

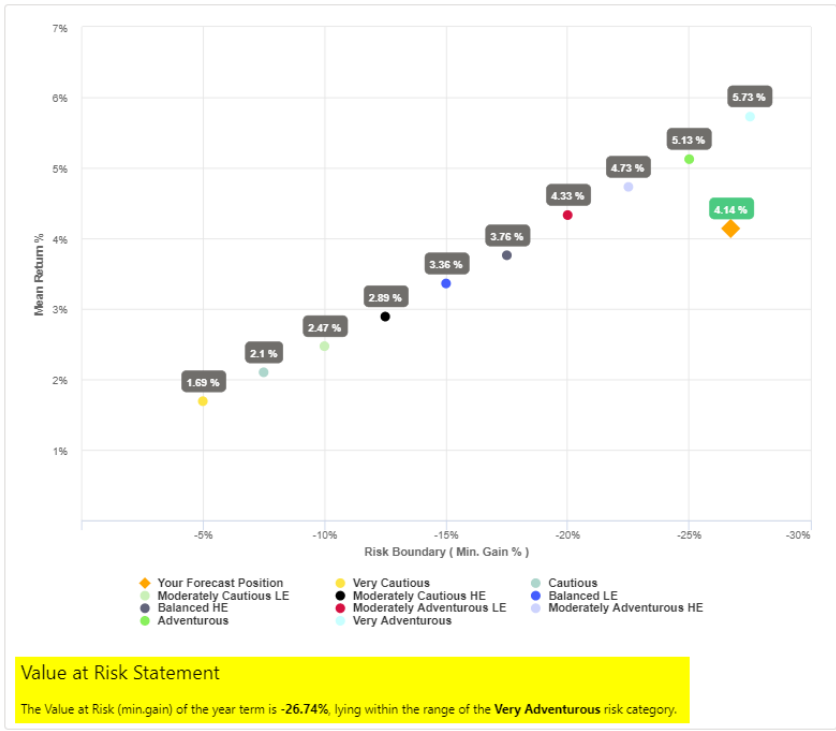
Ex-Ante - Basis of Illustration - Suitability

Last Modified on 06/05/2022 12:08 pm BST

The **Suitability** tab will display an **Efficient Frontier** graph:

The screenshot displays the Synaptic Pathways software interface. The top navigation bar includes 'Synaptic Pathways', 'Home', 'Contacts', 'Research', 'Portfolio Builder', 'Investment Pathways', 'Configuration', 'Fund Lists', 'Knowledge Base', 'My Apps & Settings', and 'Valuations'. The main content area is titled 'Test Illustration Apr22' and features a 'Convert to Holding' button. Below this, there are tabs for 'Research', 'Review', 'Client Check-In', and 'Report'. The 'Review' tab is active, showing a 'Review' section with instructions to mark the item as reviewed. The '7IM' platform summary is displayed, including details for 'Individual Savings Accounts' and 'Self Invested Personal Pension'. The 'Efficient Frontier' graph plots Mean Return % (Y-axis, 1% to 7%) against Risk Boundary (Min. Gain %) (X-axis, -5% to -30%). The graph shows a series of data points representing different risk levels, with the 'Your Forecast Position' highlighted in orange. A legend below the graph identifies risk categories: Very Cautious, Moderately Cautious HE, Cautious, Balanced LE, Moderately Adventurous LE, Very Adventurous, and Moderately Adventurous HE. The 'Value at Risk Statement' at the bottom indicates that the Value at Risk (min gain) of the year term is -26.67%, lying within the range of the Very Adventurous risk category.

Included in this screen is a **Value at Risk Statement** at the bottom of the graph:



Efficient Frontier

The output shown here is the efficient frontier, which displays your target Portfolios Asset Allocation in relationship to the optimised and active Synaptic Strategic Asset Class based Portfolios that are designed and updated on a quarterly basis to ensure their minimum gain hits the fixed risk boundaries.

If the mean return % is to the right of the curve then you may be taking more risk than required to achieve the return, if the mean return is too low then you may need to consider taking more risk by adjusting or changing the target portfolio.

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 Clients risk profile; - the Clients capacity for loss.

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

Next tab to review is the **Ex-Ante Statement**. See article [Ex-Ante - Basis of Illustration - Ex-Ante Statement](#)