

Synaptic Risk Rating Service



Fact
Sheet



Q1 2024

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.

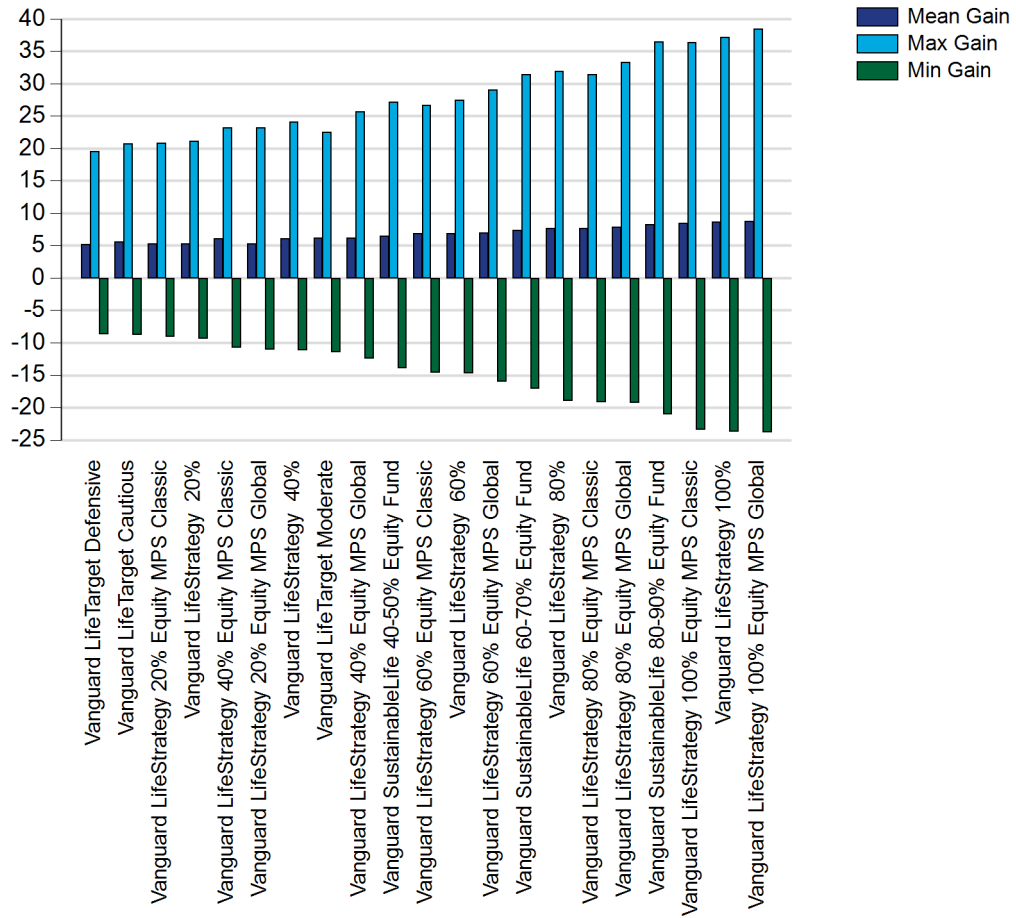
The Capacity for Loss Quotient

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

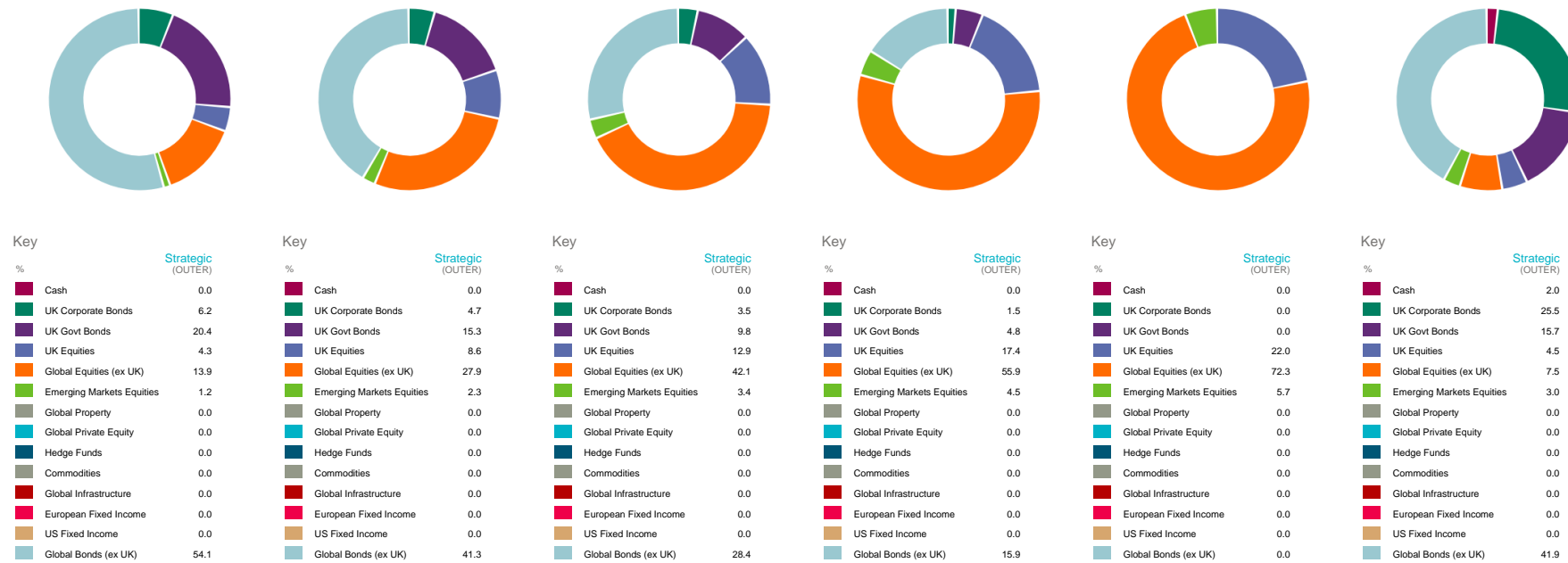




Strategic Asset Allocation

Strategic Asset Allocation	20%	40%	60%	80%	100%	Target Defensive
Synaptic Risk Rating	2.5	2.9	3.6	4.4	5.4	2.4
Rating Scale	1-5	1-5	1-5	1-5	1-5	1-5
Allocation	Moderately Cautious	Moderately Cautious	Balanced	Moderately Adventurous	Adventurous	Moderately Cautious
Max gain	21.21%	24.15%	27.48%	31.98%	37.17%	19.57%
Ave gain	5.34%	6.15%	6.96%	7.75%	8.68%	5.22%
Min gain	-9.32%	-11.09%	-14.63%	-18.93%	-23.70%	-8.59%

