

Synaptic Risk Rating Service



Fact
Sheet

Vanguard[®]

Q1 2025

Using the Risk Rating Service

It is the responsibility of the adviser to ensure that the level of risk that their client is exposed to is appropriate for their circumstances. The online Synaptic Attitude to Risk Questionnaire can assist in performing and saving a client risk appraisal, and the Risk analysis provided in these Fact Sheets can assist in identifying a suitable investment:

- Establish with the client how much they can afford to lose (tolerance for loss)
- Establish with the client how much they are prepared to lose in relation to the investment objective under consideration
- Use the Synaptic Risk Rating Service, or Synaptic Modeller tool to establish the 'minimum gain', or 'Capacity for Loss' quotient
- Compare the numbers to see if there is alignment. Due to the subjective nature of risk, there is a reliance on the skill and experience of the adviser to ensure that 'informed consent' has been achieved, on the basis that the client understands and agrees to the risk proposition.

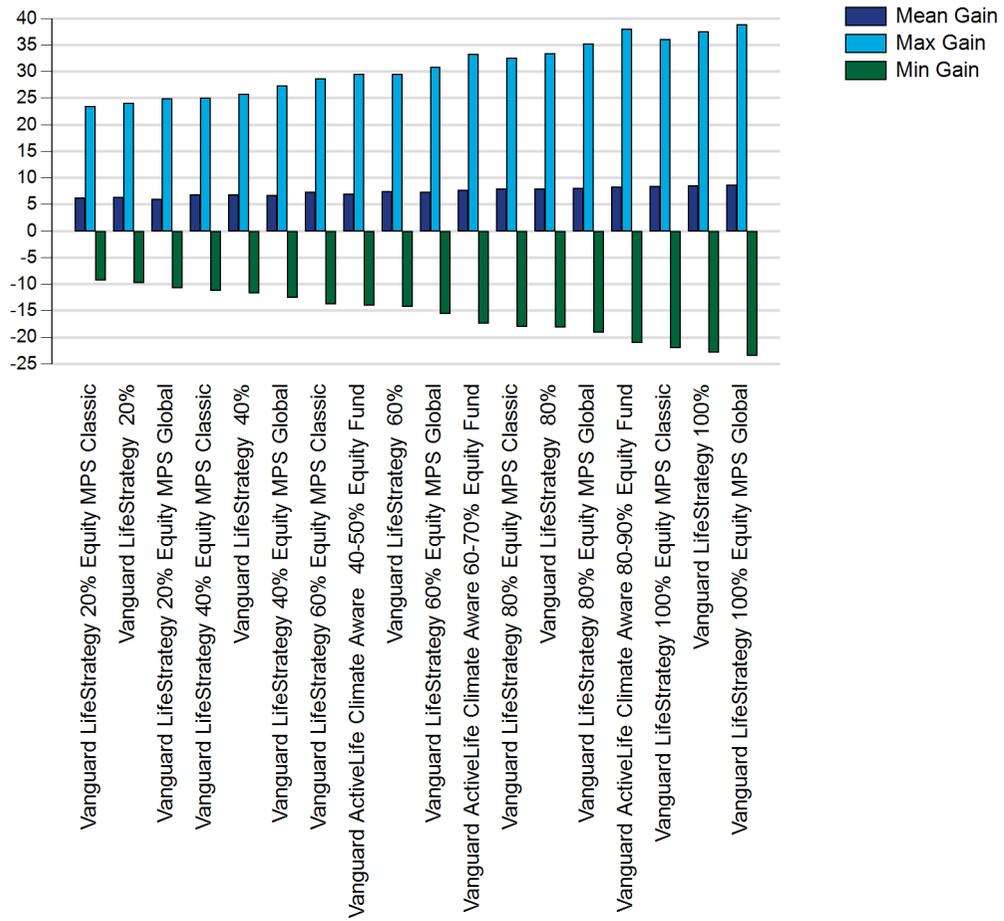
The Capacity for Loss Quotient

The Synaptic Risk Rating Service is derived from the risk framework provided by Moody's Analytic's Stochastic engine. It has been created to provide advisers with more robust, quantitative measures for risk than is generally available, and provide the opportunity for them to move away from Volatility based ratings. Projections are asset allocation of the underlying investments. The multiple scenarios modelled by the stochastic engine aim to capture the likelihood of a range of investment outcomes:

- The Minimum gain figure represents the possible loss to be sustained 5% (or 1 in 20 year event), in any one year. I.E. 'dear client, you have a 1 in 20 chance of losing 20% of your portfolio in any one year, in search of the higher returns you seek'.
- The Maximum gain figure represents the 5% of best possible outcomes returned by the model, and the Mean is the average annual growth calculated by the model.



