

# 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:

The screenshot displays the Synaptic Wealth Management software interface. At the top, there is a navigation menu with options like Synaptic Pathways, Home, Paraplanner Access Centre, Contacts, Research, Portfolio Builder, Investment Pathways, Generic Funds, Configuration, Fund Lists, Knowledge Base, My Apps & Settings, and Valuations. A search bar is located in the top right corner. The main content area is titled "Susanna Comparison w/Ex-ante CIP" and includes a "Convert to Holding" button. Below the title, there is a table with columns for Client, Description, Illustration Type, Segment Name, and Policy Type. The client is "Susanna West" and the description is "Test Description". A progress bar at the top of the main area shows steps: Home, Portfolio Builder, Investment Pathways, Generic Funds, Configuration, Fund Lists, Knowledge Base, My Apps & Settings, Valuations, and Report (which is currently selected). The "Report" section contains a "Report" card with instructions: "Select the View Report action to view the full ex-ante illustration report for each of the platform or off platform products." and "Select the Platform Report action to review the cost benefit analysis when purchasing multiple products from a Platform." Below this, there are two investment products listed:

Product	Platform	R.I.V.	Final Value
Self Invested Personal Pension	AJ Bell Investcentre	1.25%	£340,025.55
Individual Savings Accounts	AJ Bell Investcentre	1.14%	£36,360.25


Each product has a "View Report" button. At the bottom of the report, there is an "About" section stating: "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." The Synaptic and Moody's Analytics logos are displayed at the bottom. A "Back" button is located at the bottom center of the interface.

Click **View Report**:


 **Report**  

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

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




Platform  
**AJ Bell  
Investcentre**

 **Self Invested Personal Pension**

Product  
**AJ Bell Investcentre SIPP**

R.I.Y. <b>1.25%</b>	Final Value <b>£340,025.55</b>
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[View Report](#)

 **Individual Savings Accounts**

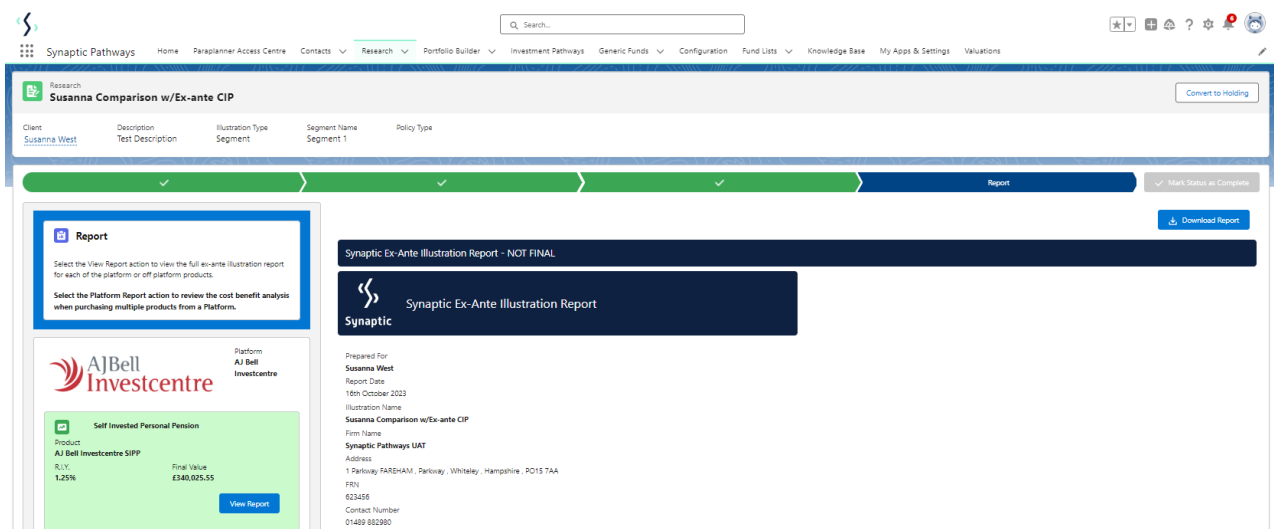
Product  
**AJ Bell Investcentre Investment ISA**

R.I.Y. <b>1.14%</b>	Final Value <b>£36,360.25</b>
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[View Report](#)

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

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



The screenshot shows the Synaptic software interface. At the top, there is a navigation menu with options like 'Synaptic Pathways', 'Home', 'Paraplanner Access Centre', 'Contacts', 'Research', 'Portfolio Builder', 'Investment Pathways', 'Generic Funds', 'Configuration', 'Fund Lists', 'Knowledge Base', 'My Apps & Settings', and 'Valuations'. A search bar is also present.

