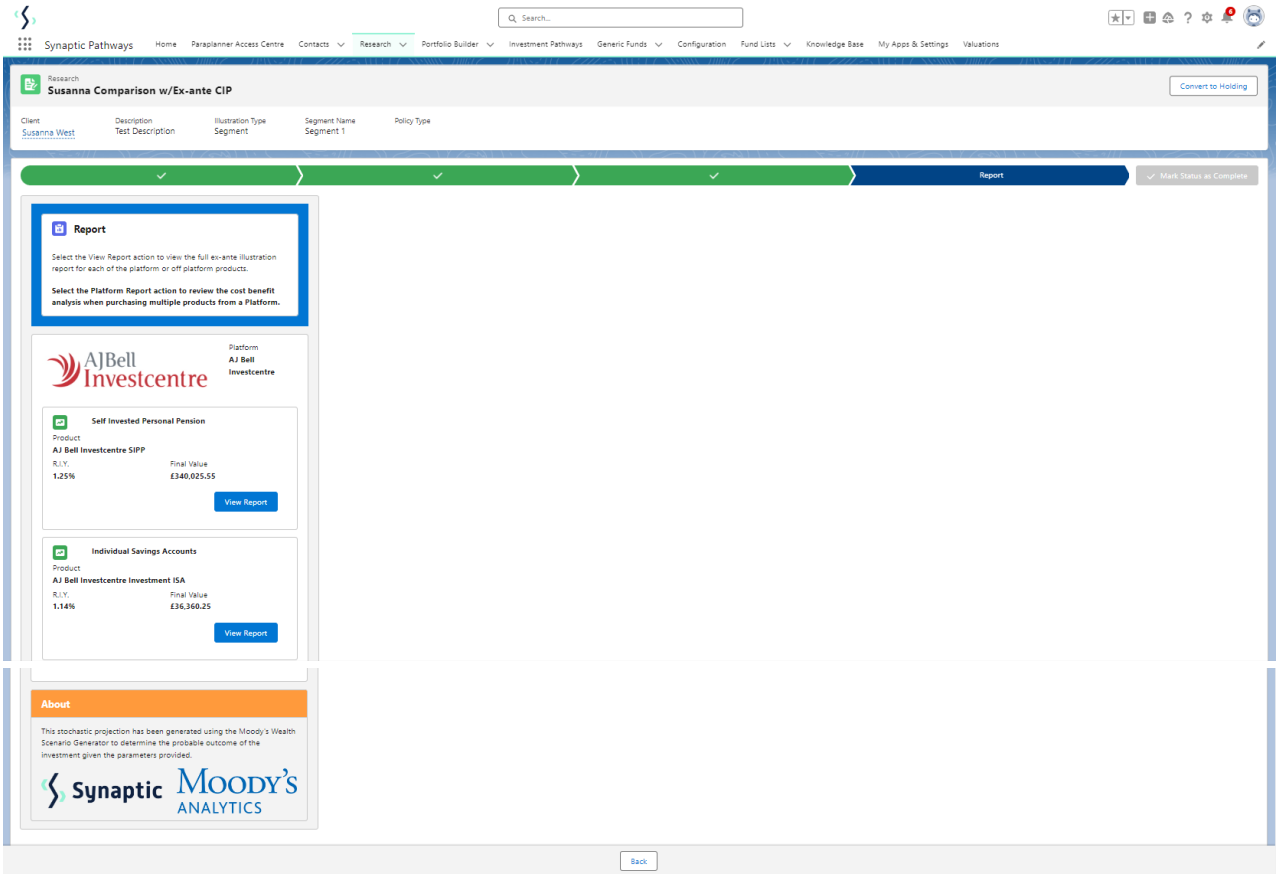
Comparison & Ex-Ante Report

Last Modified on 16/10/2023 4:19 pm BST

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



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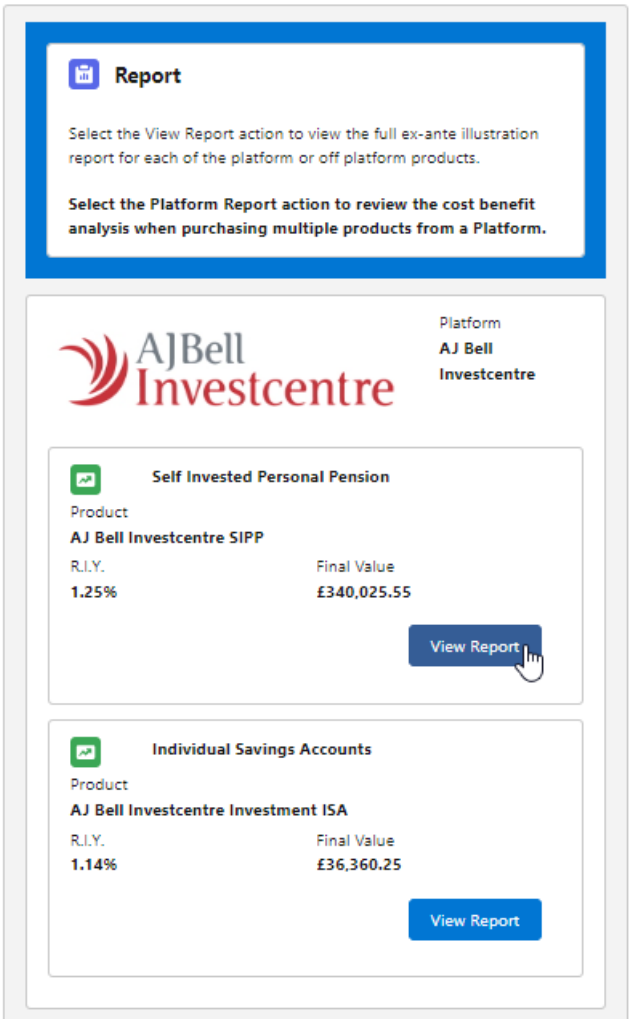

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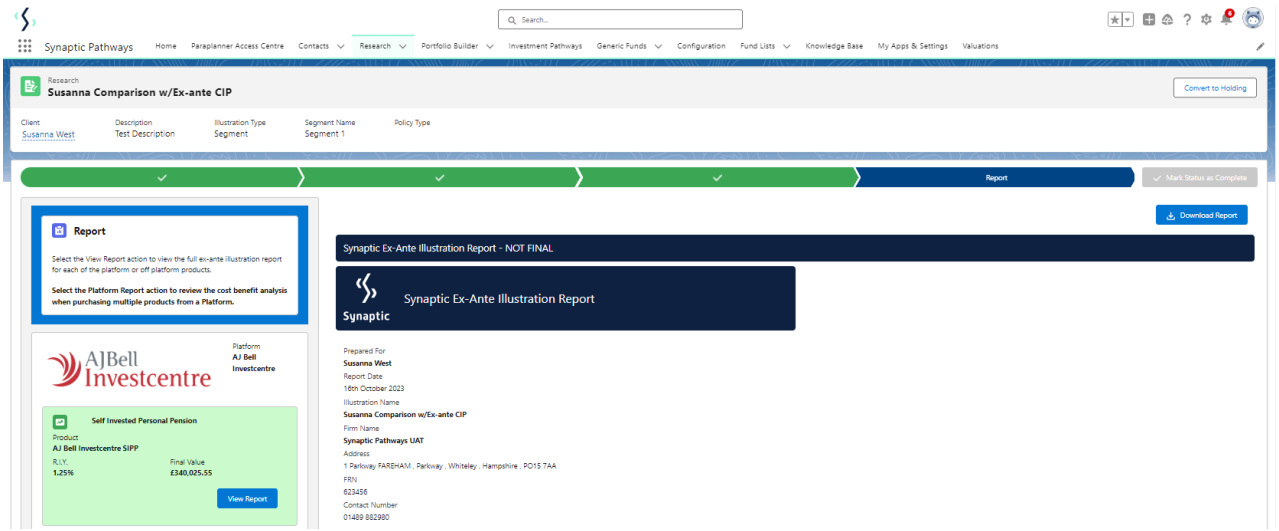
The report will load on the right side of the screen:



Individual Savings Accounts

Product

AJ Bell Investcentre Investment ISA

R.I.Y.	Final Value
1.14%	**£36,360.25**

View Report

About

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

Synaptic MOODY'S ANALYTICS

About the Synaptic Ex-Ante Illustration and Report

Report overview

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

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

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

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

The role of research and suitability

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

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

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

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

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

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

Clients can therefore rely on the correct alignment of their investment

Capacity for Loss

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

Sequence risk is acknowledged in this methodology as expected losses in the 'worst year' of the term are quantified (on a 1 in 20 years basis).

