



Q4 2023

# Synaptic Risk Rating Tables

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for immediate access



# NEW Switching analysis

Improving the switching journey for **your customers**

Part of Synaptic Pathways, Switching Analysis allows users to:

- › Reduce the need for various standalone systems
- › Work in conjunction with Synaptic Pathways holdings and automatic valuations
- › Create a proposal for the receiving scheme that includes all the research elements required for MiFID II compliance
- › Choose to work in 'whole-of-market' or in alignment with your 'Central Investment Proposition', matching PROD compliant investment solutions with target market
- › Provide 'value for money' calculations including 'total solution cost' comparisons based on Reduction in Yield calculations for various platform and/or off platform options
- › Provide a range of stochastic forecasts detailing all viable investment outcomes presented as probability-based graphs, so that you can file for compliance and proof of suitability, and also share with clients to secure informed consent
- › Move seamlessly at anytime into a draw down illustration with a cashflow projection including a stochastic calculation for the maximum sustainable income
- › Bring all your research under one roof - from building your knowledge of clients, profiling risk, compliant research and suitability journeys through Comparison with Ex-ante, Ex-post reviews and Switching. Synaptic Pathways does it all in one place.

For a free 30-day trial visit  
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Contact us on 0800 783 4477  
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# Risk and suitability

Suitability is the proof of alignment of the investment recommendation to the plan, and proof that the adviser is acting in the best interests of the client. COBS 9A.2 'Assessing suitability' reflects the requirement that 'When providing investment advice or portfolio management a firm must only recommend solutions which are suitable for the client and, in particular, in accordance with the client's risk tolerance and ability to bear losses'.

## The Synaptic Risk Ratings proposition consists of:

### 1. The Attitude to Risk Questionnaire from market leaders A2R

This questionnaire has developed over the years in conjunction with Moody's Analytics, whose Asset Allocations are aligned with the responses and scoring within the questionnaire to ensure correct 'alignment of tools'.

### 2. Investment strategy provided by Moody's Analytics

Available in 1-5 or 1-10, the risk categories range through Cautious to Adventurous.

The 'Minimum gain' is the 'Value at Risk' metric that the Moody's model calculates, indicating the extent of losses that are to be expected in a bad year, defined as the worst year out of 20 year rolling term.

#### 1-5 boundaries are fixed;

Risk Category	Min Gain [Loss]
Cautious	-7.50
Moderately Cautious	-12.50
Balanced	-17.50
Moderately Adventurous	-22.50
Adventurous	-27.50

When used with the A2R ATRQ, the adviser has the perfect tools to manage risk within the classic risk governance model enshrined in regulation: the 'need to take risk', understanding the client's 'risk profile' and evaluating the client's 'Capacity for Loss'.

### 3. Risk Ratings

The model forms an efficient frontier for comparison or mapping with any portfolio and provides 'risk ratings' of the kind seen here, though with a superior efficient frontier than you will find elsewhere as it predicated on loss and growth metrics that are more useful than traditional volatility measures. In addition to the 'min gain', a Synaptic

risk profile comes with an 'average gain' value which can be used in deterministic calculations and cash flow models; thirdly a 'maximum gain', a corollary to the min gain (best year in 20) and demonstrative of the asymmetrical returns available to investors.

## Strategic vs Tactical Asset Allocation

Asset Managers have the option of providing a 'strategic', a 'tactical' or both asset allocations. The former is more appropriate for financial planning and the latter a useful insight into any tilts or tactical positions a manager may be taking.

## How are the ratings calculated?

The Synaptic Risk Ratings are derived directly from the output from the Moody's Analytics stochastic engine, the Economic Scenario Generator. The metrics published are based on a quarterly updated mathematical simulation where thousands of scenarios are run, in order to identify likely investment outcomes based on the interaction of the underlying asset classes. The main advantage of this approach is that there are no 'exceptions', including severe market conditions, black swans or results ravaged by sequence risk where the 'bad years' may occur early in the term, making a disproportionate impact. All 'viable' outcomes are included in the single simulation, meaning that everything an adviser needs to understand the likely outcome and risk profile of the investment is present, including all possible variations on market inputs, including interest rates and inflation.

## Accuracy and independence of ratings

All data used to produce the Synaptic Risk Ratings is provided directly by providers and the risk ratings are approved before publication. No qualitative overlay is applied to change the risk profile that is calculated solely on the basis of projections of the underlying asset allocations.

The performance of the Moody's model has proved to be extremely reliable over many market cycles and, in our view, will continue to be the best source of investment forecasts and loss analysis available to firms.

## How to access the Synaptic Risk ratings.

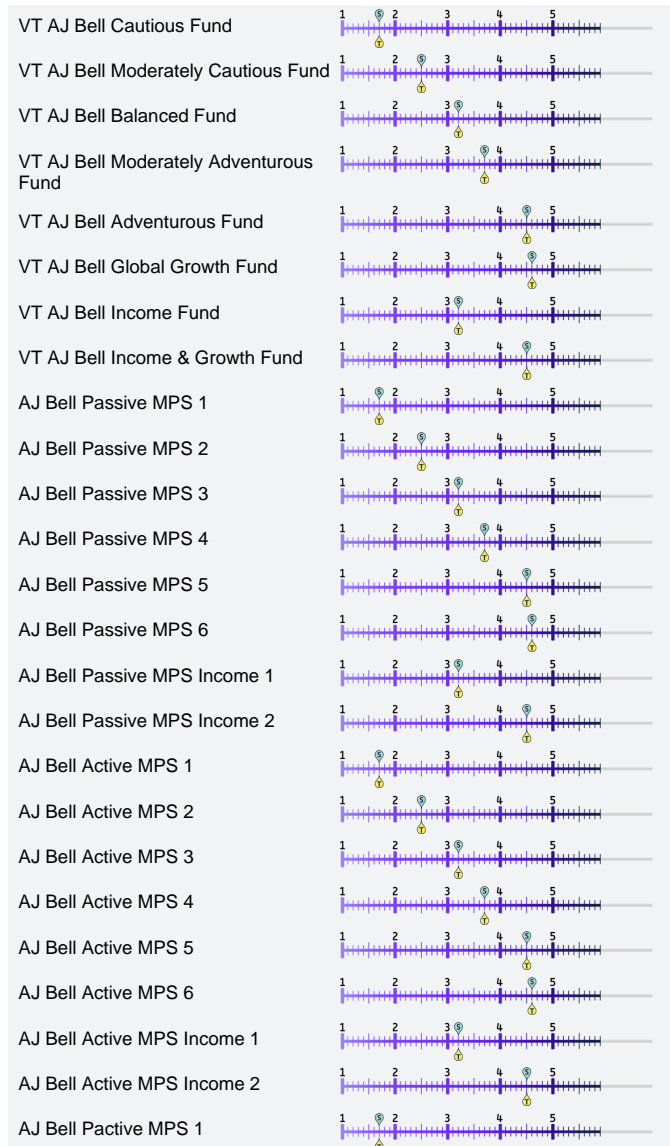
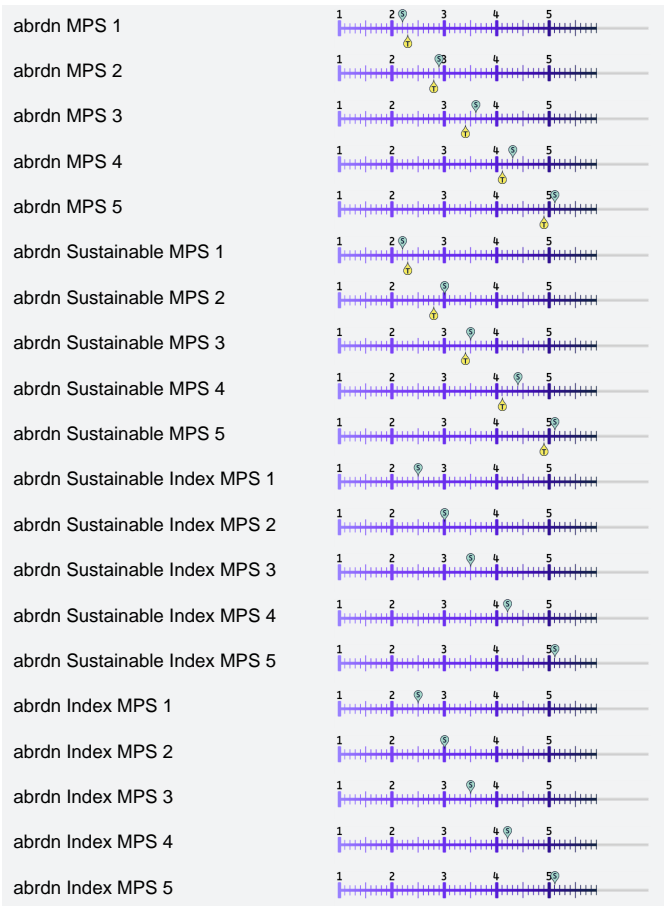
The contents of these tables can also be accessed through Synaptic Product and Fund, Pathways Risk Explorer and via the Risk tab in Synaptic Suite, where range fact sheets are available, including RSMR commentary (where appropriate) and asset allocation breakdown.