Graph showing spread of risk using Minimum, Mean and Maximum gain figures derived from the Moody's Analytic's stochastic outputs, as applied to the Strategic asset allocation

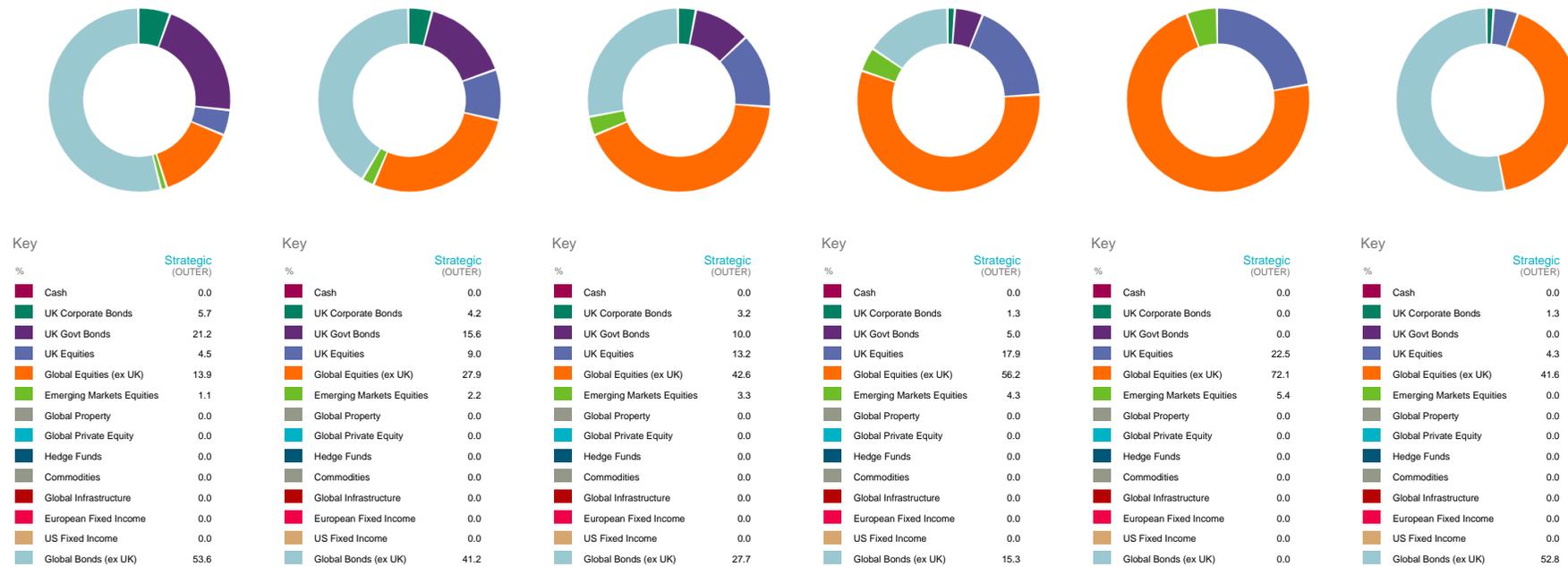




Strategic Asset Allocation

Strategic Asset Allocation	20%	40%	60%	80%	100%	Vanguard ActiveLife Climate Aware 40-50% Equity Fund
Synaptic Risk Rating	2.6	3.0	3.5	4.3	5.5	3.5
Rating Scale	1-5	1-5	1-5	1-5	1-5	1-5
Allocation	Moderately Cautious	Balanced	Balanced	Moderately Adventurous	Adventurous	Balanced
Max gain	24.06%	25.73%	29.51%	33.47%	37.53%	29.52%
Ave gain	6.34%	6.88%	7.45%	7.98%	8.60%	6.97%
Min gain	-9.69%	-11.66%	-14.28%	-18.12%	-22.85%	-14.03%

Asset Allocation breakdown



Vanguard ActiveLife
Climate Aware 60-70%
Equity Fund

Vanguard ActiveLife
Climate Aware 80-90%
Equity Fund

Vanguard LifeStrategy
20% Equity MPS
Classic

Vanguard LifeStrategy
40% Equity MPS
Classic

Vanguard LifeStrategy
60% Equity MPS
Classic

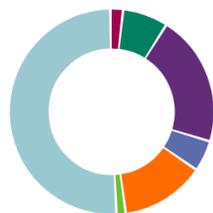
Vanguard LifeStrategy
80% Equity MPS
Classic



