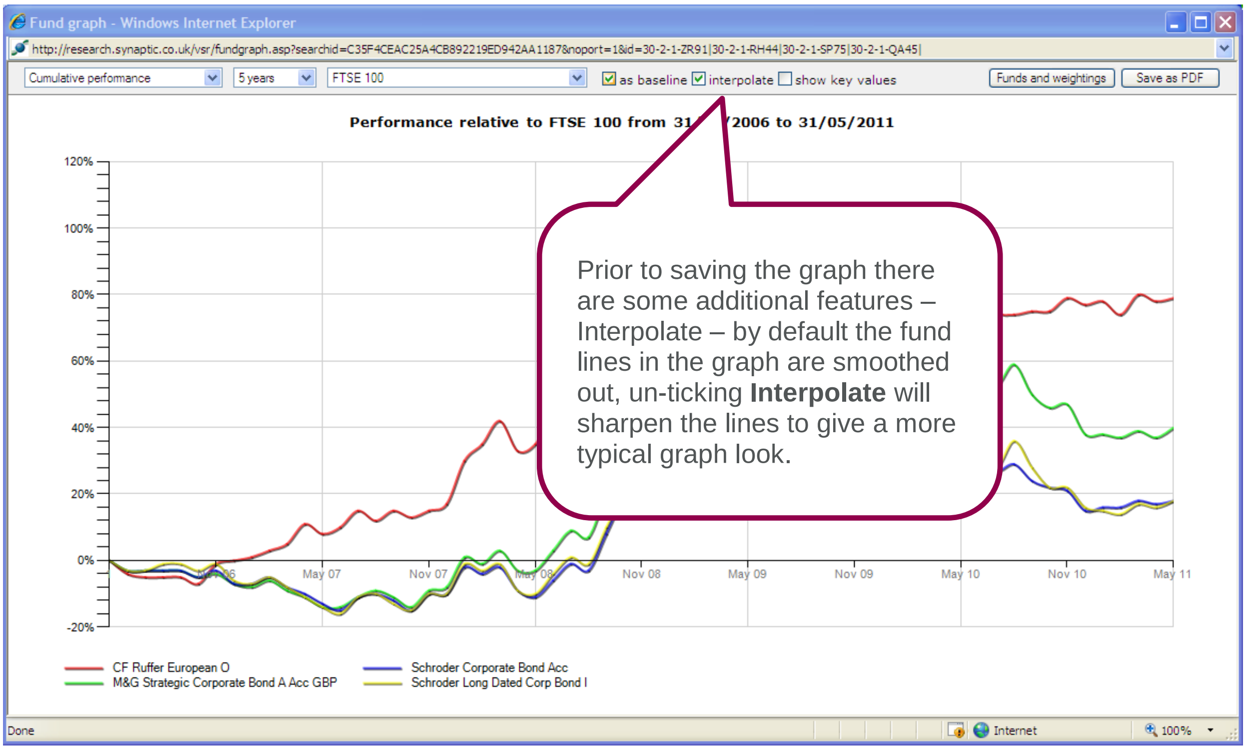


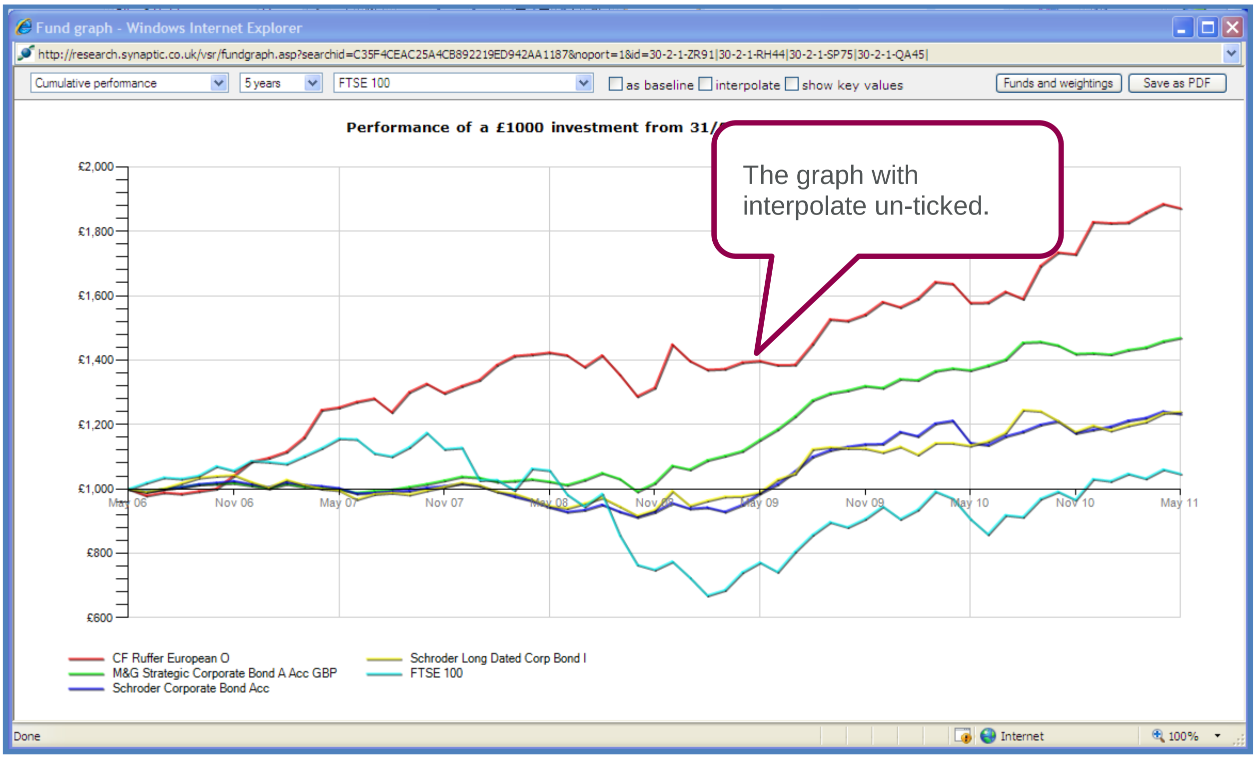
The indices can be set as a baseline. This converts all existing funds on the graph values relative to the index, rather than plotting all funds and the index as absolute values against the vertical axis.