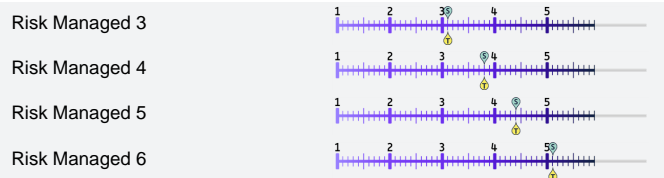
Synaptic provide the Risk Ratings at our cost, so advisory firms can access them for free. If used within the advice process it important to use the correct A2RAttitude to Risk Questionnaire. This is also available online for free.

If you are an adviser or applying on behalf of a firm, simply email [hello@synaptic.co.uk](mailto:hello@synaptic.co.uk) or contact us on **0800 783 4477** and we can arrange immediate access.

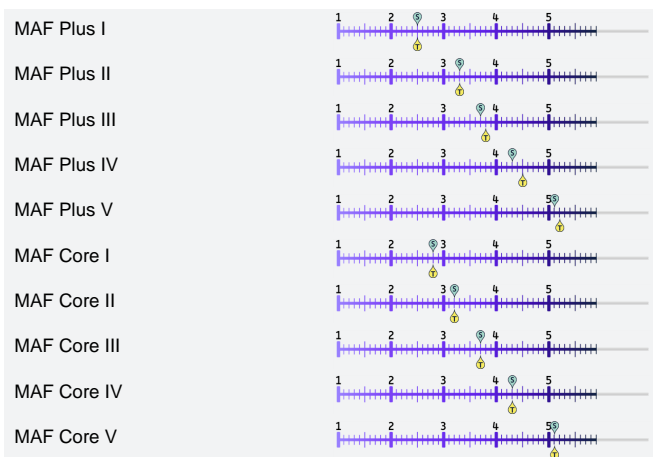
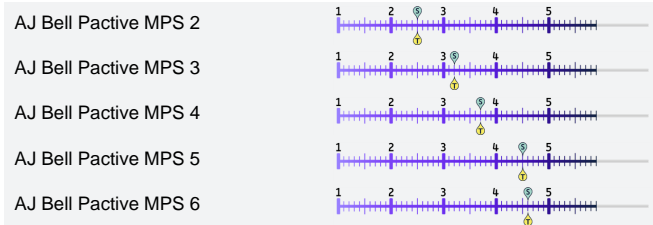
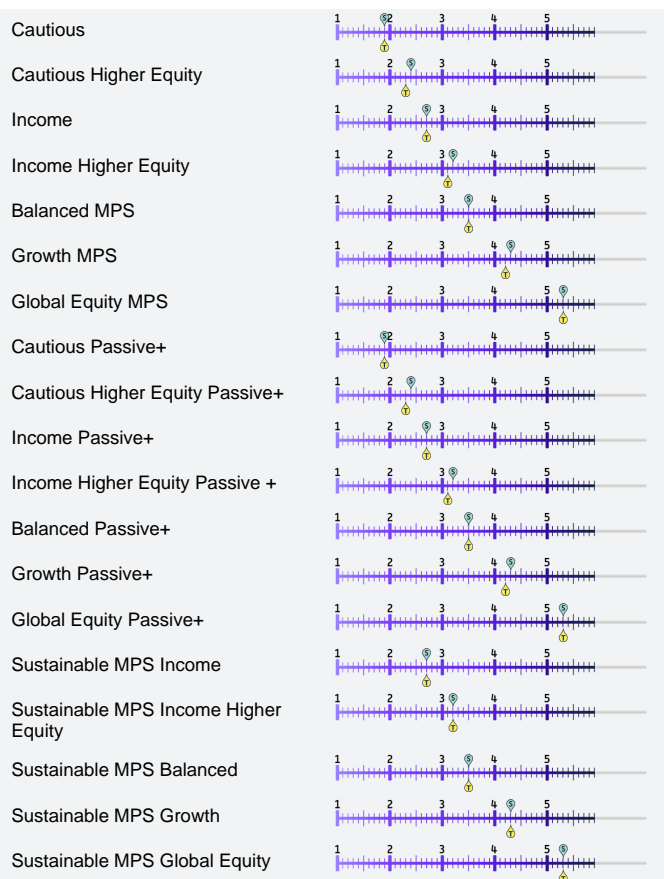
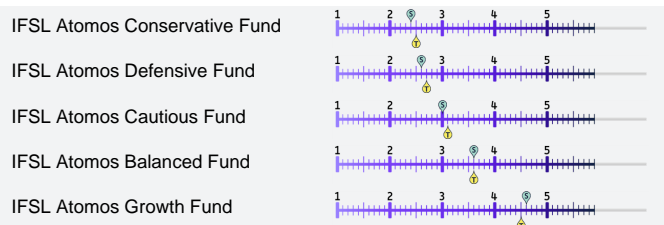


Synaptic Risk rating based on Strategic Asset Allocation Tactical Asset Allocation

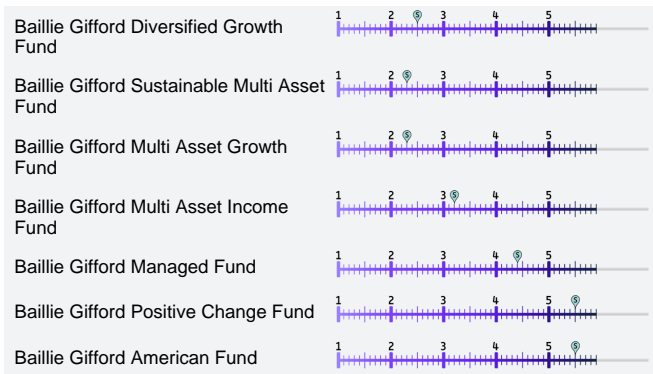




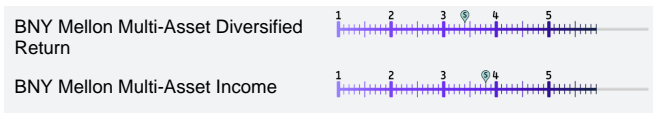
**atomos**  
wealth & financial wellbeing

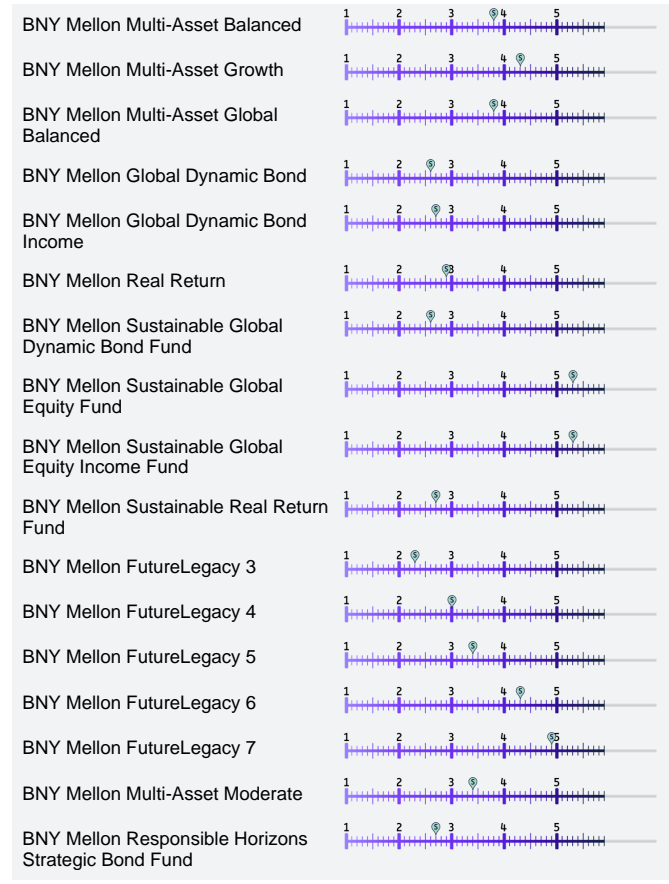
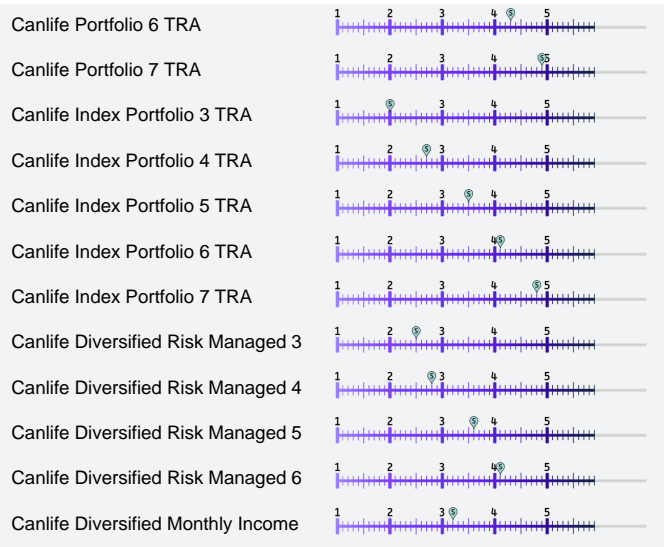