Asset Allocation breakdown

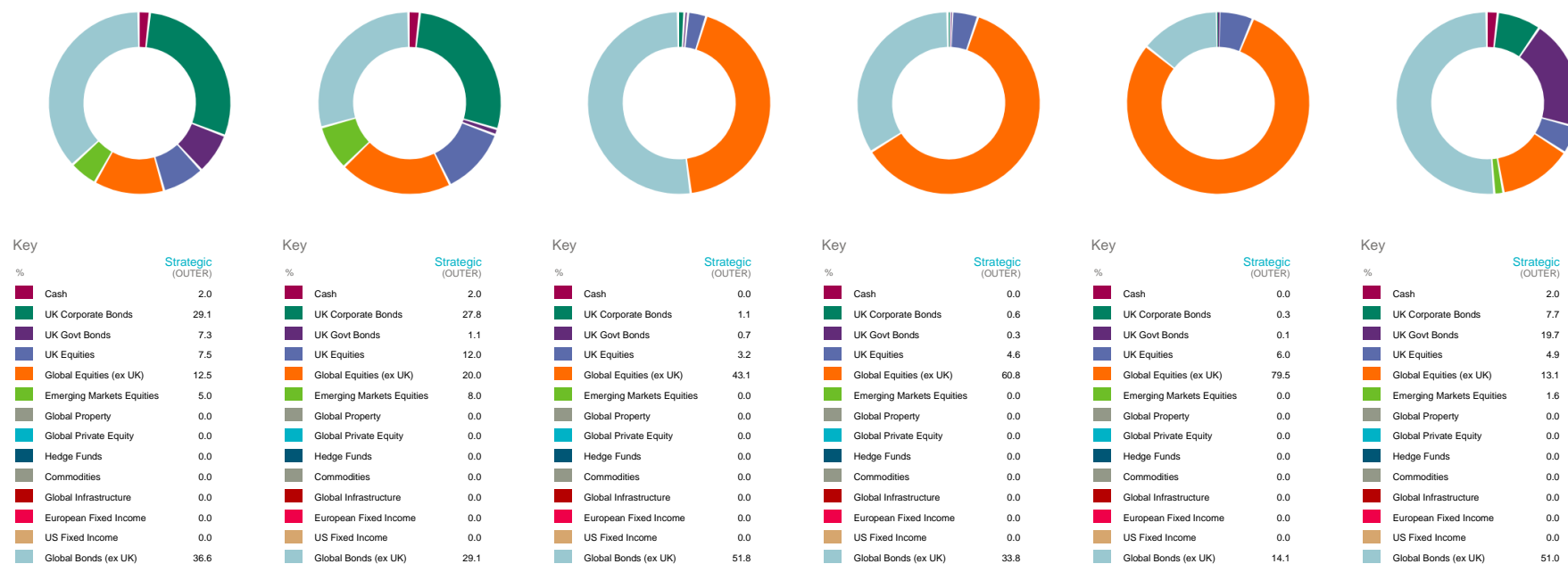




Strategic Asset Allocation

Fund	Synaptic Risk Rating	Strategic Asset Allocation	Max gain	Ave gain	Min gain
Vanguard LifeTarget Cautious	2.4 (1-5)	Moderately Cautious	20.78%	5.62%	-8.71%
Vanguard LifeTarget Moderate	2.9 (1-5)	Moderately Cautious	22.60%	6.20%	-11.41%
Vanguard SustainableLife 40-50% Equity Fund	3.4 (1-5)	Balanced	27.19%	6.55%	-13.88%
Vanguard SustainableLife 60-70% Equity Fund	4.0 (1-5)	Moderately Adventurous	31.43%	7.40%	-17.00%
Vanguard SustainableLife 80-90% Equity Fund	4.8 (1-5)	Moderately Adventurous	36.48%	8.29%	-21.00%
Vanguard LifeStrategy 20% Equity MPS Classic	2.4 (1-5)	Moderately Cautious	20.91%	5.33%	-8.99%