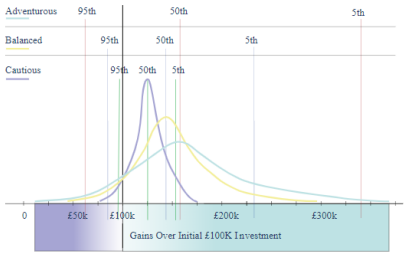
Recorded as the 'min gain', this represents one of the main calculations provided by the stochastic forecast, a 'value at risk' measure (over 12 months), representing the extent of losses expected for given risk category.

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

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

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

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



Risk strategy	Very low (95th perc.)	Med (50th perc.)	Very High (5th perc.)
Adventurous	£60k	£160k	£330k
Balanced	£80k	£140k	£230k
Cautious	£95k	£125k	£155k

Fig. 1 Investment risk strategy: Moody's Analytics projected outcomes(final fund value) by percentile, assuming £100k invested over 10 years.

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

Investment Portfolio	Term of calculation
Auto	**10**

Summary of Investment, Contributions and Withdrawals

	Initial Investment (Inc. Transfer In)	Contributions over the Period	Withdrawals over the Period
	£210,825.00	£36,637.52	£7,632.82

Risk Overview

	Min. Gain (VAR @ 95%)	Expected Return	Max. Gain (VAR @5th)	Risk Category
Strategic (Moody's)	-17.5%	7.9%	28.78%	Balanced (High End)
Investment Scenario	-14.62%	7.1%	27.7%	Balanced (Low End)

Expected Investment Return

Investment Scenario	Lowest (<5% Probability)	Medium Low (<20% Probability)	Expected (Average Gain)	Medium High (<20% Probability)	Best (<5% Probability)
	£232,715.00	£299,258.00	£390,134.00	£501,485.00	£618,440.00

Summary Costs on Expected (Mean) Return

Investment Scenario	Expected Return without Costs(A)	Expected Return with Costs(B)	Cumulative Impact of Costs(A-B)
	£452,999.00	£402,114.72	£50,884.28

Value of Advice and Impact of Inflation	Expected Return with Costs(B)	Expected Return with Costs and Inflation(C)	No Investment (Includes RPI and Inflation Indexation)(D)	Value of Advice (Inflation Adjusted)(C-D)
	£402,114.72	£312,423.99	£166,596.92	£145,827.08

Client Information

Name
Susanna West
Address
-
Telephone
07555555555
Date of Birth
17/09/1982
Client Risk Profile
Balanced (High End)
Description of Risk Category
Balanced investors have an attitude to risk in the middle 50% of the investing population and are neither very risk averse nor inclined to seek riskier investments. They often have some experience and understanding of investments. They can usually make investment decisions without too much hesitation or anxiety. They may find more comfort in banks accounts and lower risk investments than stocks, shares and investment funds, but understand that investment risk may be required to meet their investment goals.

Investment Objective

Name
Susanna Comparison w/Ex-ante CIP
Description
Test Objective/Goal Description

Investment Objective Risk Category

Risk Category for Objective
Balanced (High End)

Investment Details

Initial Amount
£10,562.00
Transfer In Amount
£200,263.00
Total Initial Amount
£210,825.00
Contributions During Term
£36,637.52
Withdrawals During Term
£7,632.82
Net Investment During Term
£239,829.70
Platform / Provider Selected
AJ Bell Investcentre
Product Selected
AJ Bell Investcentre SIPP
Wrapper Selected
Pensions
Portfolio Selected
Auto

Adviser Fees

Initial & One-off Fees
£718.35
Ongoing Fee Over the Term
£16,089.48
Fee on Regular Contribution
£0.00
Contributions Applied To
0
Special Deal Applied
No
Assets Under Management (AUM) Discount Applied
No

Central Investment Proposition

Advised in line with firm's Central Investment Proposition
Yes
Advised using Whole of Market Option
No
Name of Segment
Segment 1
Description of Segment
Test Text

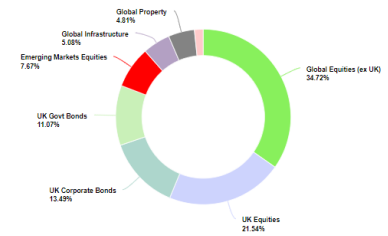
MiFID II Target Market Information

Investor Type
Retail
Objective & Needs
Growth
Knowledge & Experience
Basic Investor
Client Ability to Bear Loss
No Capital Guarantee