The main content area displays a report titled 'Susanna Comparison w/Ex-ante CIP'. Below the title, there is a table with columns for 'Client', 'Description', 'Illustration Type', 'Segment Name', and 'Policy Type'. The 'Report' tab is highlighted in green, and a 'Download Report' button is visible.

The report content is displayed in a dark blue box with the Synaptic logo and the title 'Synaptic Ex-Ante Illustration Report - NOT FINAL'. Below this, the report details are shown:

Prepared For: **Susanna West**  
 Report Date: **16th October 2023**  
 Illustration Name: **Susanna Comparison w/Ex-ante CIP**  
 Firm Name: **Synaptic Pathways UAT**  
 Address: **1 Parkway FAREHAM, Parkway, Whiteley, Hampshire, PO15 7AA**  
 FRN: **623456**  
 Contact Number: **01489 882980**

**Individual Savings Accounts**  
**Product**  
**AJ Bell Investcentre Investment ISA**  
 RLV: **1.14%**      Final Value: **£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.



**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 advisors 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 advisors and clients and encourage clients to remain invested in order to reap the returns offered by the financial markets, which historically have provided returns to diversified investors.

**Compliance** - allow firms to meet the highest possible standards of proof of suitability and disclosure in formats that are aligned to the compliance responsibilities of firms under COBS, MiFID II and PRIOD. The report includes objective analysis of risk including 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 outcomes of unlikely possibility and representing the most severely stressed or volatile market conditions.

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

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

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

Risk categories are mapped to the scoring of the attitude to risk questionnaire (ATRQ). Clients can therefore rely on the correct alignment of their investment.

**Capacity for Loss**

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

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

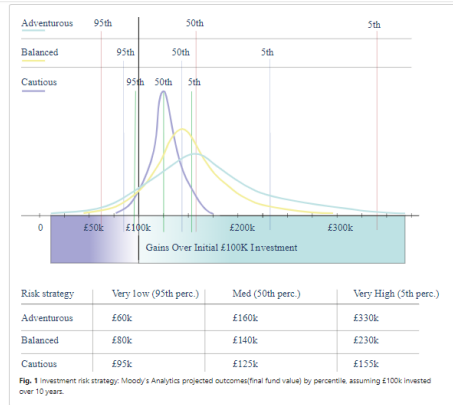
Recorded as the 'min gain', this represents one of the main calculations provided by the stochastic forecast, a 'value at risk' measure (over 12 months), representing the extent of losses expected for given risk category.

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 %'.



**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**

<b>Investment Portfolio</b>	<b>Term of calculation</b>		
Auto	10		
<b>Summary of Investment, Contributions and Withdrawals</b>			
	Initial Investment (Inc. Transfer In)	Contributions over the Period	Withdrawals over the Period
	£210,825.00	£36,637.52	£7,632.82
<b>Risk Overview</b>			
Strategic (Moody's)	Min. Gain (VAR @ 95th)	Expected Return	Max. Gain (VAR @ 5th)
	-17.5%	7.9%	28.78%
Investment Scenario	-14.62%	7.1%	27.7%
			Risk Category: Balanced (High End)
			Balanced (Low End)
<b>Expected Investment Return</b>			
Investment Scenario	Lowest (<5% Probability)	Medium Low (<20% Probability)	Expected (Average Gain)
	£232,715.00	£299,258.00	£390,134.00
Best (<5% Probability)			Medium High (<20% Probability)
			£501,485.00
			£618,440.00
<b>Summary Costs on Expected (Mean) Return</b>			
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)
	£402,114.72	£312,423.99	£166,596.92
			Value of Advice (Inflation Adjusted)(C-C)
			£145,827.08

**Client Information**

Name  
 Susanna West  
 Address  
 -  
 Telephone  
 0755555555  
 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  
 None  
 Portfolio Selected  
 Auto

**Adviser Fees**

Initial & One-off Fees  
 £718.85  
 Ongoing Fee Over the Term  
 £16,009.48  
 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

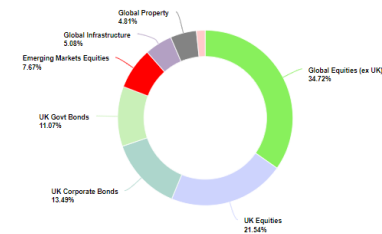
**MiFID II Target Market Information**

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**

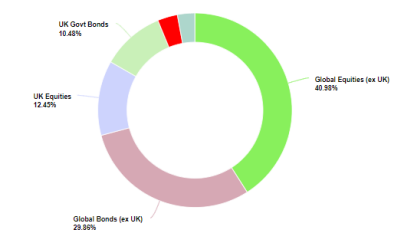


Min. Gain: -17.5%  
 Mean Gain: 7.9%  
 Max. Gain: 33.78%

**Probability Projection**

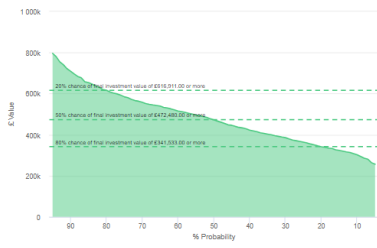
**Forecast based on investment scenario - with costs**