Asset Allocation breakdown

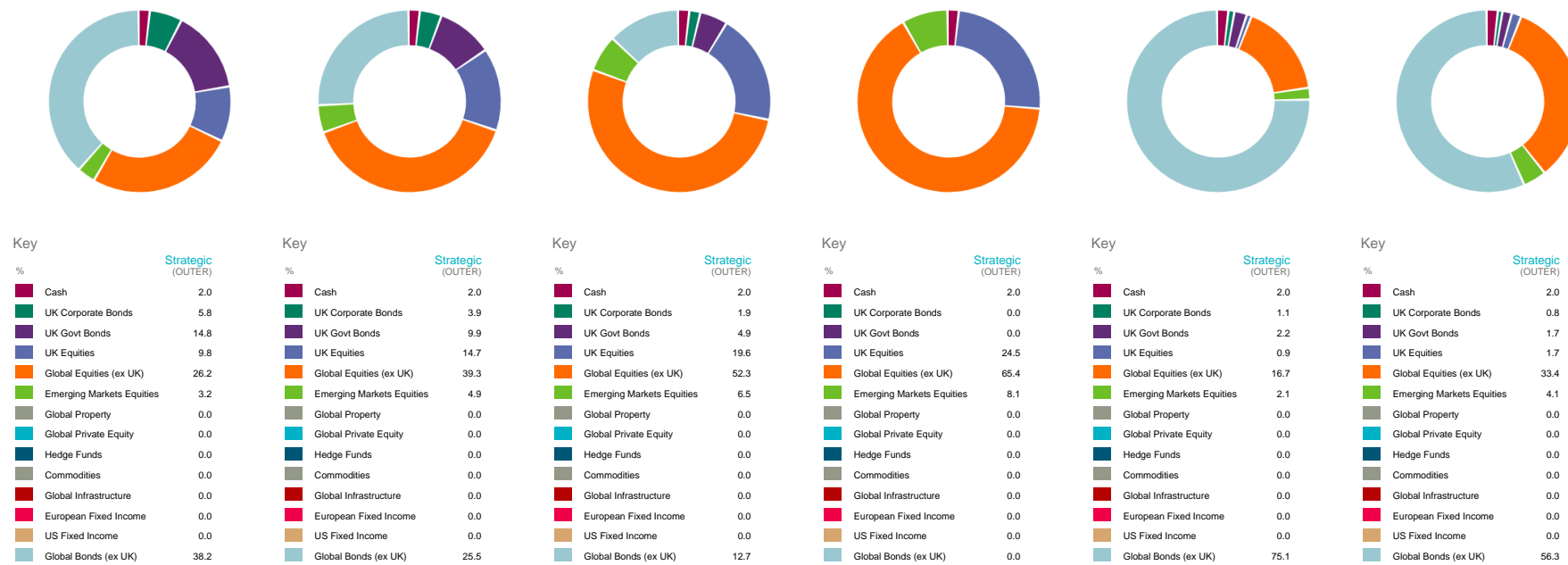




Strategic Asset Allocation

Strategic Asset Allocation	Vanguard LifeStrategy 40% Equity MPS Classic	Vanguard LifeStrategy 60% Equity MPS Classic	Vanguard LifeStrategy 80% Equity MPS Classic	Vanguard LifeStrategy 100% Equity MPS Classic	Vanguard LifeStrategy 20% Equity MPS Global	Vanguard LifeStrategy 40% Equity MPS Global
Synaptic Risk Rating	2.8 (1-5)	3.6 (1-5)	4.5 (1-5)	5.3 (1-5)	2.8 (1-5)	3.1 (1-5)
Allocation	Moderately Cautious	Balanced	Moderately Adventurous	Adventurous	Moderately Cautious	Balanced
Max gain	23.22%	26.76%	31.43%	36.44%	23.28%	25.76%
Ave gain	6.13%	6.92%	7.72%	8.51%	5.32%	6.19%
Min gain	-10.68%	-14.58%	-19.11%	-23.31%	-10.95%	-12.33%

Asset Allocation breakdown

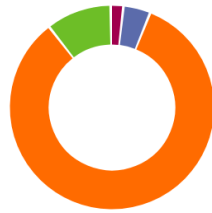
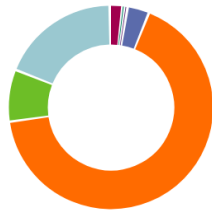
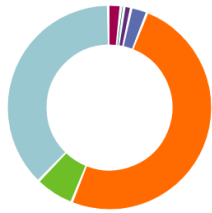




Strategic Asset Allocation

Strategic Asset Allocation	60% Equity MPS Global	80% Equity MPS Global	100% Equity MPS Global
Synaptic Risk Rating	3.8	4.5	5.4
Allocation Style	Balanced	Moderately Adventurous	Adventurous
Max gain	29.12%	33.37%	38.48%
Ave gain	7.05%	7.91%	8.77%
Min gain	-15.89%	-19.17%	-23.74%

Asset Allocation breakdown



Key

%	Strategic (OUTER)
Cash	2.0
UK Corporate Bonds	0.5
UK Govt Bonds	1.1
UK Equities	2.6
Global Equities (ex UK)	50.0
Emerging Markets Equities	6.2
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)	37.6

Key

%	Strategic (OUTER)
Cash	2.0
UK Corporate Bonds	0.3
UK Govt Bonds	0.6
UK Equities	3.4
Global Equities (ex UK)	66.7
Emerging Markets Equities	8.2
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)	18.8

Key

%	Strategic (OUTER)
Cash	2.0
UK Corporate Bonds	0.0
UK Govt Bonds	0.0
UK Equities	4.3
Global Equities (ex UK)	83.4
Emerging Markets Equities	10.3
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)	0.0