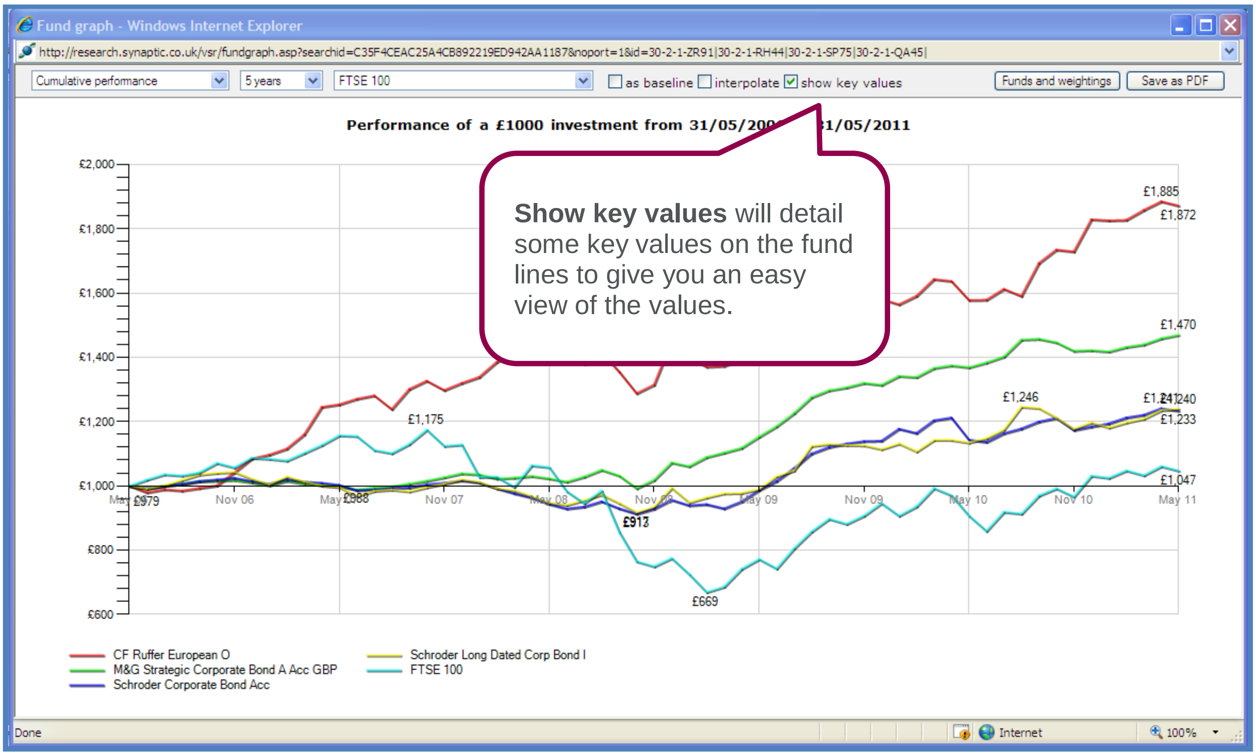


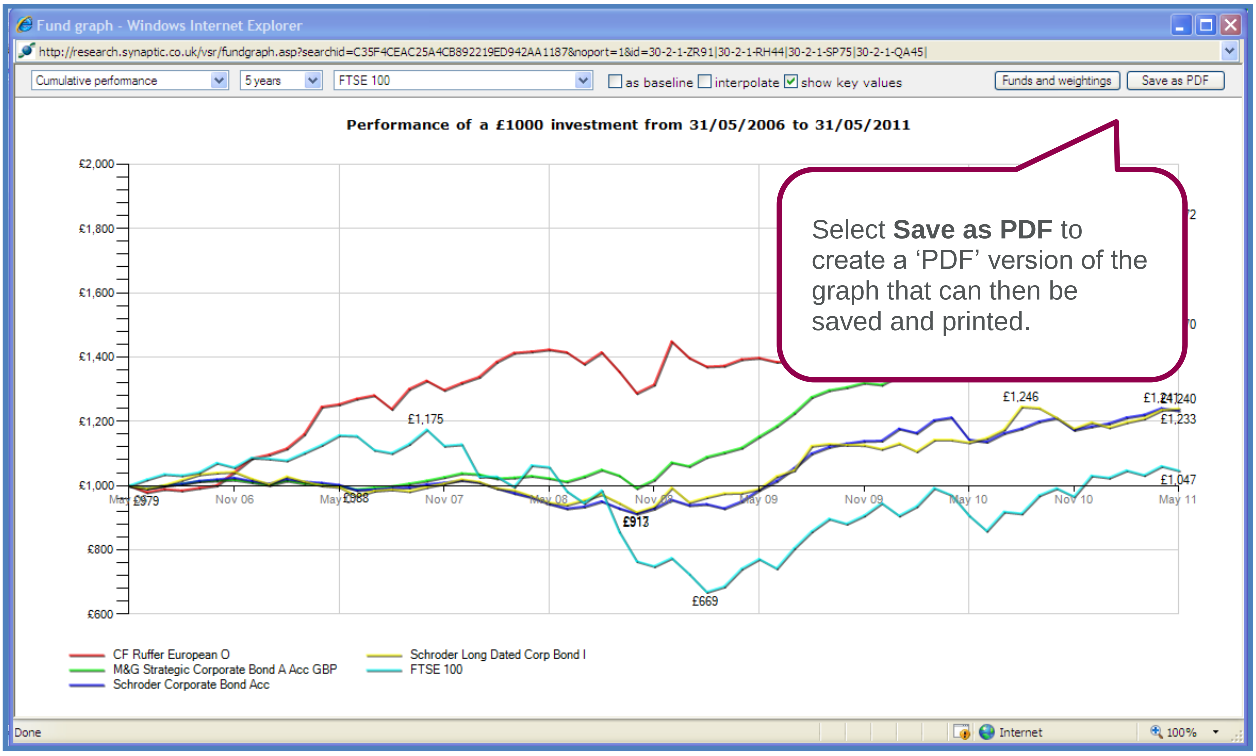
6.1.4 Saving and Printing Graphs

Similar to other areas in Synaptic, the graphs can be saved as 'PDF's'. They can then be printed, e-mailed and saved on the client file.




Fund graph - Windows Internet Explorer
Cumulative performance
5 years
FTSE 100
as baseline
interpolate
show key values
Funds and weightings
Save as PDF
The graph with interpolate un-ticked.
CF Ruffer European O
M&G Strategic Corporate Bond A Acc GBP
Schroder Corporate Bond Acc
Schroder Long Dated Corp Bond I
FTSE 100

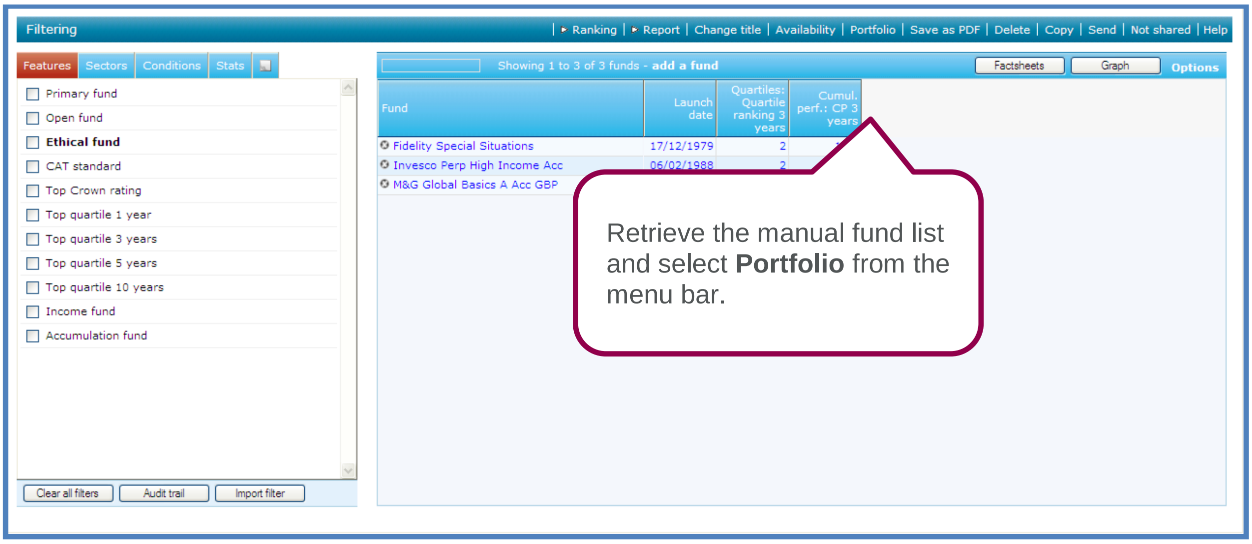

Fund graph - Windows Internet Explorer
Cumulative performance
5 years
FTSE 100
as baseline
interpolate
show key values
Funds and weightings
Save as PDF
Show key values will detail some key values on the fund lines to give you an easy view of the values.
CF Ruffer European O
M&G Strategic Corporate Bond A Acc GBP
Schroder Corporate Bond Acc
Schroder Long Dated Corp Bond I
FTSE 100