**Baillie Gifford™**

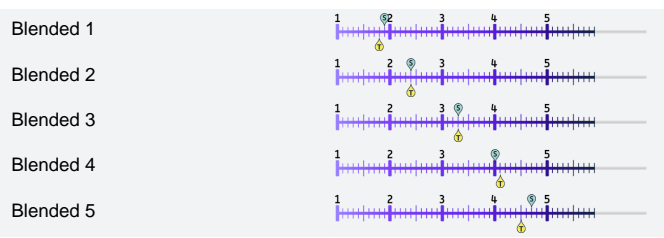
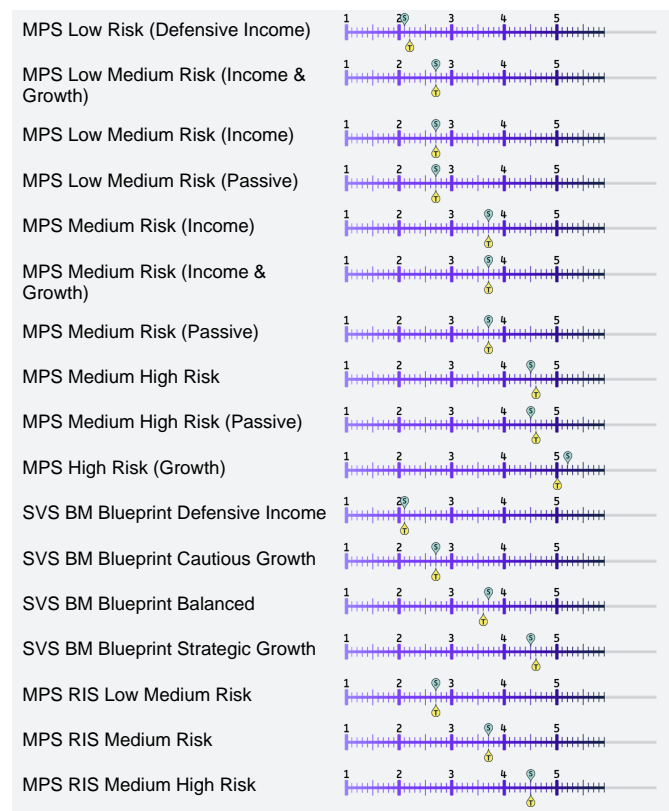
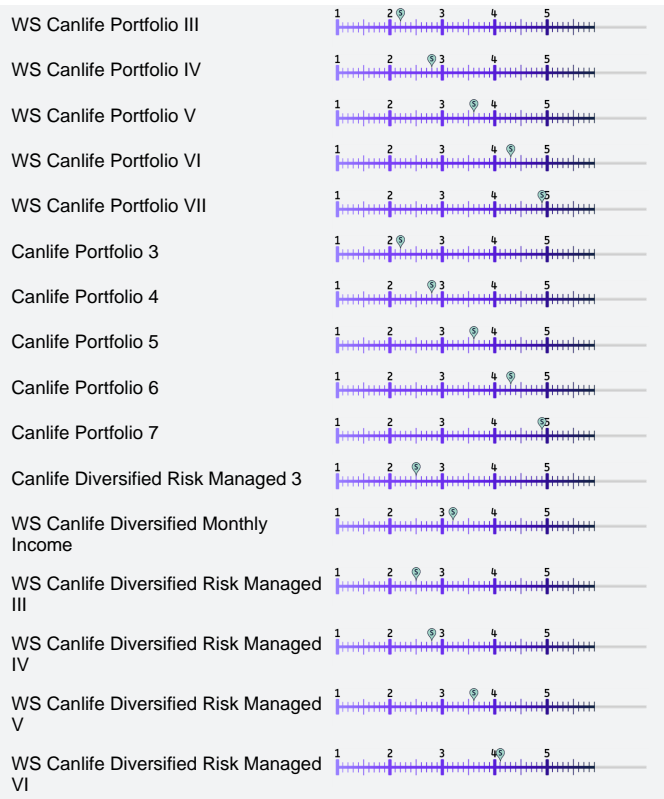


**BNY MELLON**  
INVESTMENT MANAGEMENT

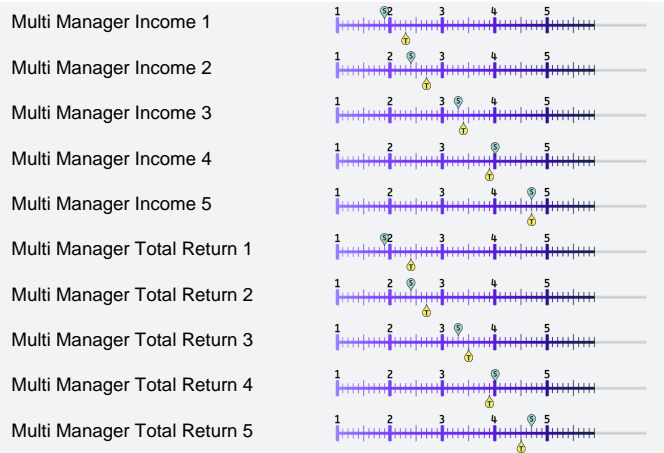




Asset Management



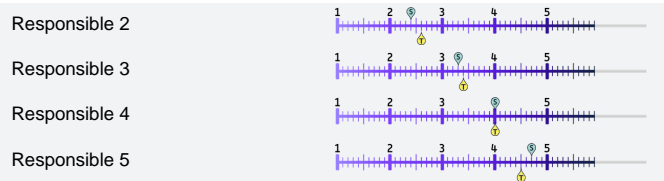
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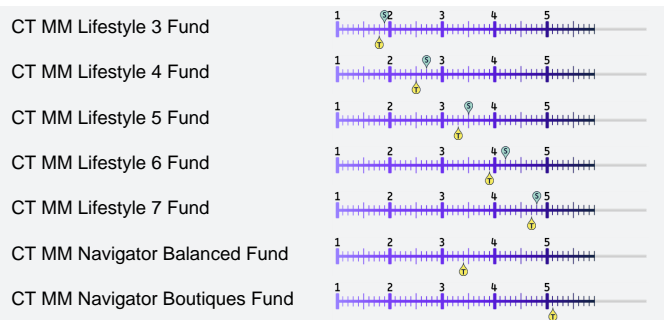
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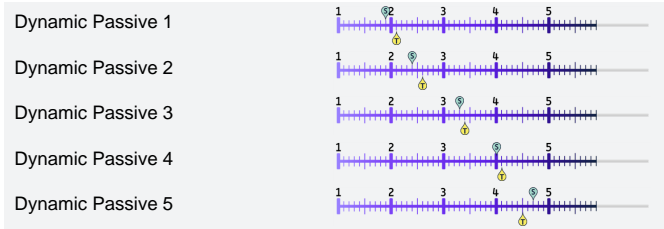
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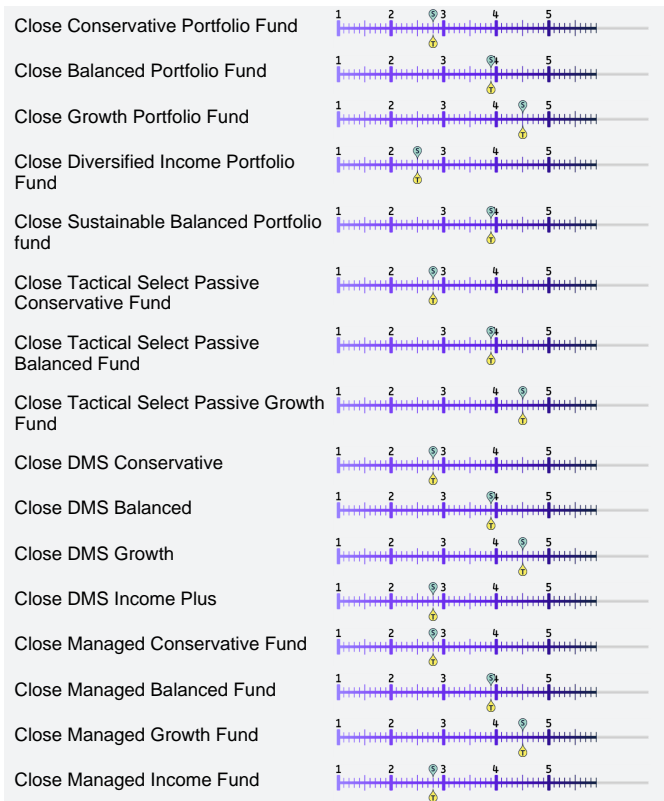
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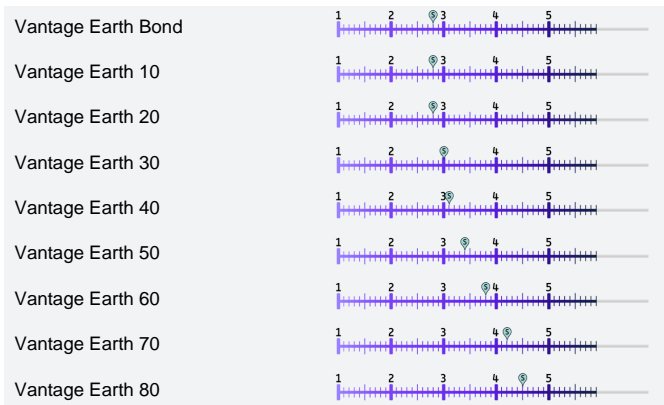
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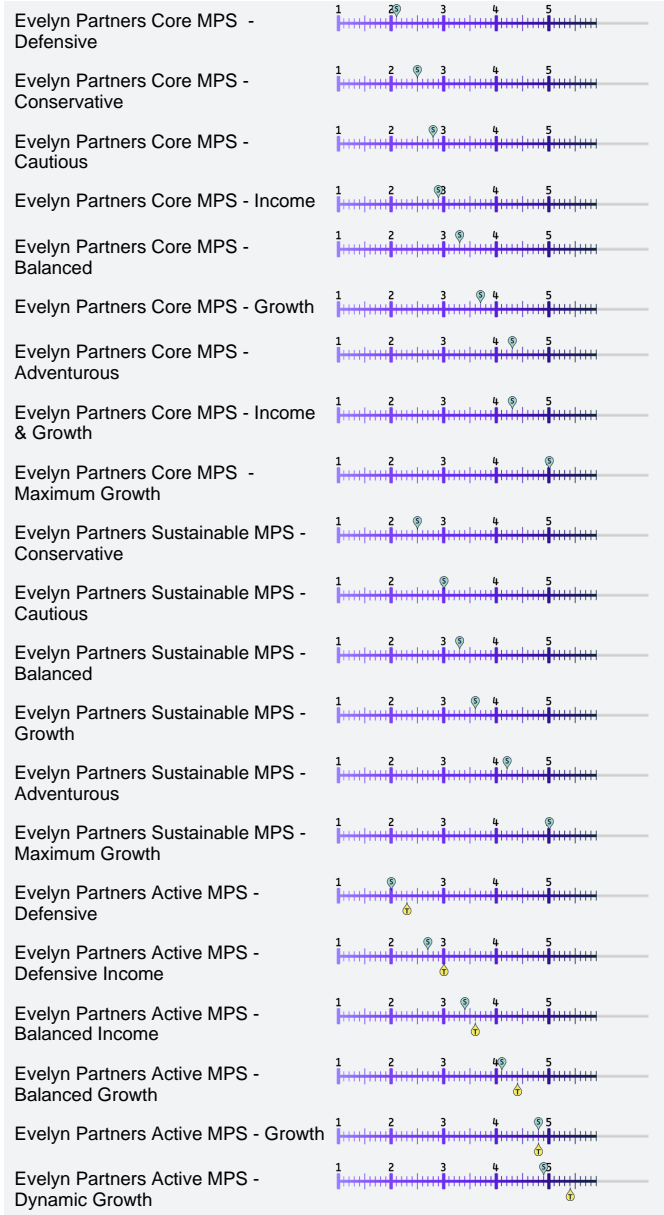
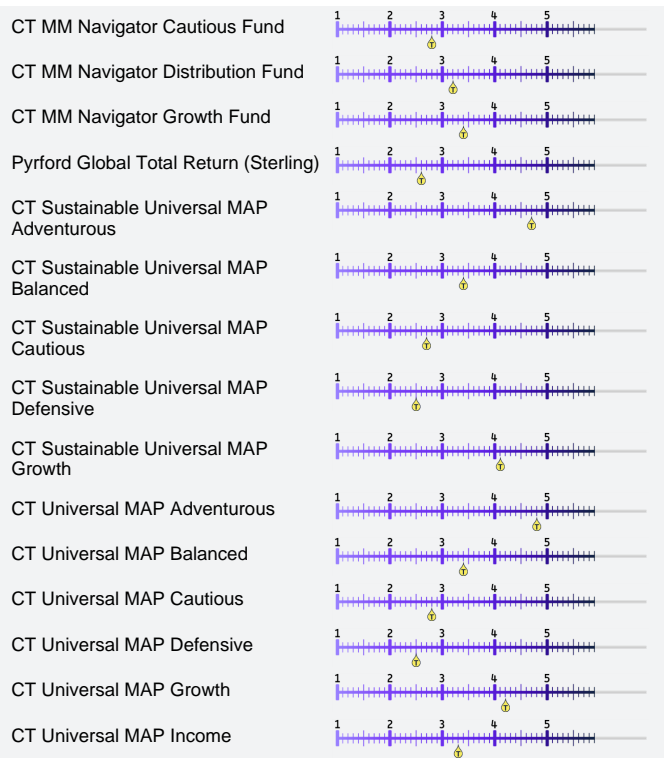