Stochastic Projections

Forecast based on strategic asset allocation - no costs

Asset Allocation

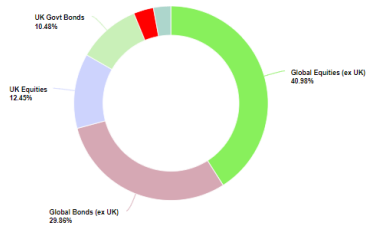


Min. Gain	Mean Gain	Max. Gain
-17.5%	7.9%	28.78%

Probability Projection

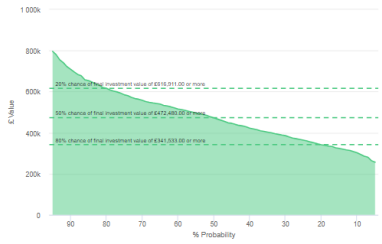
Forecast based on investment scenario - with costs

Asset Allocation

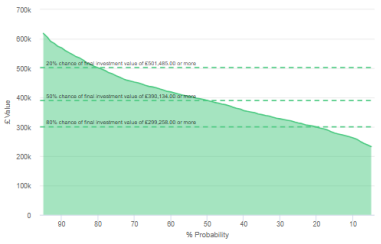


Min. Gain	Mean Gain	Max. Gain
-14.62%	7.1%	27.7%

Probability Projection



80% Probability	50% Probability	20% Probability
£341,533.00	£472,480.00	£616,911.00



80% Probability	50% Probability	20% Probability
£299,258.00	£390,134.00	£501,485.00

Risk Illustration

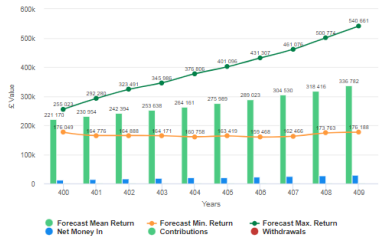
Lowest Outcome (5% Chance)	Expected Outcome	Best Outcome (5% Chance)
£256,551.00 or 11.59%	£488,215.99 or 112.36%	£796,185.00 or 246.32%

Risk Illustration

Lowest Outcome (5% Chance)	Expected Outcome	Best Outcome (5% Chance)
£232,715.00 or 1.22%	£402,114.72 or 74.91%	£618,440.00 or 169%

Forecast based on strategic asset allocation - With Costs & Inflation

Risk Illustration



Lowest Outcome (5% Chance)	Expected Outcome	Best Outcome (5% Chance)
£176,188.00 or -23.36%	£336,782.15 or 46.49%	£540,661.00 or 135.17%

Forecast based on investment scenario - With Costs & Inflation

Risk Illustration

Lowest Outcome (5% Chance)	Expected Outcome	Best Outcome (5% Chance)
£179,468.00 or -21.94%	£312,423.99 or 35.89%	£482,003.00 or 109.66%

Portfolio Summary

Portfolio Name
Auto

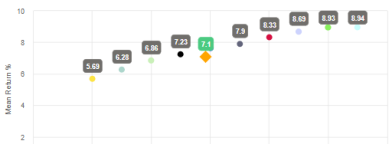
Fund Name	Allocation %
Vanguard LifeStrategy 20% Equity A Gross Acc GBP	37.00%
Vanguard LifeStrategy 80% Equity A	63.00%

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

Year	In	Out	Total In	Min. Gain	Max Gain	Mean Gain	Net Growth
1	£213,225.00	£500.00	£212,725.00	£188,034.00	£263,860.00	£228,126.31	£15,401.31
2	£215,843.40	£1,045.50	£214,797.90	£184,790.00	£306,519.00	£244,011.41	£29,213.51
3	£218,700.07	£1,640.64	£217,059.43	£188,140.00	£338,010.00	£260,916.36	£43,856.93
4	£221,816.71	£2,289.94	£219,526.77	£191,534.00	£371,411.00	£277,430.26	£57,903.50
5	£225,216.95	£2,998.32	£222,218.63	£192,752.00	£407,207.00	£294,043.61	£71,824.98
6	£228,926.62	£3,771.17	£225,155.45	£199,634.00	£443,744.00	£312,104.59	£86,949.14
7	£232,973.87	£4,614.35	£228,359.52	£200,983.00	£470,418.00	£331,718.24	£103,358.72
8	£237,389.41	£5,534.25	£231,855.16	£208,479.00	£519,103.00	£354,068.20	£122,213.04
9	£242,206.77	£6,537.87	£235,668.91	£224,168.00	£568,249.00	£375,872.20	£140,203.29
10	£247,462.52	£7,632.82	£239,829.70	£232,715.00	£618,440.00	£402,114.72	£162,285.02