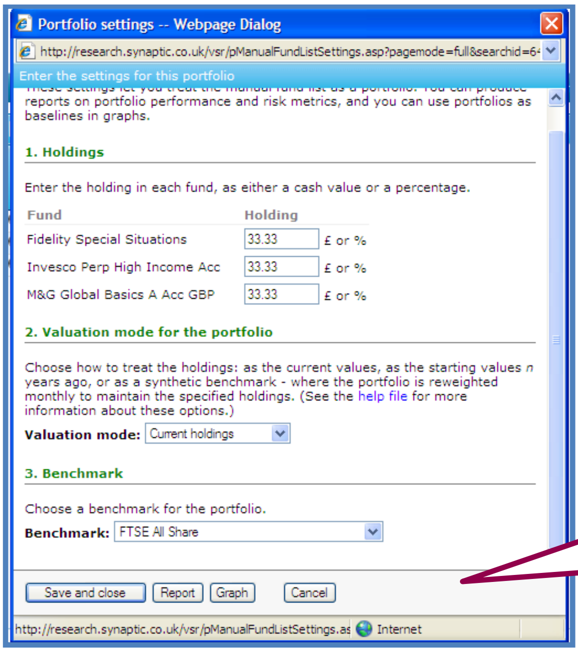


6.2 Graphing Portfolios

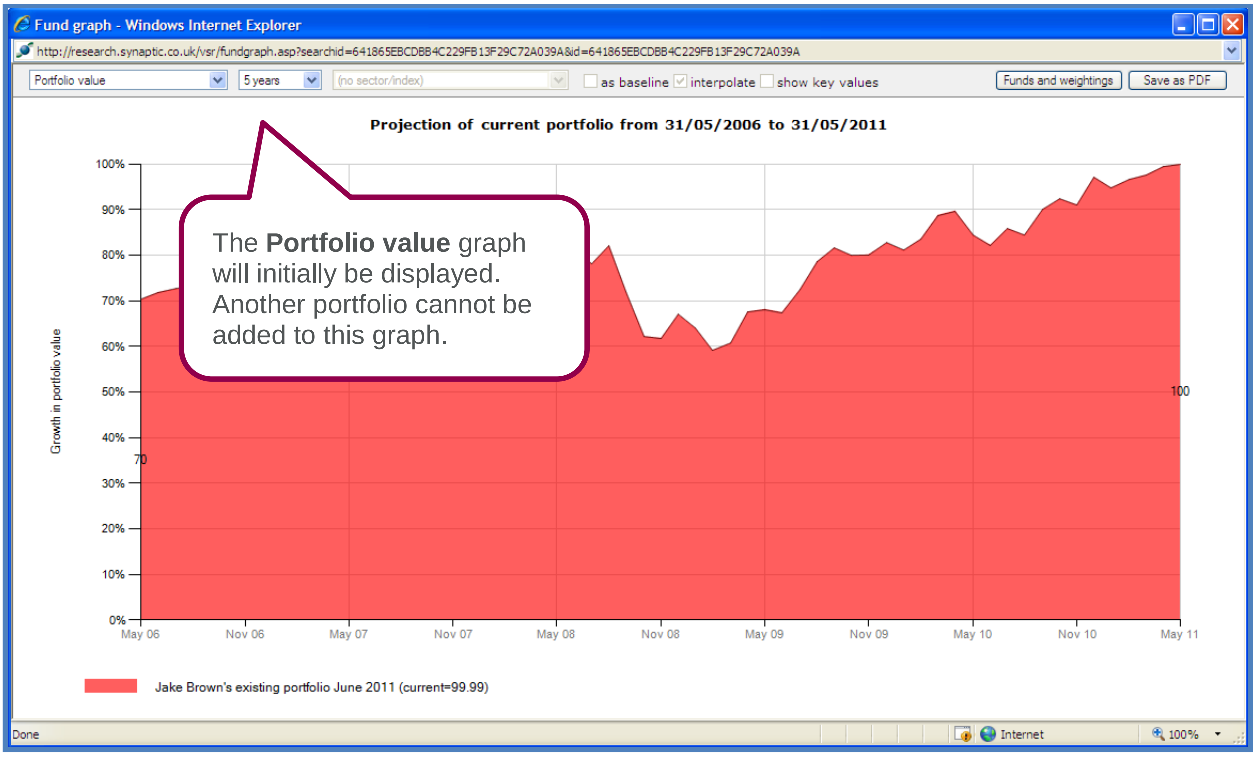
Portfolios can be graphed against each other, for example if you have a recommended portfolio that you want to compare against a clients existing portfolio.

You will firstly need to create the portfolio via the manual fund list.





Enter the portfolio details and select **Graph**.



The **Portfolio value** graph will initially be displayed. Another portfolio cannot be added to this graph.

7 Fund fact sheets

Fund fact sheets are designed to allow you to produce an accurate, neat and informative synopsis of the main attributes of any fund. The fact sheets can be saved as a 'PDF' to form part of your research.

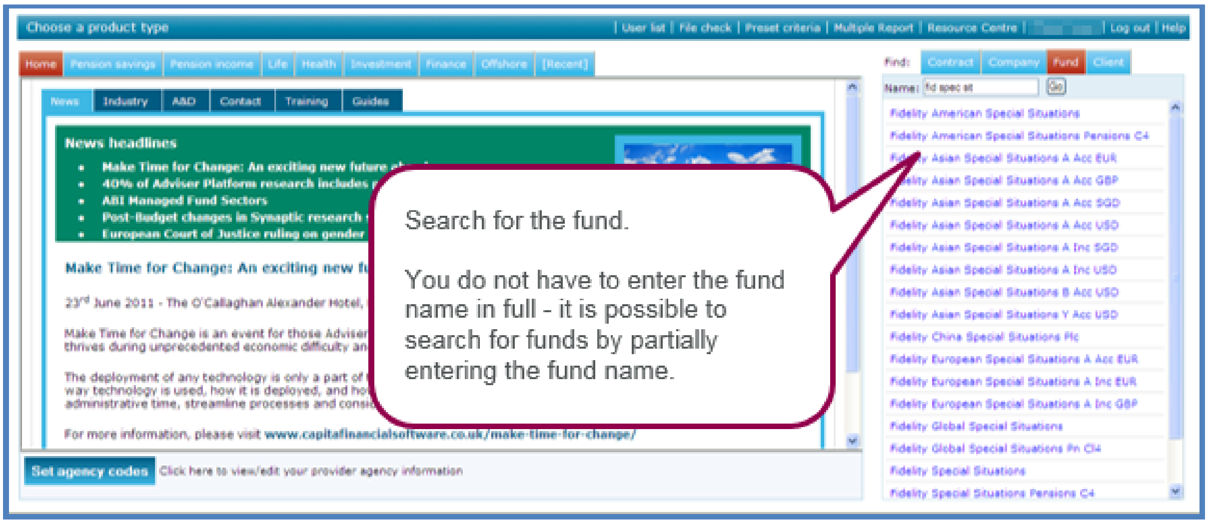
Fund fact sheets are accessible from several places within Synaptic Research:

- By searching for the fund from the fact sheet area on the home page
- By clicking on a fund in the Linked Funds section of a contract fact sheet
- By clicking on a fund in a list of linked funds for a contract
- By clicking on the fund name in the grid of funds when in fund research
- By clicking on a fund name when in Fund Picker
- By ticking the boxes for one or more funds and then using the Show Fact sheets button when in Fund picker

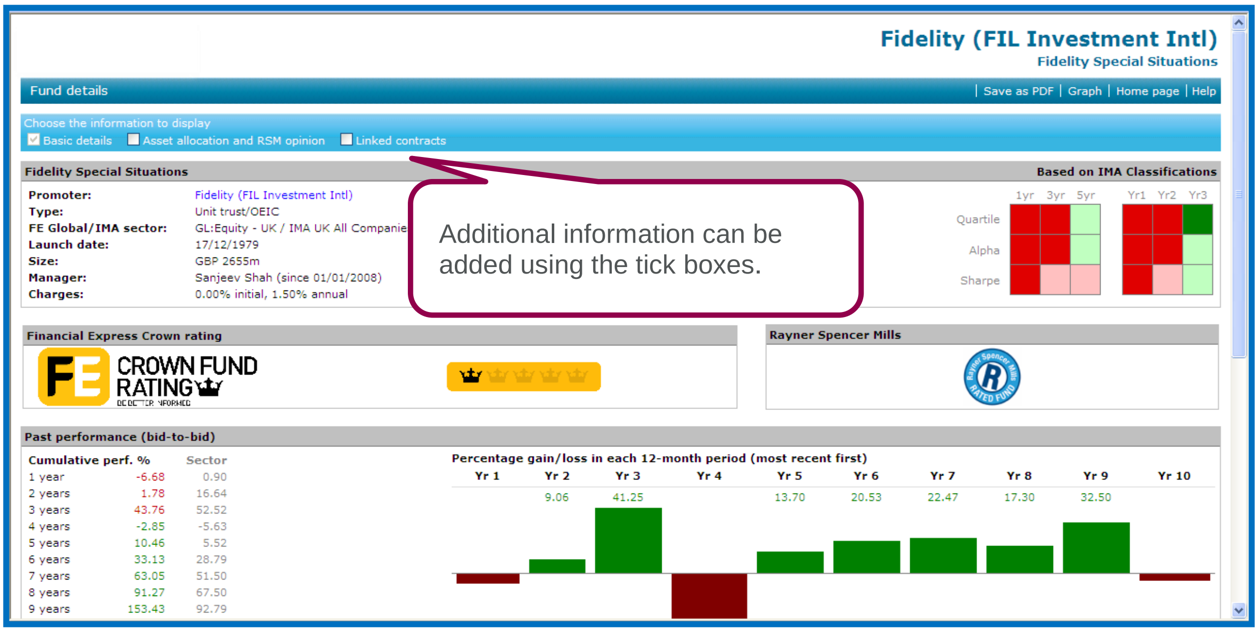
Fund fact sheets show five types of information about a fund:

- Basic details such as management group, sector, and fund size.
- Past performance, including derived functions of past performance such as quartile rankings, alpha, and Financial Express Crown rating.
- Asset allocation data.
- Rayner Spencer Mills Opinion.
- The linked contracts through which the fund can be bought

As explained earlier fund fact sheets can be accessed from a number of areas within Synaptic Research. In this example we will access the factsheet from the homepage.



The fund factsheet will be displayed detailing the funds details.



Asset allocation data is separated into the top ten holdings, geographical analysis, sector weightings and the aim of the fund (as published by the fund manager). Please note this information is subject to being supplied by FE (Financial Express).

Asset allocation

Top ten holdings	%	Geographical analysis	%	Sector/asset weightings	%
HSBC HLDGS	7.1	UK	92.5	Financials	30.8
GLAXOSMITHKLINE	6.3	Money Market	3.0	Consumer Services	25.2
VODAFONE GROUP	5.7	Others	2.3	Health Care	11.5
BRITISH SKY BROADCAS	5.4	USA	1.1	Telecommunications	6.9
LLOYDS BANKING GROUP	5.4	China	1.1	Industrials	6.6
BP	3.7	(at April 2011)		Technology	5.5
ASTRAZENECA PLC	3.3			Oil & Gas	5.5
ROYAL BANK OF SCOTLAN	3.0			Consumer Goods	3.2
LONDON STOCK EXCHAN(	2.9			Others	2.7
AVIVA	2.6			Money Market	2.1
(at April 2011)				(at April 2011)	

Aim of fund (at April 11)

To achieve long term capital growth from a portfolio primarily made up of the shares of UK companies. The Fund will have a blend of investments in larger, medium and smaller sized companies. The ACD is not restricted in its choice of companies either by size or industry, and will choose stocks largely determined by the availability of attractive investment opportunities. The Fund may also invest in other transferable securities, units in collective investment schemes, money market instruments, cash and deposits. Derivatives and forward transactions may also be used for investment purposes.

(Page break)

Fidelity Special Situations

RSM rating and opinion | Save as PDF | Graph | Home page | Help

The funds that have a Rayner Spencer Mills opinion will display the Rayner Spencer Mills logo -

The opinion is added by selecting the tick box at the top of the fact sheet.

Investment process (source: Rayner Spencer Mills)

Research is the cornerstone of Fidelity International's investment approach. They believe that equity markets are semi-efficient and that fundamental research can help to uncover and exploit these inefficiencies and add value to portfolios. The prospects for, and valuation of, individual companies (bottom-up) can be predicted with a greater degree of accuracy than macroeconomic themes and factors (top-down) and, subsequently, stock selection provides the best opportunity to capture added value. The funds are built from the bottom up, stock by stock, taking account of market trends but not being driven by them.

The Manager looks at both Franchise Value and Business Economics to appraise stocks and 'screen' for those that meet his ownership criteria.

In Franchise value the core areas looked at are: Market structure / concentration,Barriers to entry / exit / competition,Regulation,Value chain analysis,Technology,Management.

To identify favourable Business Economics the manager will look at 'harder' factors using more quantitative analysis. For example, drivers of cash flow, sales, profits and return on reinvested Free Cash Flow and how these are changing over time.

Business Economics looks at three areas sales drivers, margin drivers and capital Intensity drivers.While around 90% of the portfolio construction is based on bottom-up analysis, the remaining 10% is derived from a top-down macro/sector view which is used to ensure the portfolio matches the managers conviction levels. Input for the top-down overlay comes from the sum total of information gained from company meetings, quantitative tools such as HOLT, State Street money flow analysis and directors deals. When a stock's fundamental story, valuations and technicals are in line, it will make the managers 'interesting' list of stocks on which he drills down deeper. The manager will only attend meetings for companies on the list. He may take a small stake in a company without meeting them, then build on the position post meeting as conviction builds.

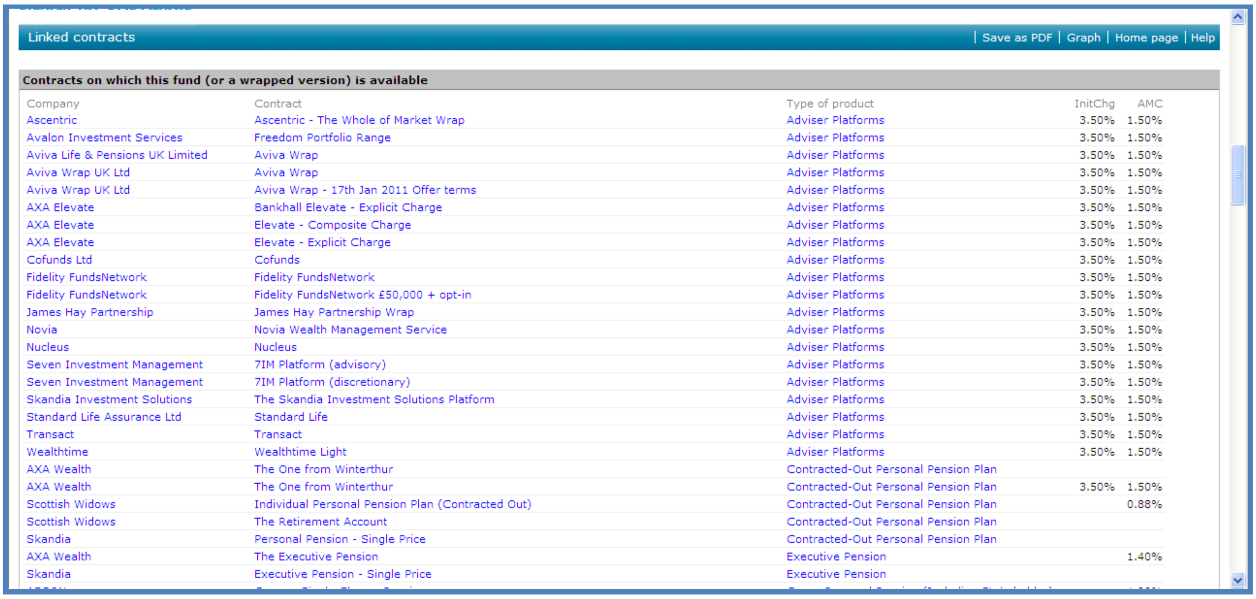
The Manager meets with companies every three months as part of his quarterly review of each stock that he owns.

Rayner Spencer Mills opinion

The manager has been in place for over a year and has proven that the fund can be run in a different but equally successful manner. The Manager uses the fundamental research provided by the huge research resources internationally at Fidelity and combines this with his own business and franchise led research to build a portfolio of stocks. The fund can have up to 20% in overseas equities and often holds assets in this form to maximise diversity of returns. The fund can also use derivative strategies in appropriate economic circumstances if the manager has conviction that this will benefit the portfolio. This has been evidenced during 2008 when shorting of certain stocks benefited performance.