**Asset Allocation**



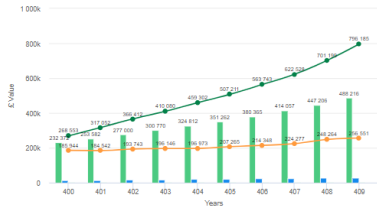
Min. Gain: -14.62%  
 Mean Gain: 7.1%  
 Max. Gain: 27.7%

**Probability Projection**

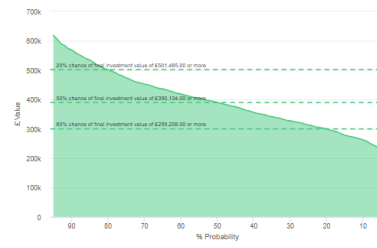


80% Probability £341,533.00  
 50% Probability £472,483.00  
 20% Probability £616,911.00

**Risk Illustration**

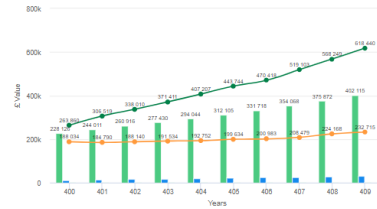


Lowest Outcome (5% Chance) £256,581.00 or -11.99%  
 Expected Outcome £488,215.89 or -112.36%  
 Best Outcome (5% Chance) £796,185.00 or 246.32%



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

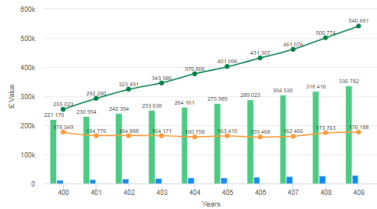
**Risk Illustration**



Lowest Outcome (5% Chance) £32,715.00 or -1.22%  
 Expected Outcome £402,114.72 or 74.91%  
 Best Outcome (5% Chance) £618,440.00 or 169%

**Forecast based on strategic asset allocation - With Costs & Inflation**

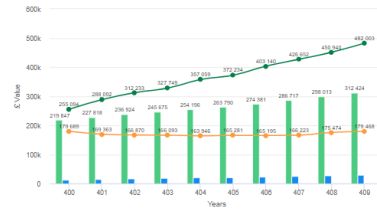
**Risk Illustration**



Lowest Outcome (5% Chance) £176,188.00 or -23.36%  
 Expected Outcome £336,782.15 or 45.49%  
 Best Outcome (5% Chance) £540,661.00 or 135.17%

**Forecast based on investment scenario - With Costs & Inflation**

**Risk Illustration**



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

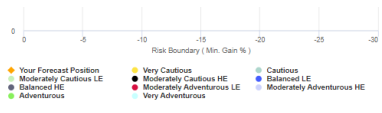
Year	In	Out	Total In	Min. Gain	Max. Gain	Mean Gain	Net Growth
1	£213,225.00	£0.00	£213,225.00	£188,054.00	£263,800.00	£228,124.31	£15,401.31
2	£215,640.00	£1,045.50	£214,594.50	£184,790.00	£296,519.00	£240,911.41	£29,213.51
3	£218,700.00	£1,640.44	£217,059.56	£185,140.00	£338,010.00	£269,916.36	£43,856.63
4	£221,816.71	£2,289.94	£219,526.77	£191,534.00	£371,411.00	£277,420.26	£57,903.50
5	£225,214.95	£2,998.32	£222,216.63	£192,752.00	£407,207.00	£294,043.61	£71,824.98
6	£228,924.62	£3,771.17	£225,153.45	£199,454.00	£443,744.00	£312,104.59	£86,949.14
7	£232,971.87	£4,614.35	£228,357.52	£208,949.00	£470,418.00	£331,718.24	£103,359.72
8	£237,398.41	£5,534.25	£231,864.16	£208,479.00	£519,103.00	£354,983.20	£122,213.04
9	£242,106.77	£6,537.87	£235,568.91	£224,169.00	£568,249.00	£375,872.20	£140,203.29
10	£247,452.52	£7,632.82	£239,820.70	£232,715.00	£618,440.00	£402,114.72	£162,288.02

**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 outcome (or 1 in 20) from the stochastic simulation whose data underpins the calculations made using this tool, and should be used for determining the client's Capacity for Loss in respect of the investment proposal.