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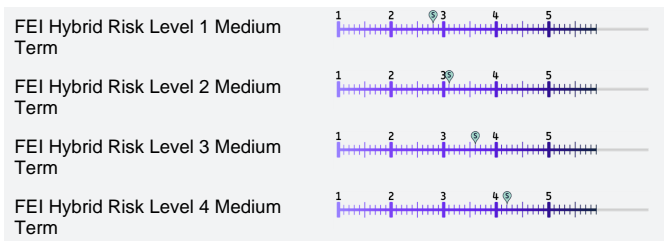
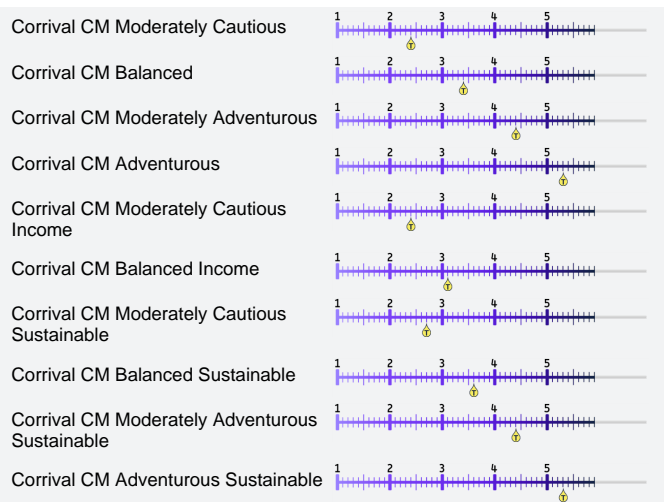
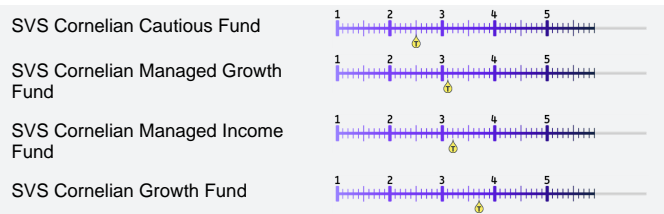
## ebi evidence based investing





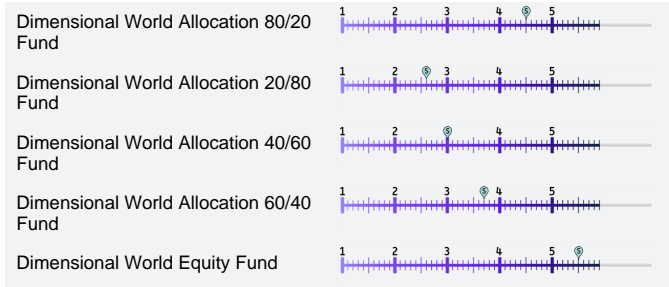
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Part of the Brooks Macdonald Group