The investor is buying into the Fidelity research process as well as the managers individual skill in bottom up stock selection based on analysis of the potential the business has in its sector matched with the environment. The fund is perhaps best used in a larger UK portfolio to move away from a core UK fund base adding a more global outlook to UK stock selection as well as diversity.

Selecting **Linked contracts** from the top of the fact sheet will display a list of contracts that have access to the fund.

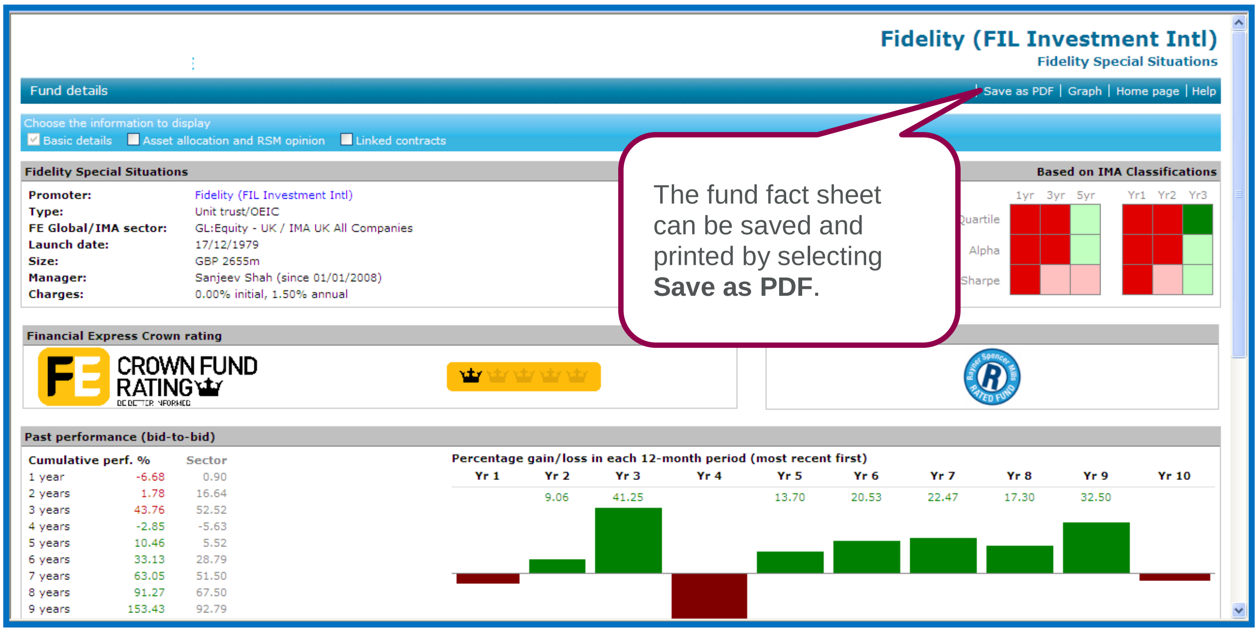


Linked contracts | Save as PDF | Graph | Home page | Help

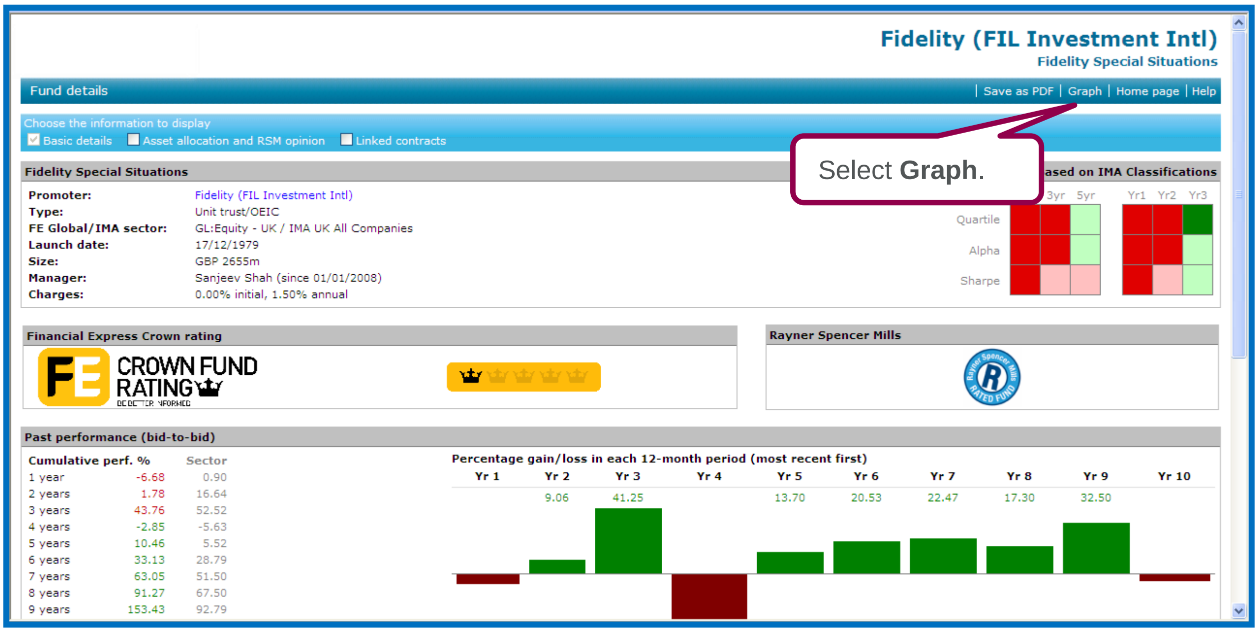
Contracts on which this fund (or a wrapped version) is available

