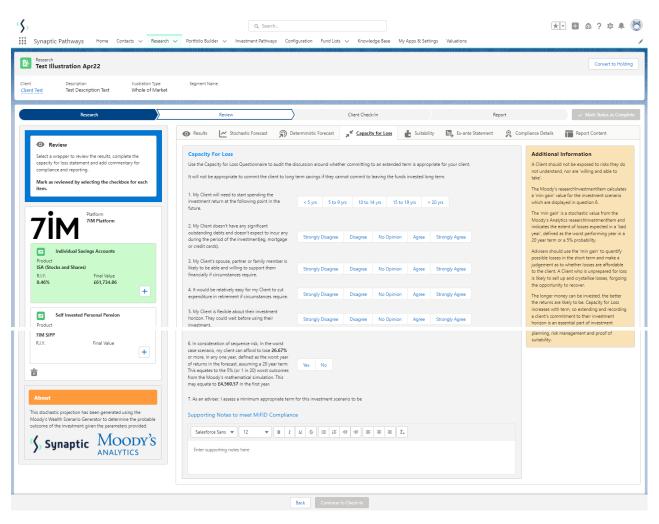
## Ex-Ante - Basis of Illustration -Capacity for Loss

Last Modified on 06/05/2022 12:07 pm BST

The Capacity for Loss tab will need to be completed for each investment on the Illustration.

## Complete the questionnaire:



You will not be able to proceed to the Check-in without the Capacity for Loss statement completed.

A AN AN AN AN AN	You must com	plete the capacity	for loss statement	before this iter	n can be marked as reviewed.		() () (X
	Capacity for Loss	Suitability	Ex-ante	Statement	Ocompliance Details	Repo	rt Content
Capacity For Loss Use the Capacity for Loss Questionnaire to audit the di It will not be appropriate to commit the client to long to		2					Additional Information A Client should not be exposed to risks they do not understand, nor are 'willing and able to take'. The Moody's researchInvestmentItem calculates
<ol> <li>My Client will need to start spending the investment return at the following point in the future.</li> </ol>	< 5 yrs 5 to 9	yrs 10 to 14	yrs 15 to 19 y	yrs > 20 yr	rs		a 'min gain' value for the investment scenario which are displayed in question 6. The 'min gain' is a stochastic value from the Moody's Analytics researchInvestmentItem and
<ol> <li>My Client doesn't have any significant outstanding debts and doesn't expect to incur any during the period of the investment(eg, mortgage or credit cards).</li> </ol>	Strongly Disagree	Disagree	No Opinion	Agree St	rongly Agree		indicates the extent of losses expected in a 'bad year', defined as the worst performing year in a 20 year term or a 5% probability.
<ol> <li>My Client's spouse, partner or family member is likely to be able and willing to support them financially if circumstances require.</li> </ol>	Strongly Disagree	Disagree	No Opinion	Agree St	rongly Agree		Advisers should use the 'min gain' to quantify possible losses in the short term and make a judgement as to whether losses are affordable to the client. A Client who is unprepared for loss is likely to sell up and crystallise losses, forgoing the opportunity to recover.
<ol><li>It would be relatively easy for my Client to cut expenditure in retirement if circumstances require.</li></ol>	Strongly Disagree	Disagree	No Opinion	Agree St	rongly Agree		The longer money can be invested, the better the returns are likely to be. Capacity for Loss
<ol> <li>My Client is flexible about their investment horizon. They could wait before using their investment.</li> </ol>	Strongly Disagree	Disagree	No Opinion	Agree St	rongly Agree		increases with term, so extending and recording a client's commitment to their investment horizon is an essential part of investment planning, risk management and proof of suitability.
<ol> <li>My Client can afford to lose 26.74% in any one year, as a worst case scenario this could equate to £13,888.49 loss in the final year of the 10 year term proposed.</li> </ol>	Yes No						suitaunity
7. As an adviser, I assess a minimum appropriate term	for this investment sce	enario to be <b>10 to</b>	14 yrs				

## You have the opportunity to add any Supporting Notes to meet MiFID Compliance :

Supporting Notes to meet MiFID Compliance									
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Enter supporting notes	here								

Before moving onto the Check-in, review the remaining tabs in the Basis of Illustration.

Note - All Investments will need to be reviewed before moving onto the Check-In.

Next tab is Suitability:

💿 Results 🗠 Stochastic Forecast 🎲 Deterministic Forecast 🦼 Capacity for Loss 📩 Suitability. 😫 Ex-ante Statement 🙎 Compliance Details 🧰 Report Content

See article Ex-Ante - Basis of Illustration - Suitability