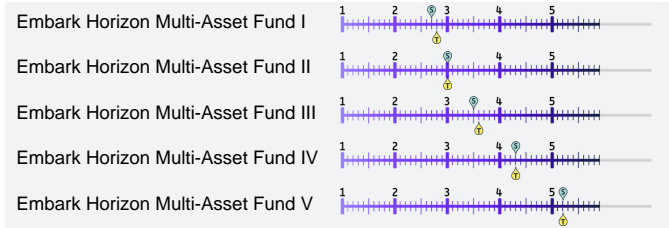




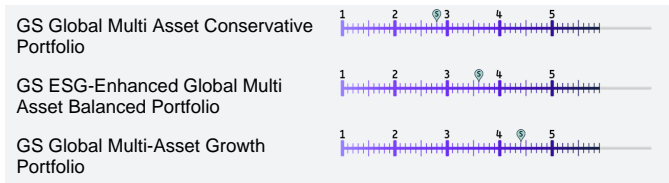
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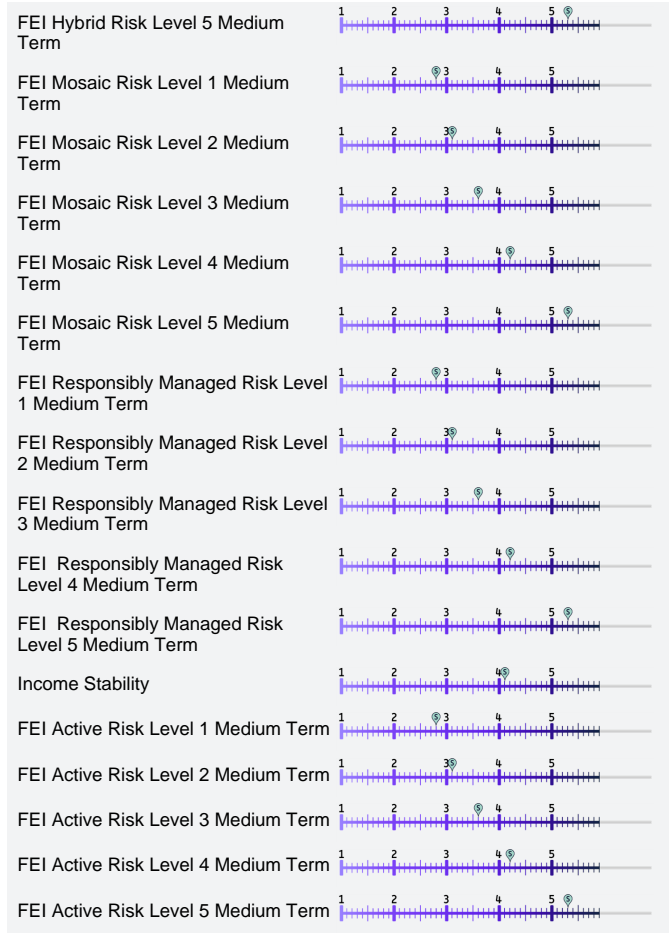
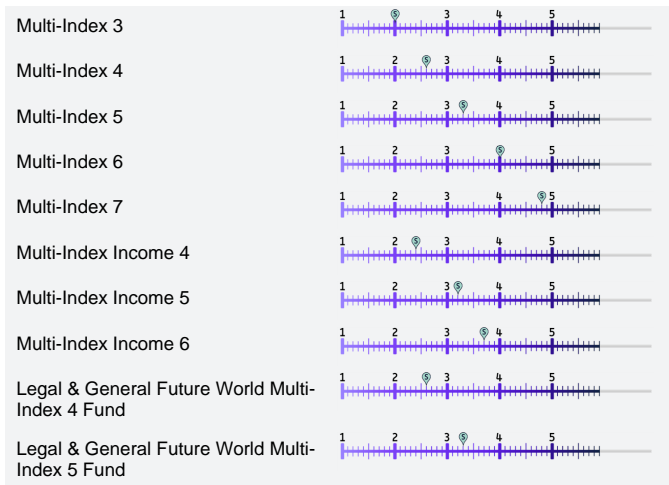
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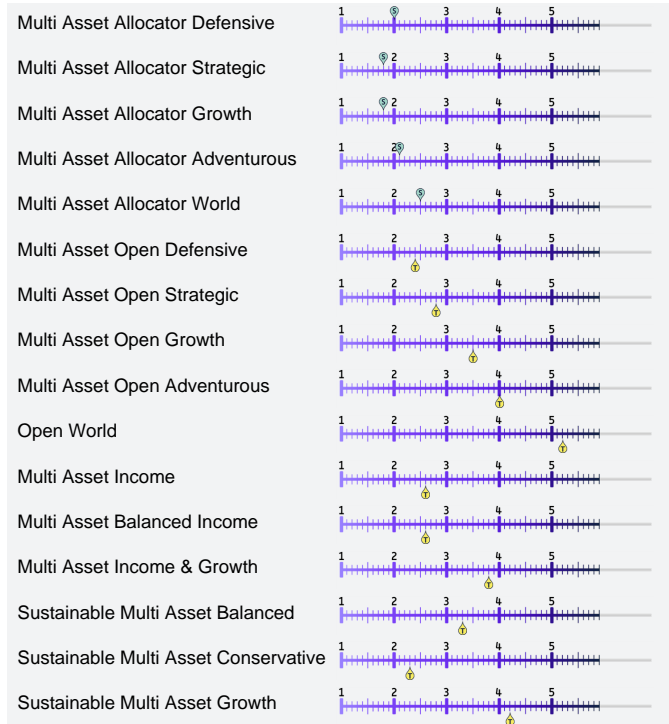
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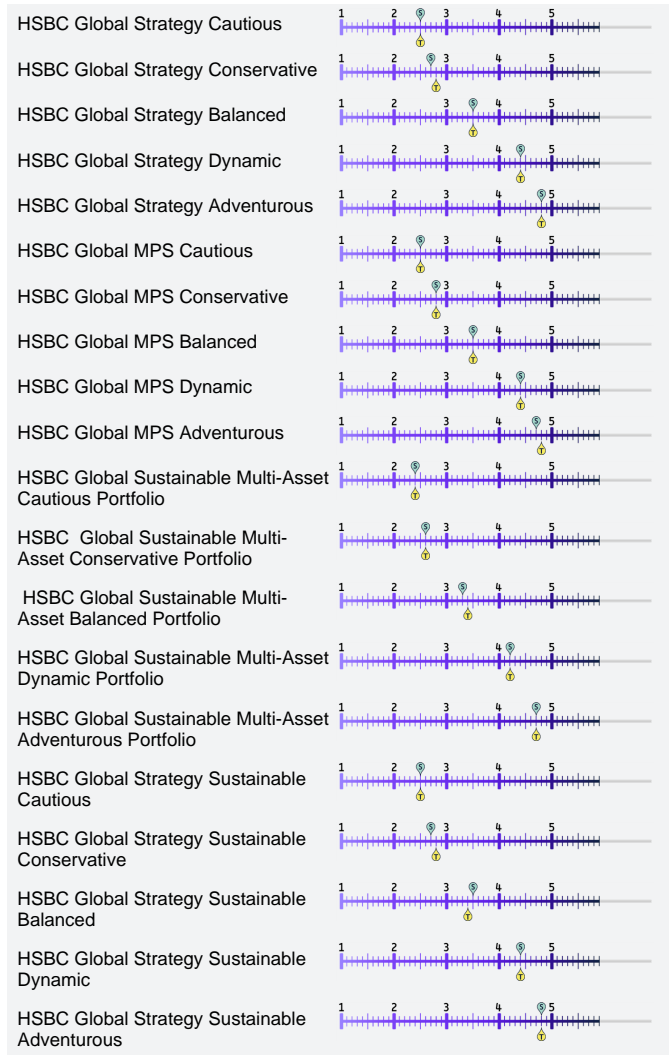
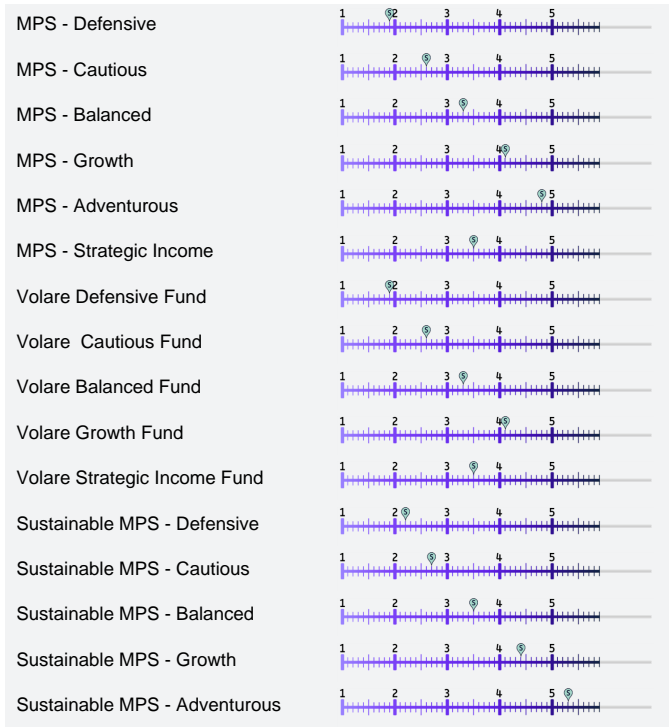


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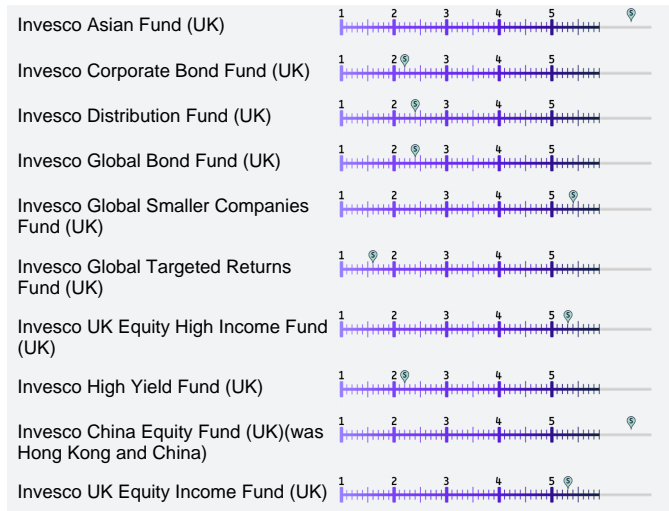
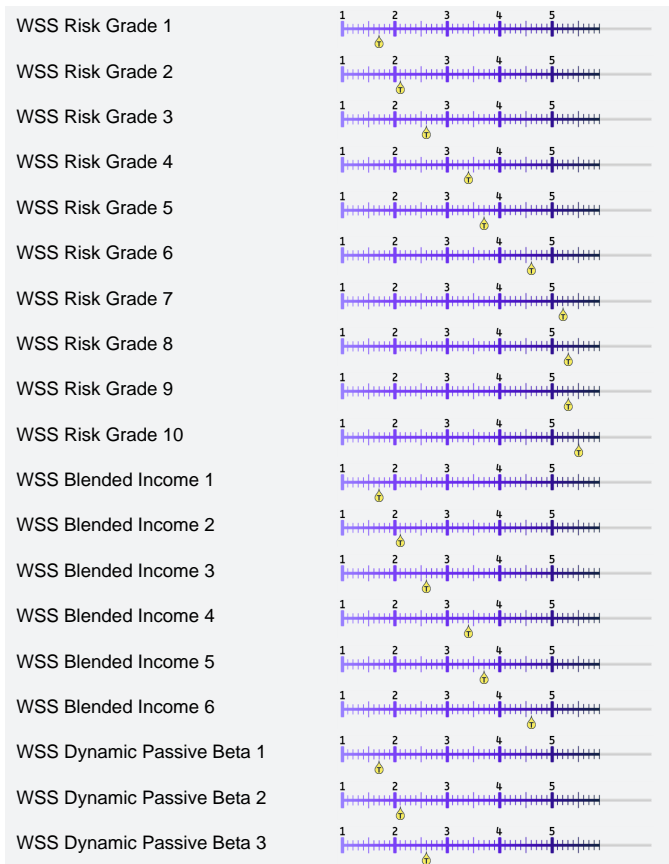