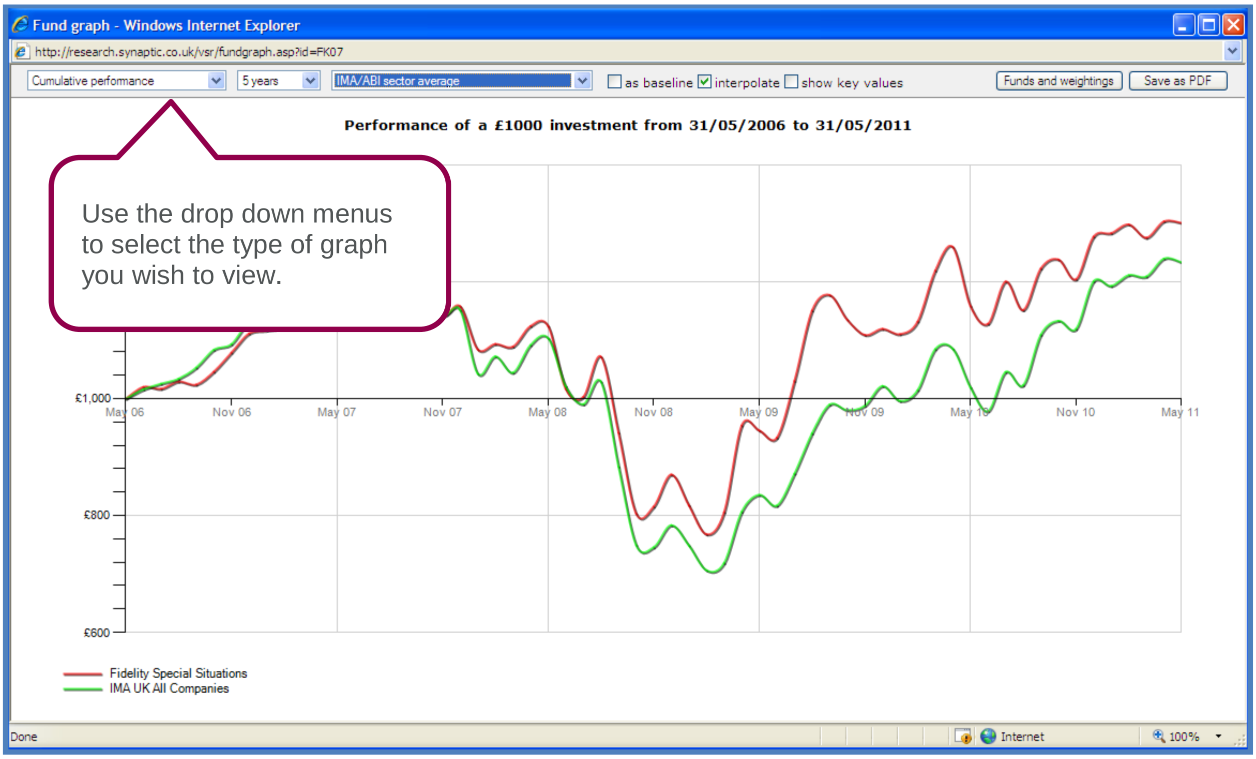
Company	Contract	Type of product	InitChg	AMC
Ascentric	Ascentric - The Whole of Market Wrap	Adviser Platforms	3.50%	1.50%
Avalon Investment Services	Freedom Portfolio Range	Adviser Platforms	3.50%	1.50%
Aviva Life & Pensions UK Limited	Aviva Wrap	Adviser Platforms	3.50%	1.50%
Aviva Wrap UK Ltd	Aviva Wrap	Adviser Platforms	3.50%	1.50%
Aviva Wrap UK Ltd	Aviva Wrap - 17th Jan 2011 Offer terms	Adviser Platforms	3.50%	1.50%
AXA Elevate	Bankhall Elevate - Explicit Charge	Adviser Platforms	3.50%	1.50%
AXA Elevate	Elevate - Composite Charge	Adviser Platforms	3.50%	1.50%
AXA Elevate	Elevate - Explicit Charge	Adviser Platforms	3.50%	1.50%
Cofunds Ltd	Cofunds	Adviser Platforms	3.50%	1.50%
Fidelity FundsNetwork	Fidelity FundsNetwork	Adviser Platforms	3.50%	1.50%
Fidelity FundsNetwork	Fidelity FundsNetwork £50,000 + opt-in	Adviser Platforms	3.50%	1.50%
James Hay Partnership	James Hay Partnership Wrap	Adviser Platforms	3.50%	1.50%
Novia	Novia Wealth Management Service	Adviser Platforms	3.50%	1.50%
Nucleus	Nucleus	Adviser Platforms	3.50%	1.50%
Seven Investment Management	7IM Platform (advisory)	Adviser Platforms	3.50%	1.50%
Seven Investment Management	7IM Platform (discretionary)	Adviser Platforms	3.50%	1.50%
Skandia Investment Solutions	The Skandia Investment Solutions Platform	Adviser Platforms	3.50%	1.50%
Standard Life Assurance Ltd	Standard Life	Adviser Platforms	3.50%	1.50%
Transact	Transact	Adviser Platforms	3.50%	1.50%
Wealthtime	Wealthtime Light	Adviser Platforms	3.50%	1.50%
AXA Wealth	The One from Winterthur	Contracted-Out Personal Pension Plan		
AXA Wealth	The One from Winterthur	Contracted-Out Personal Pension Plan	3.50%	1.50%
Scottish Widows	Individual Personal Pension Plan (Contracted Out)	Contracted-Out Personal Pension Plan		0.88%
Scottish Widows	The Retirement Account	Contracted-Out Personal Pension Plan		
Skandia	Personal Pension - Single Price	Contracted-Out Personal Pension Plan		
AXA Wealth	The Executive Pension	Executive Pension		1.40%
Skandia	Executive Pension - Single Price	Executive Pension		

The data in the linked contracts section are hyperlinks – selecting the company name will take you to a company fact sheet. Selecting the contract name will take you to a contract fact sheet. Selecting the type of product will start a piece of product research for that product type.



As explained earlier in section 6 – fund graphs can be generated from the fact sheet. The graph will allow you to plot the fund the against its sector average amongst other indexes.





Further information including definitions on the performance data displayed in the fact sheet is available in the 'Online help file' which is accessible by either pressing **F1** on your keyboard or selecting **Help** from the menu bar from any screen within Synaptic.

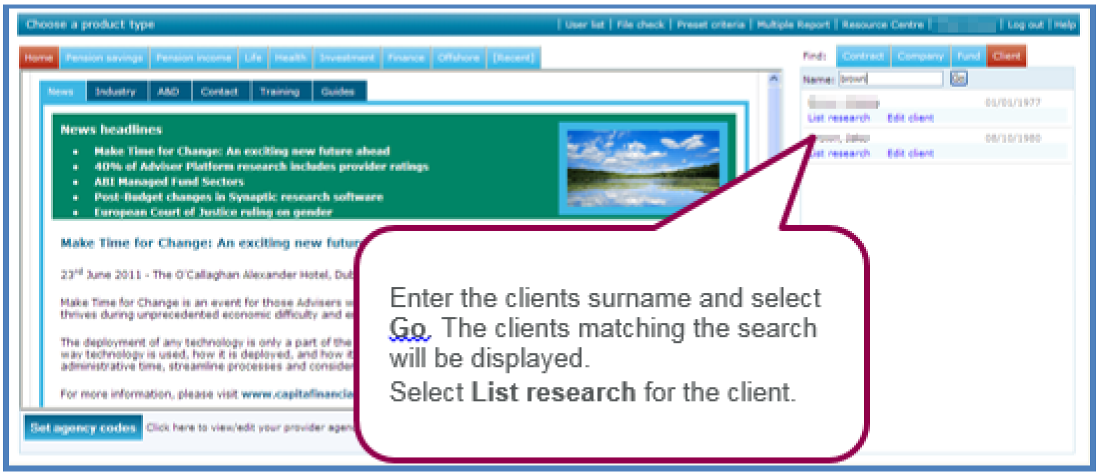
8 Retrieving Research

All research performed on Synaptic is automatically saved. However, due to the monthly updates it is important not to only store the client research on Synaptic, as it will not be keeping a static copy of the research you actually performed for compliant purposes – i.e. if time has passed and you are opening the research a couple of months after it was originally performed – you will be using the most current data which will have been updated. Therefore the results could differ from the original research. To ensure a static copy of the research you performed is on file you will need to save the research documentation as 'PDF's' when working through the research.

The research can be retrieved from two locations on the Homepage – the **Recent** and **Client** tab. If the clients details were entered when starting the research, it can be retrieved from the **Recent** or **Client** tab. Otherwise the **Recent** tab will display all research regardless of whether it is client specific or not.

8.1 Retrieving Research via the Client Tab

Select the Client tab from the right hand side of the **Homepage**.

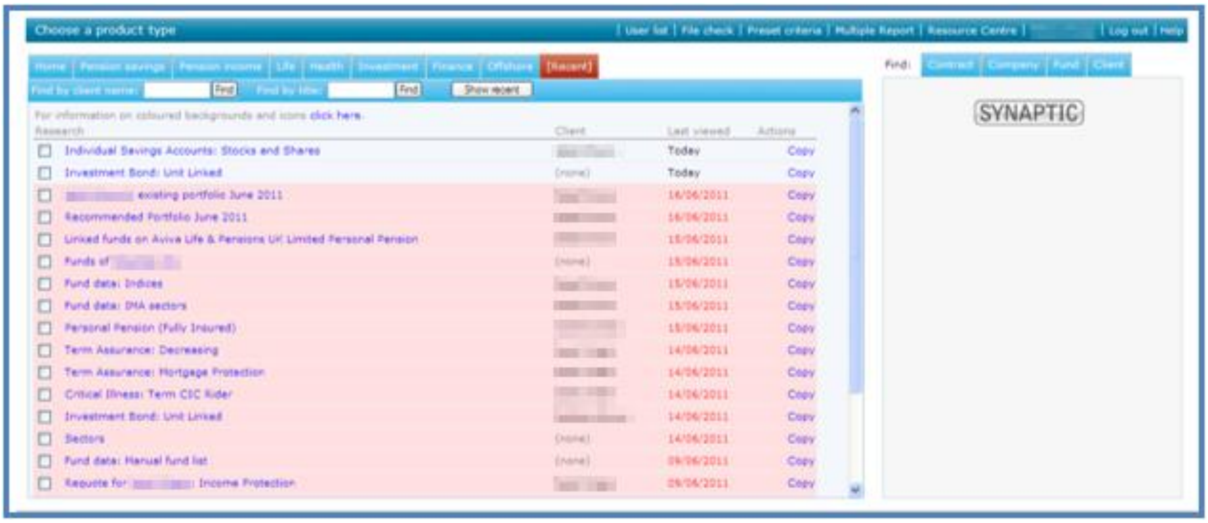


All the research for the client will be listed.