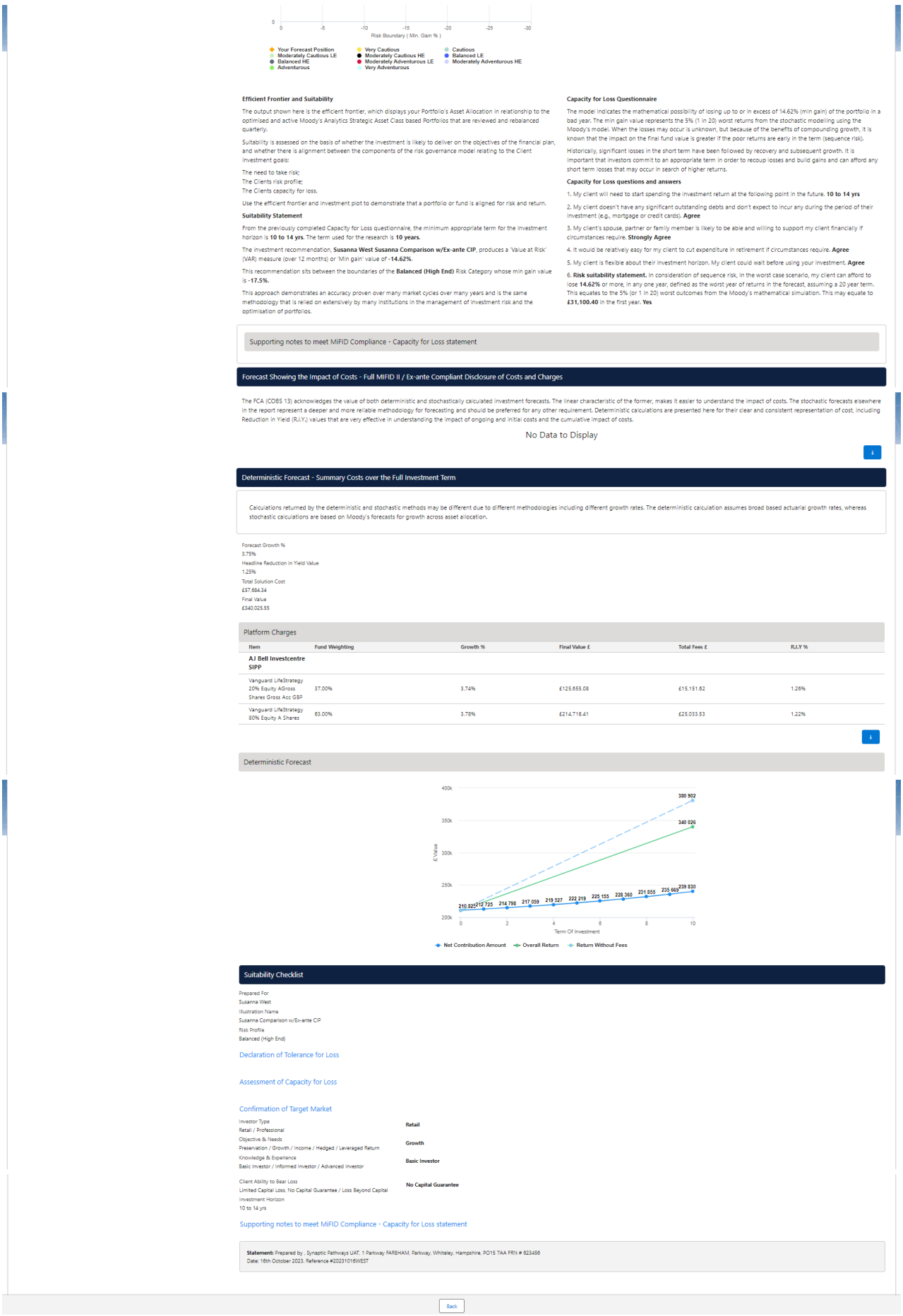
Suitability Statement

Efficient Frontier Position



To confirm alignment of the investment recommendation with the Moody's investment strategy, the investment recommendations min gain value should not exceed the risk threshold, or upper boundary, for the relevant risk category.

The 'min gain' indicates the expected loss for an investment in the 'worst year', assuming a 20 year term. It is equivalent to the 5% worst outcomes (or 1 in 20) from the stochastic simulation whose data underpins the calculations made using this tool, and should be used for determining the client's Capacity for Loss in respect of the investment proposal.



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Susanna West
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Firm Name
Synaptic Pathways UAT
Address