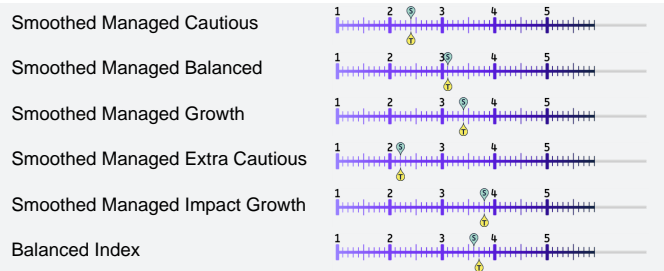
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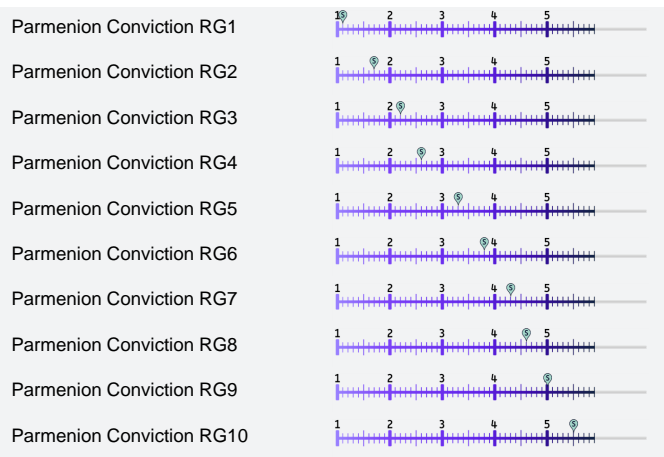


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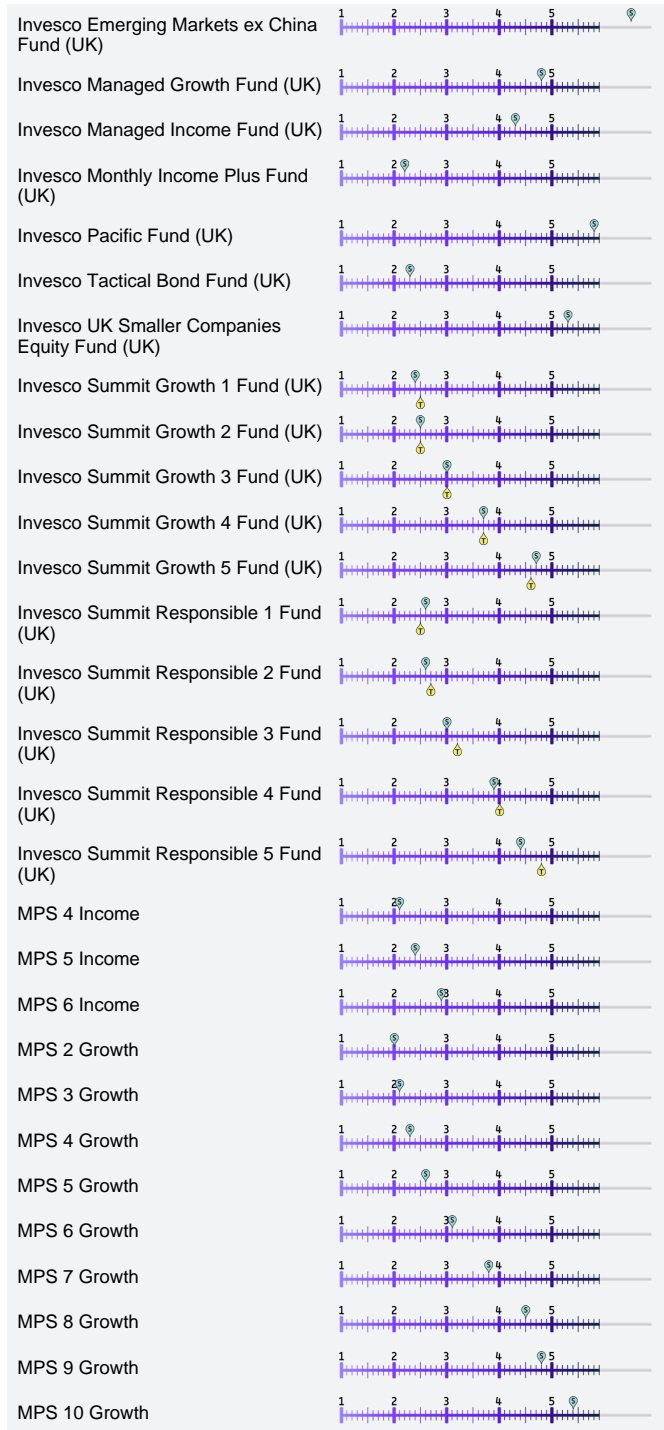
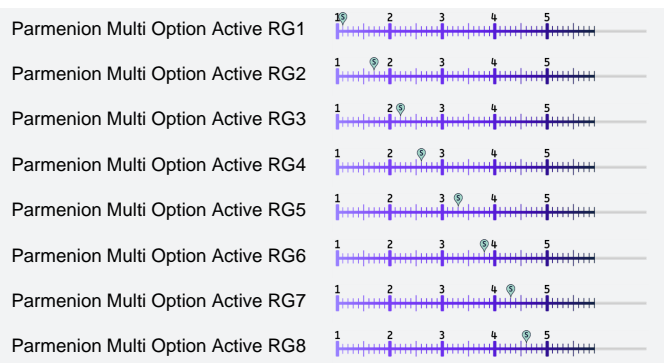




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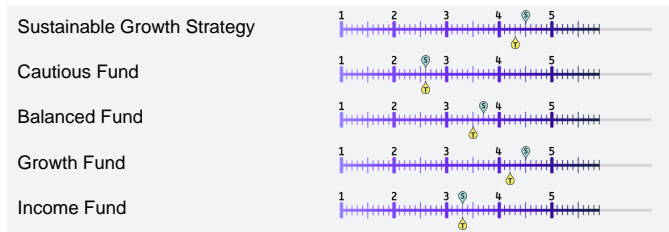
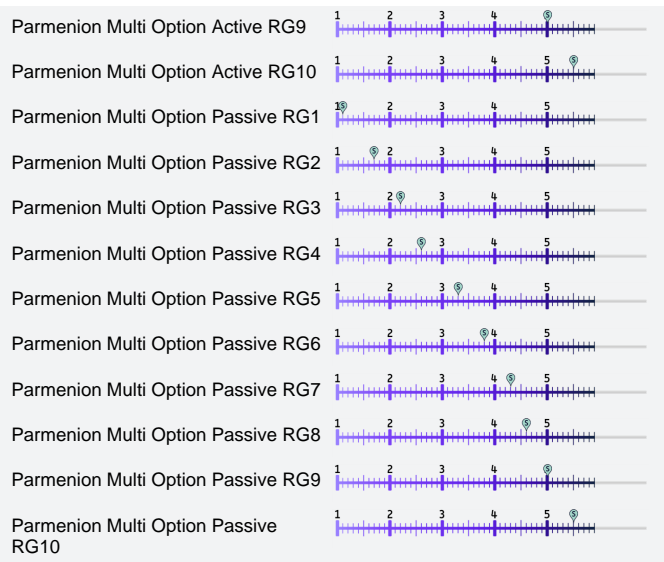


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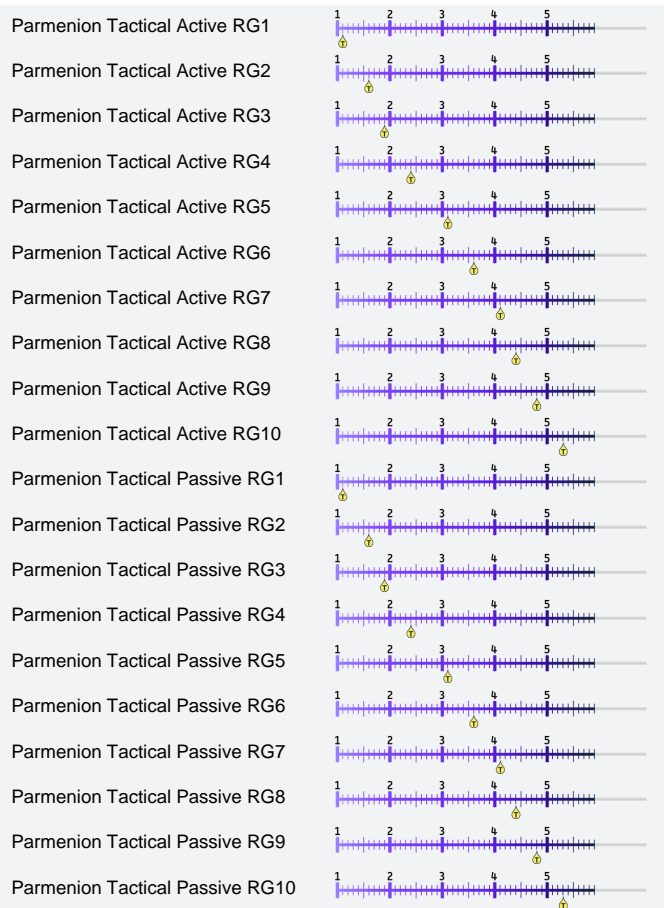