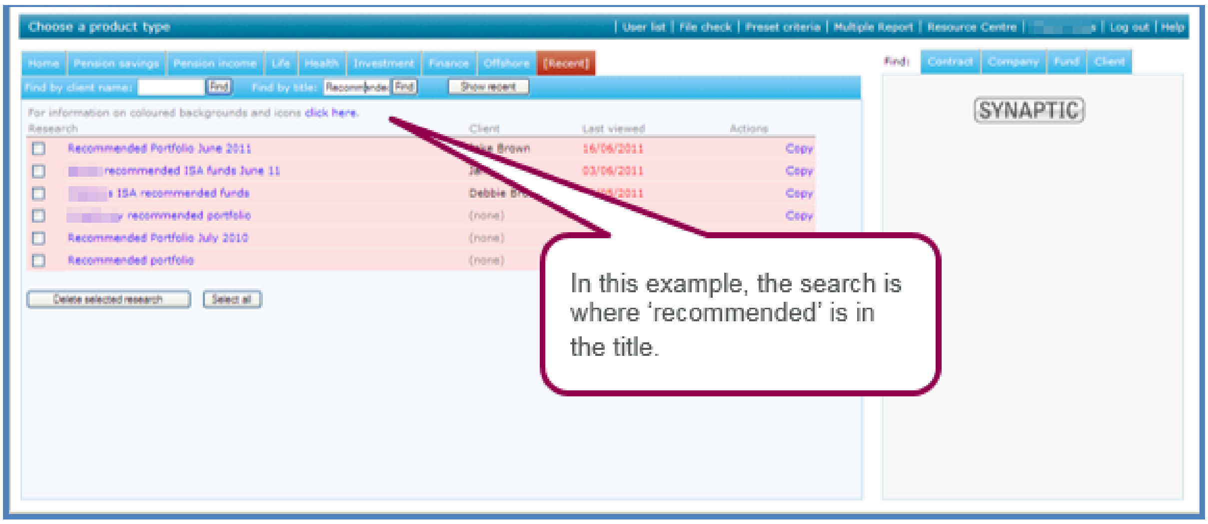
The research highlighted in 'pink' indicates it was originally performed on a previous month's data. When the research highlighted in pink is accessed a warning will be displayed. It will explain where possible the filters that were originally selected will remain the same but the results may be different.

Click on the blue link to access the research. You will be taken through to the **Filtering** screen.

8.2 Retrieving Research via the Recent Tab



The **Recent** tab will give you access to all research completed on Synaptic. It will only display the most recent research, about the last twenty pieces of research then it will then disappear from this screen. If the research is not displaying on the screen you will need to find it by using either of the search criteria's at the top of the screen. You can search by client name but if the research was not attached to the client you will need to search by title. If you do not 'change the title' of the research you will need to use the default name.



The research that matches the search criteria will be displayed. The research highlighted in 'pink' indicates it was originally performed on a previous month's data. When the research highlighted in pink is accessed a warning will be displayed. It will explain where possible the filters that were originally selected will remain the same but the results may be different.

Click on the blue link to access the research. You will be taken through to the **Filtering** screen.

9 Incorporating Fund Research into Product Research

If you are completing your fund research prior to the product research, it is possible to include your recommended funds within your product research.

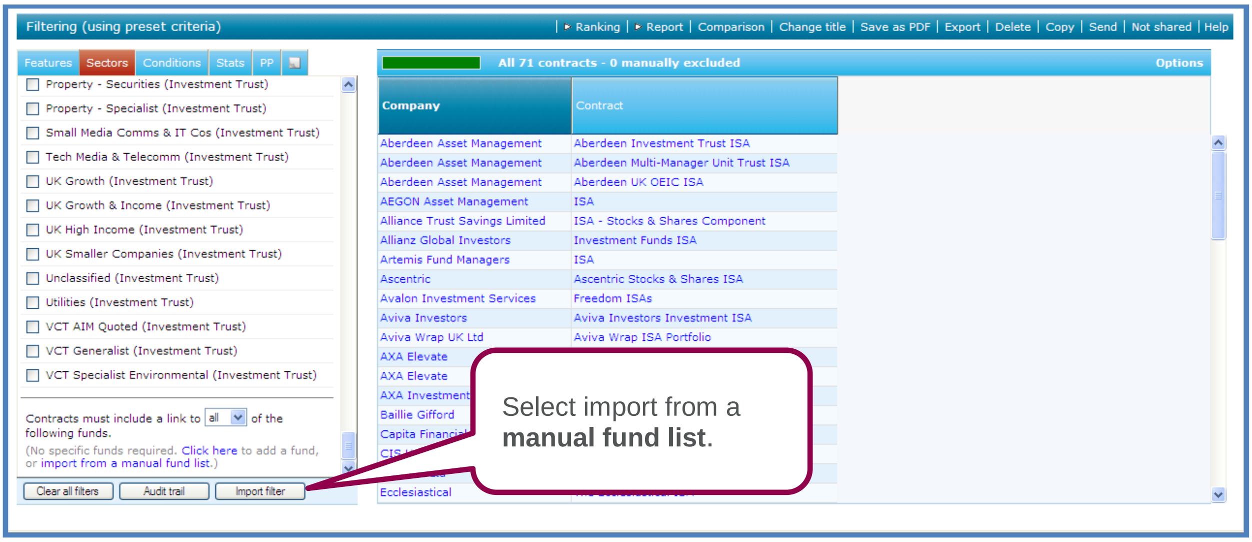
There are two ways this can be done, you can either import your fund research into the product research to perform a filter and exclude contracts that don't have access to the funds. Alternatively you can simply select the funds prior to generating the product suitability report. Either way the funds will be included in the suitability report. However, you will still need to generate the fund research reports to ensure the fund research is on file.

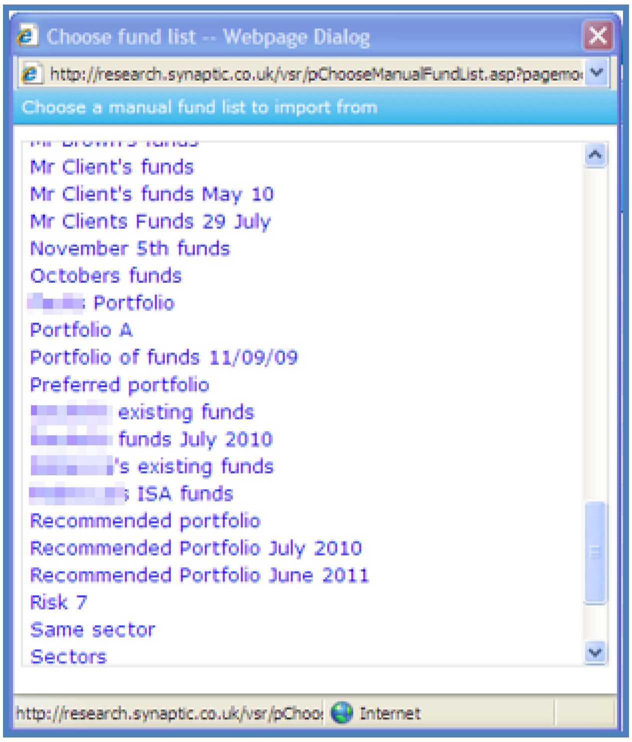
9.1 Importing Fund Research into Product Research

During the product filtering stage the fund research can be imported so you are filtering contracts based on the actual funds you are recommending as opposed to sectors.

You will firstly need to complete the fund research and convert it to a manual fund list. For information on how to do this, please see section 4.2 Converting fund research into a manual fund list.