**Efficient Frontier and Suitability**

The output shown here is the efficient frontier, which displays your Portfolio's Asset Allocation in relationship to the optimised and active Moody's Analytics Strategic Asset Class based Portfolios that are reviewed and rebalanced quarterly.

Suitability is assessed on the basis of whether the investment is likely to deliver on the objectives of the financial plan, and whether there is alignment between the components of the risk governance model relating to the Client investment goals:

The need to take risk:  
 The Client's risk profile:  
 The Client's capacity for loss.

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

**Suitability Statement**

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

The investment recommendation, **Susanna West Susanna Comparison w/Ex-ante CIP**, produces a Value at Risk (VaR) measure (over 12 months) or 'min gain' value of **-14.62%**.

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

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

**Capacity for Loss Questionnaire**

The model indicates the mathematical possibility of losing up to or in excess of 14.62% (min gain) of the portfolio in a bad year. The min gain value represents the 5% (1 in 20) worst returns from the stochastic modelling using the Moody's model. When the losses may occur is unknown, but because of the benefits of compounding growth, it is known that the impact on the final fund value is greater if the poor returns are early in the term (sequence risk). Historically, significant losses in the short term have been followed by recovery and subsequent growth. It is important that investors commit to an appropriate term in order to recoup losses and build gains and can afford any short term losses that may occur in search of higher returns.

**Capacity for Loss questions and answers**

1. My client will need to start spending the investment return at the following point in the future. **10 to 14 yrs**
2. My client doesn't have any significant outstanding debts and don't expect to incur any during the period of their investment (e.g., mortgage or credit cards). **Agree**
3. My client's spouse, partner or family member is likely to be able and willing to support my client financially if circumstances require. **Strongly Agree**
4. It would be relatively easy for my client to cut expenditure in retirement if circumstances require. **Agree**
5. My client is flexible about their investment horizon. My client could wait before using your investment. **Agree**
6. **Risk suitability statement**, in consideration of sequence risk, in the worst case scenario, my client can afford to lose **14.62%** or more, in any one year, defined as the worst year of returns in the forecast, assuming a 20 year term. This equates to the 5% (or 1 in 20) worst outcomes from the Moody's mathematical simulation. This may equate to **£31,100.40** in the first year. **Yes**

Supporting notes to meet MIFID Compliance - Capacity for Loss statement

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

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

No Data to Display

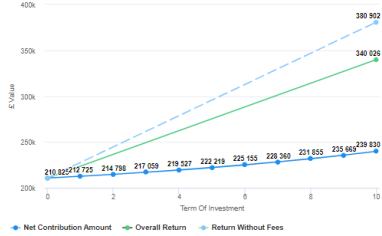
**Deterministic Forecast - Summary Costs over the Full Investment Term**

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

Forecast Growth %  
 3.75%  
 Headline Reduction in Yield Value  
 1.25%  
 Total Solution Cost  
 £37,864.34  
 Final Value  
 £340,025.55

Item	Fund Weighting	Growth %	Final Value £	Total Fees £	RLY %
<b>AJ Bell Investcentre</b>					
<b>SIPP</b>					
Vanguard LifeStrategy 100% Equity A Shares	37.00%	3.74%	£126,855.08	£15,151.82	1.26%
Vanguard LifeStrategy 80% Equity A Shares	63.00%	3.78%	£214,718.41	£25,093.53	1.22%

**Deterministic Forecast**



**Suitability Checklist**

Prepared For  
 Susanna West  
 Illustration Name  
 Susanna Comparison w/Ex-ante CIP  
 Risk Profile  
 Balanced (High End)

Declaration of Tolerance for Loss

Assessment of Capacity for Loss

**Confirmation of Target Market**

Investor Type: Retail / Professional **Retail**  
 Objective & Needs: Preservation / Growth / Income / Hedged / Leveraged Return **Growth**  
 Knowledge & Experience: Basic Investor / Informed Investor / Advanced Investor **Basic Investor**  
 Client Ability to Bear Loss: Limited Capital Loss, No Capital Guarantee / Loss Beyond Capital Investment Horizon **No Capital Guarantee**  
 Investment Horizon: 10 to 14 yrs

Supporting notes to meet MIFID Compliance - Capacity for Loss statement

Statements Prepared by: Synaptic Pathways UAT, 1 Parkway FAREHAM, Parkway, Whiteley, Hampshire, PO15 7AA FRN # 633456  
 Date: 16th October 2023. Reference #20231016WEST

Back

After viewing the report, Download through the **Download Report** at the top right of the screen:

 Synaptic Ex-Ante Illustration Report  
**Synaptic**

Prepared For

**Susanna West**

Report Date

16th October 2023

Illustration Name

**Susanna Comparison w/Ex-ante CIP**

Firm Name

**Synaptic Pathways UAT**

Address

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