## RATHBONES | Incorporating Investec Wealth & Investment (UK)

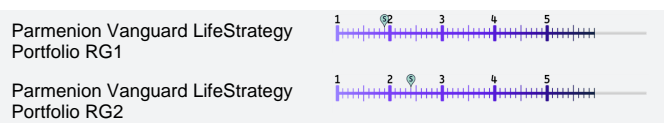




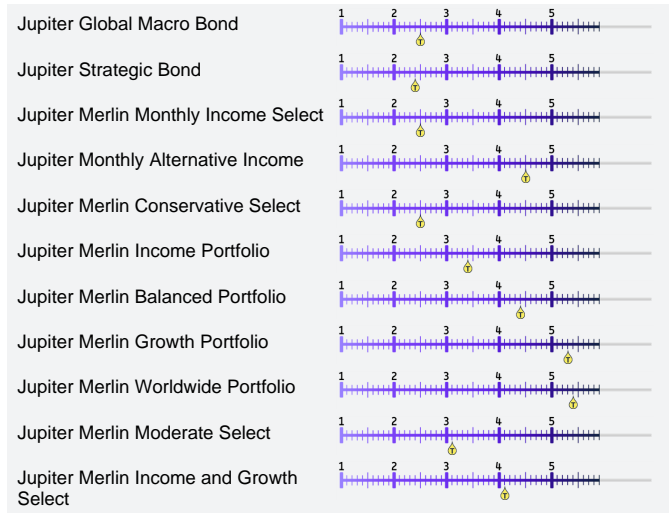
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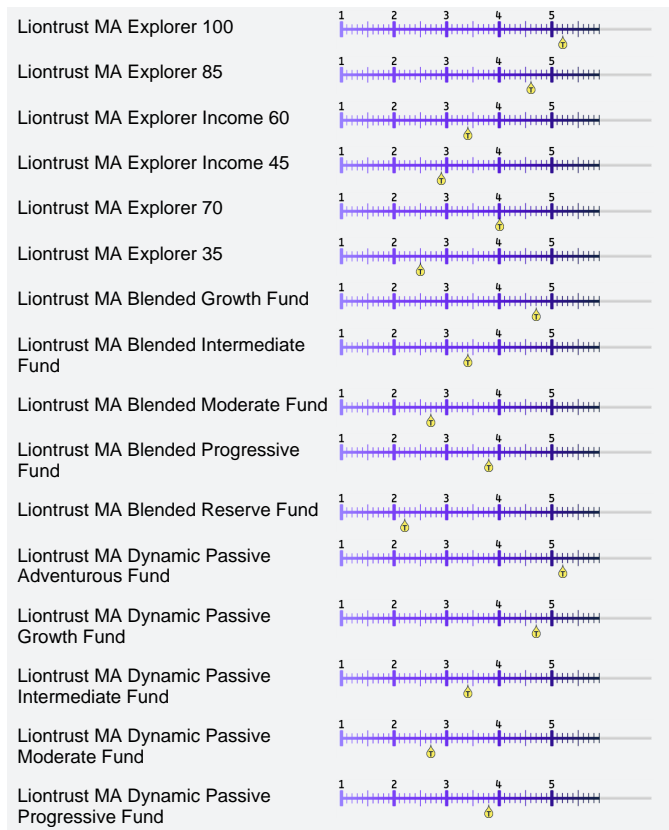
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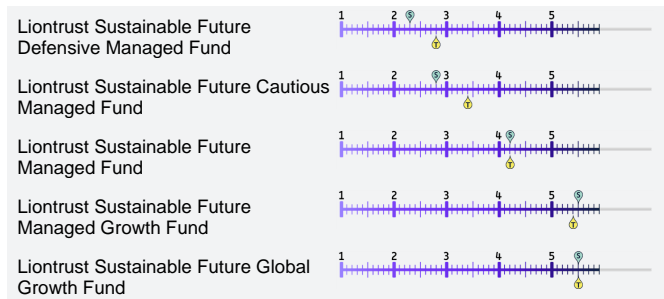
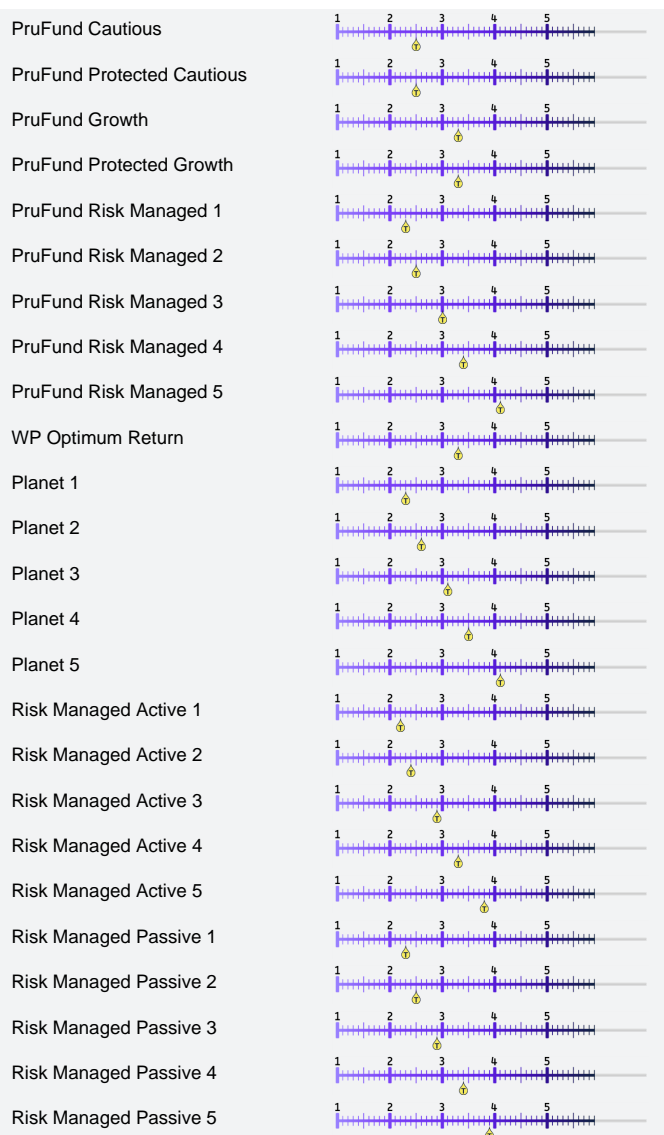
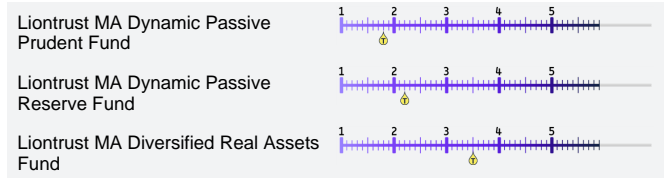
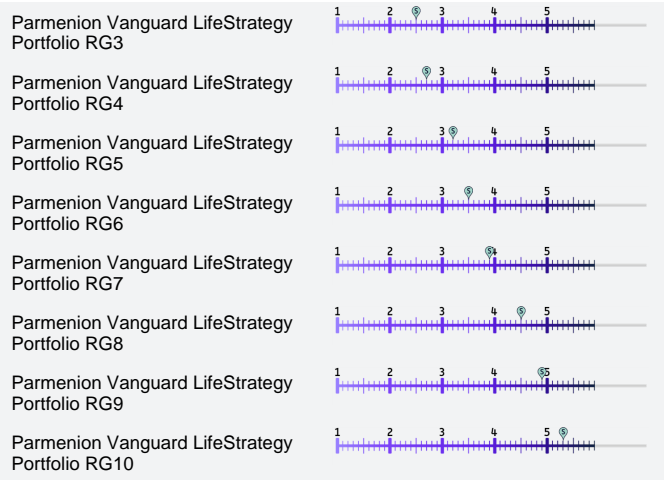