Start a piece of product research and within the **Sectors** tab, instead of choosing sectors you want the product to have access to, scroll to the bottom of the screen.





The manual fund lists that have been created will be listed. Select the relevant manual fund list.

This is one of the reasons why it is important to name your manual fund lists otherwise they will all be listed with the same name 'Manual fund list'.

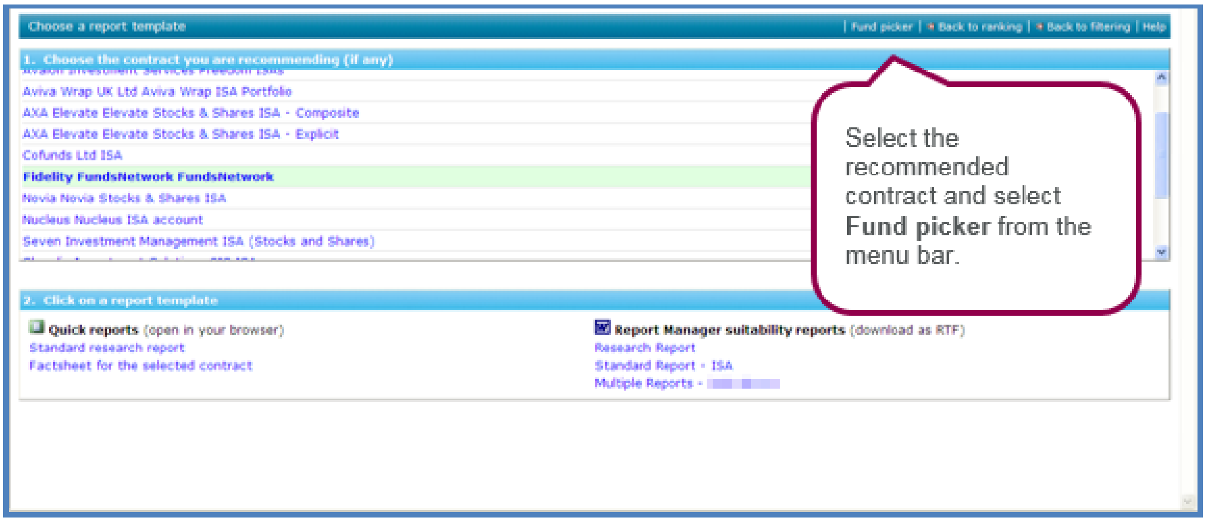
The funds in the manual fund list will be listed at the bottom left of the screen.

Synaptic will filter out contracts that do not have access to those funds.

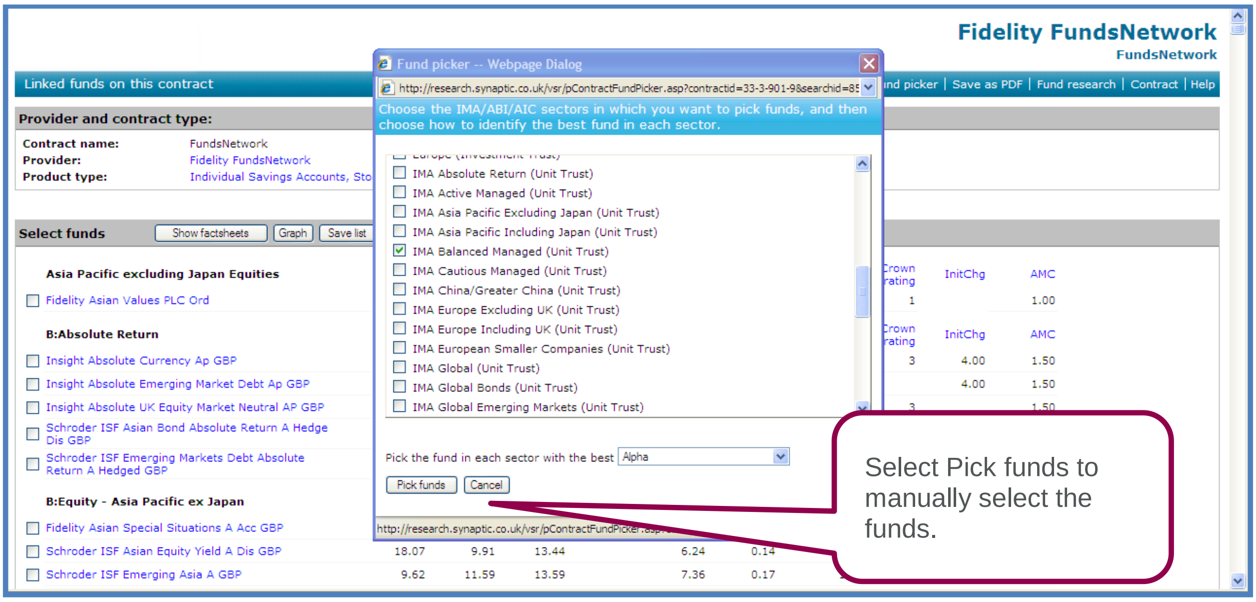
The funds will be included in the product research reports as the recommended funds.

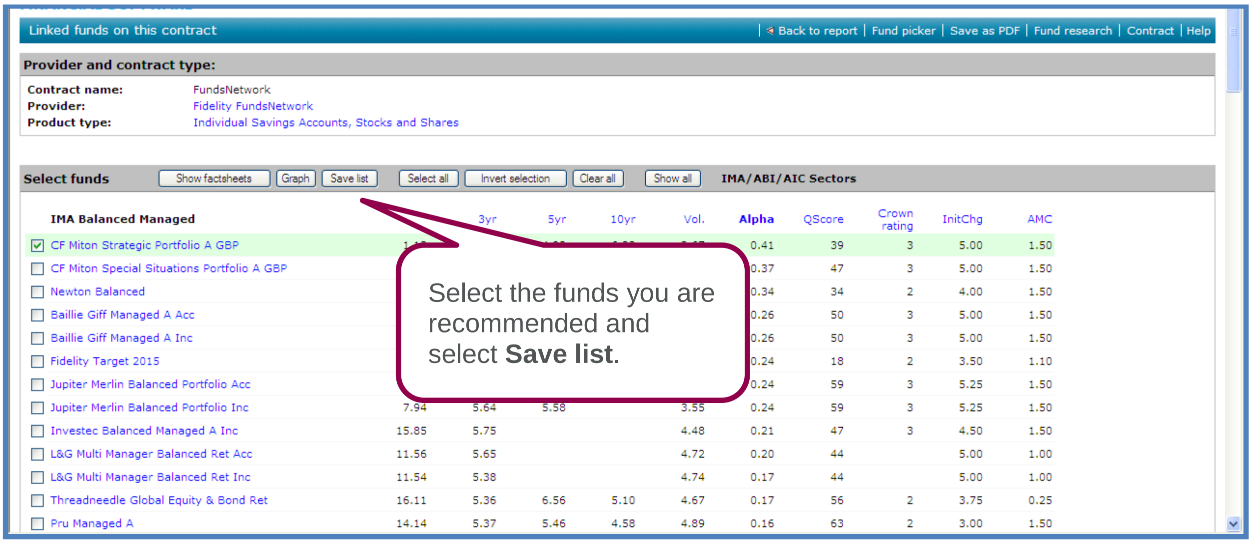
9.2 Using the Fund Picker during Product Research

If you have not created a manual fund list in Synaptic but you know what funds you are recommending, you can simply select them prior to generating the report.



By default Synaptic Research will pick funds based from the sectors selected at the filtering stage based on the best alpha. The initial screen that gets displays confirms the sectors you have already chosen and defaults to alpha.





You will receive confirmation that the funds selected have been saved. Return to the research reports by selecting **Back to report** from the menu bar.

The funds will be included in the product research reports as the recommended funds.

Products & Services from Synaptic Software:

SYNAPTIC PRODUCT & FUND

SYNAPTIC WEBLINE

SYNAPTIC WEBLINE PLAY

SYNAPTIC WEB SERVICES

SYNAPTIC ANALYSER

SYNAPTIC COMPARATOR

SYNAPTIC MODELLER

SYNAPTIC RISK

SYNAPTIC