Strategic Asset Allocation

Fund	Synaptic Risk Rating	Behavior	Max gain	Ave gain	Min gain
Vanguard ActiveLife Climate Aware 60-70% Equity Fund	4.1 (1-5)	Moderately Adventurous	33.26%	7.66%	-17.35%
Vanguard ActiveLife Climate Aware 80-90% Equity Fund	4.8 (1-5)	Moderately Adventurous	38.03%	8.36%	-20.97%
Vanguard LifeStrategy 20% Equity MPS Classic	2.5 (1-5)	Moderately Cautious	23.46%	6.31%	-9.21%
Vanguard LifeStrategy 40% Equity MPS Classic	2.9 (1-5)	Moderately Cautious	25.10%	6.84%	-11.19%
Vanguard LifeStrategy 60% Equity MPS Classic	3.4 (1-5)	Balanced	28.73%	7.38%	-13.77%
Vanguard LifeStrategy 80% Equity MPS Classic	4.2 (1-5)	Moderately Adventurous	32.58%	7.91%	-18.00%

Asset Allocation breakdown



Key

%	Strategic (OUTER)
Cash	0.0
UK Corporate Bonds	0.7
UK Govt Bonds	0.0
UK Equities	6.2
Global Equities (ex UK)	59.9
Emerging Markets Equities	0.0
Global Property	0.0
Global Private Equity	0.0
Hedge Funds	0.0
Commodities	0.0
Global Infrastructure	0.0
European Fixed Income	0.0
US Fixed Income	0.0
Global Bonds (ex UK)	33.1

Key

%	Strategic (OUTER)
Cash	0.0
UK Corporate Bonds	0.3
UK Govt Bonds	0.0
UK Equities	8.1
Global Equities (ex UK)	78.2
Emerging Markets Equities	0.0
Global Property	0.0
Global Private Equity	0.0
Hedge Funds	0.0
Commodities	0.0
Global Infrastructure	0.0
European Fixed Income	0.0
US Fixed Income	0.0
Global Bonds (ex UK)	13.4

Key

%	Strategic (OUTER)
Cash	2.0
UK Corporate Bonds	7.2
UK Govt Bonds	20.7
UK Equities	4.9
Global Equities (ex UK)	13.2
Emerging Markets Equities	1.5
Global Property	0.0
Global Private Equity	0.0
Hedge Funds	0.0
Commodities	0.0
Global Infrastructure	0.0
European Fixed Income	0.0
US Fixed Income	0.0
Global Bonds (ex UK)	50.6

Key

%	Strategic (OUTER)
Cash	2.0
UK Corporate Bonds	5.4
UK Govt Bonds	15.5
UK Equities	9.8
Global Equities (ex UK)	26.5
Emerging Markets Equities	2.9
Global Property	0.0
Global Private Equity	0.0
Hedge Funds	0.0
Commodities	0.0
Global Infrastructure	0.0
European Fixed Income	0.0
US Fixed Income	0.0
Global Bonds (ex UK)	37.9

Key

%	Strategic (OUTER)
Cash	2.0
UK Corporate Bonds	3.6
UK Govt Bonds	10.3
UK Equities	14.7
Global Equities (ex UK)	39.7
Emerging Markets Equities	4.4
Global Property	0.0
Global Private Equity	0.0
Hedge Funds	0.0
Commodities	0.0
Global Infrastructure	0.0
European Fixed Income	0.0
US Fixed Income	0.0
Global Bonds (ex UK)	25.3

Key

%	Strategic (OUTER)
Cash	2.0
UK Corporate Bonds	1.8
UK Govt Bonds	5.2
UK Equities	19.6
Global Equities (ex UK)	53.0
Emerging Markets Equities	5.9
Global Property	0.0
Global Private Equity	0.0
Hedge Funds	0.0
Commodities	0.0
Global Infrastructure	0.0
European Fixed Income	0.0
US Fixed Income	0.0
Global Bonds (ex UK)	12.6



Strategic Asset Allocation

Strategic Asset Allocation	Synaptic Risk Rating	Asset Allocation	Max gain	Ave gain	Min gain
Vanguard LifeStrategy 100% Equity MPS Classic	5.1 (1-5)	Adventurous	36.13%	8.44%	-21.93%
Vanguard LifeStrategy 20% Equity MPS Global	2.8 (1-5)	Moderately Cautious	24.90%	6.04%	-10.75%
Vanguard LifeStrategy 40% Equity MPS Global	3.1 (1-5)	Balanced	27.39%	6.71%	-12.48%
Vanguard LifeStrategy 60% Equity MPS Global	3.8 (1-5)	Balanced	30.84%	7.37%	-15.54%
Vanguard LifeStrategy 80% Equity MPS Global	4.5 (1-5)	Moderately Adventurous	35.28%	8.04%	-19.03%
Vanguard LifeStrategy 100% Equity MPS Global	5.7 (1-5)	Adventurous	38.91%	8.70%	-23.48%

Asset Allocation breakdown