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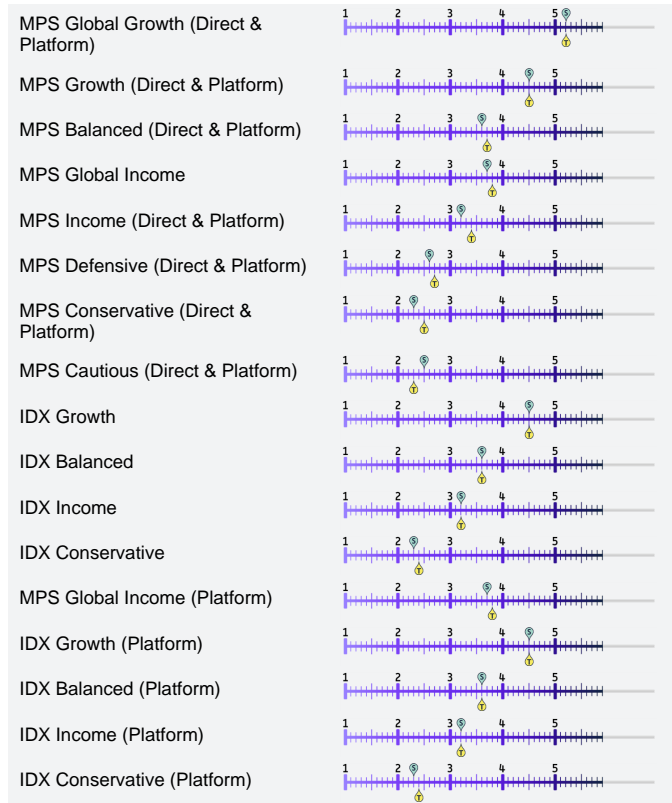
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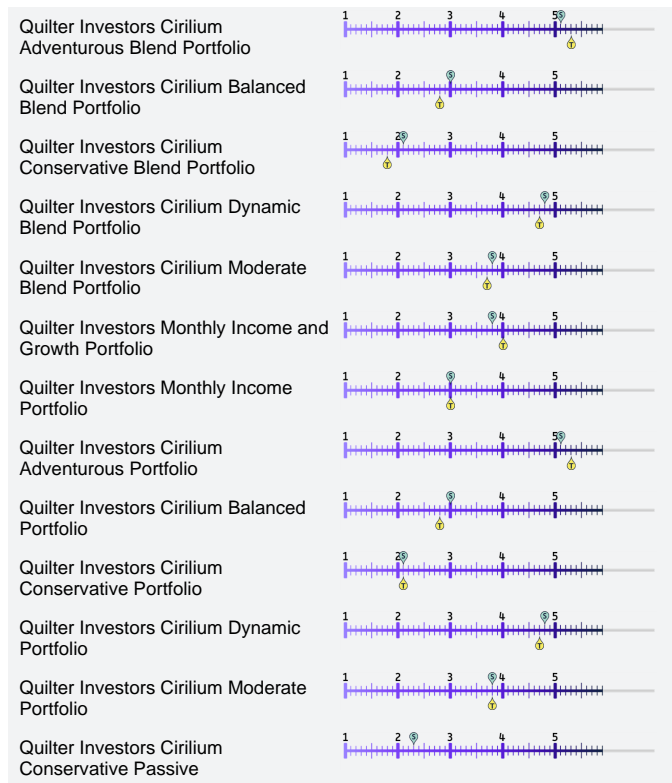




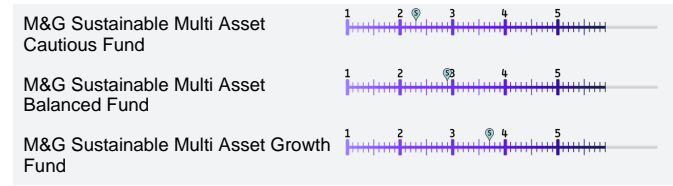
QUILTER CHEVIOT  
INVESTMENT MANAGEMENT



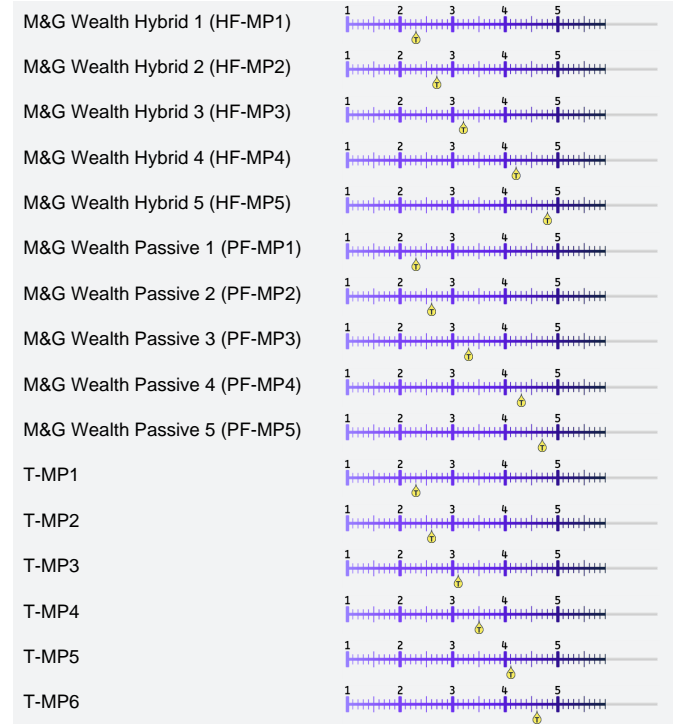
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Investors



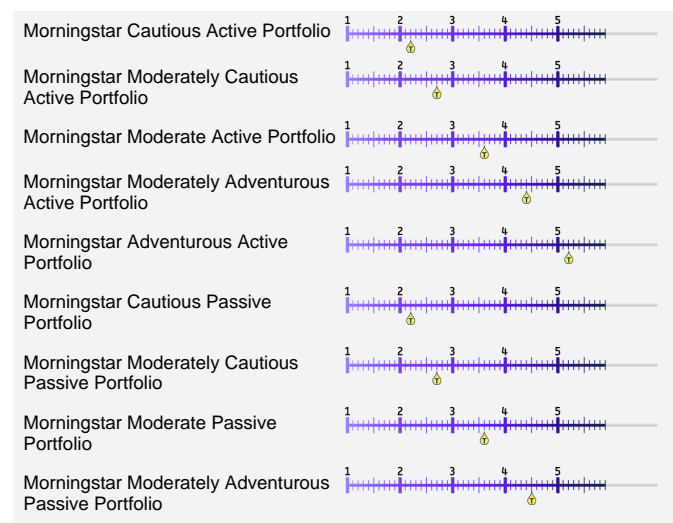
M&G  
Investments



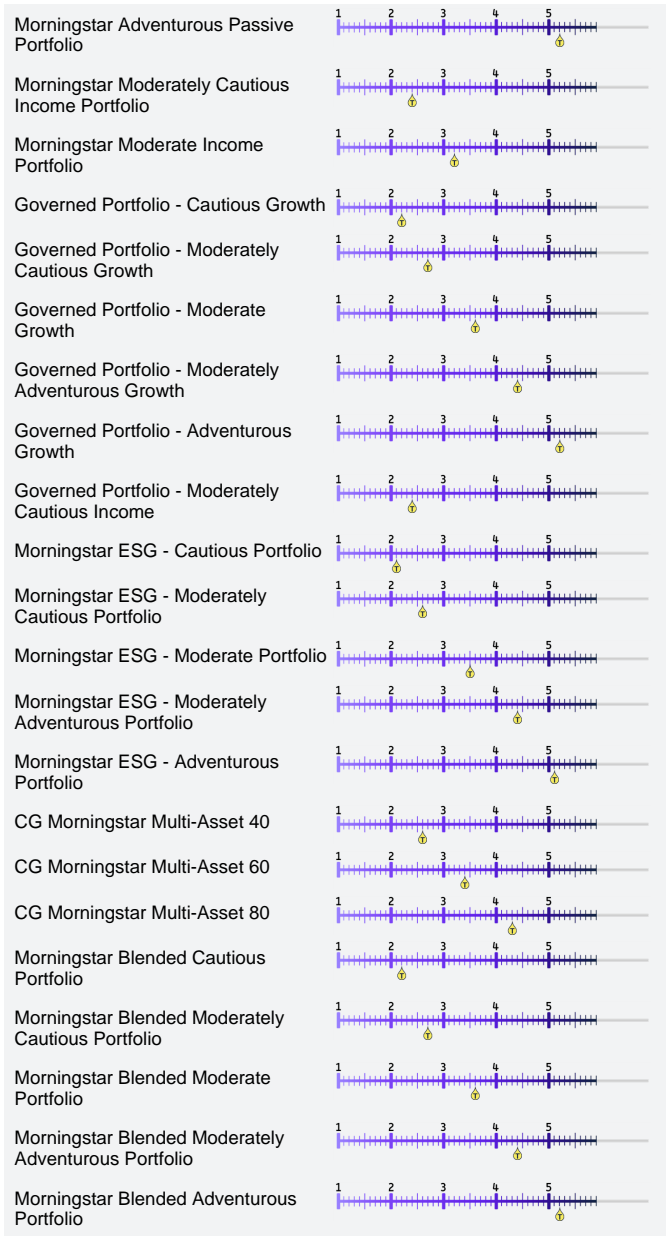
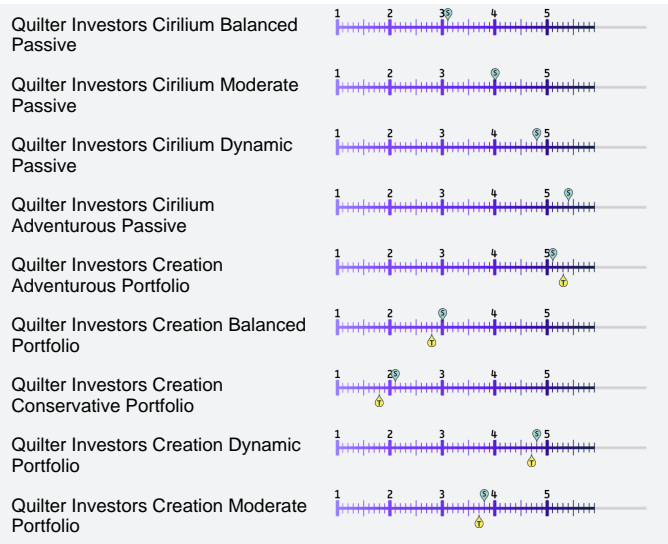
M&G wealth



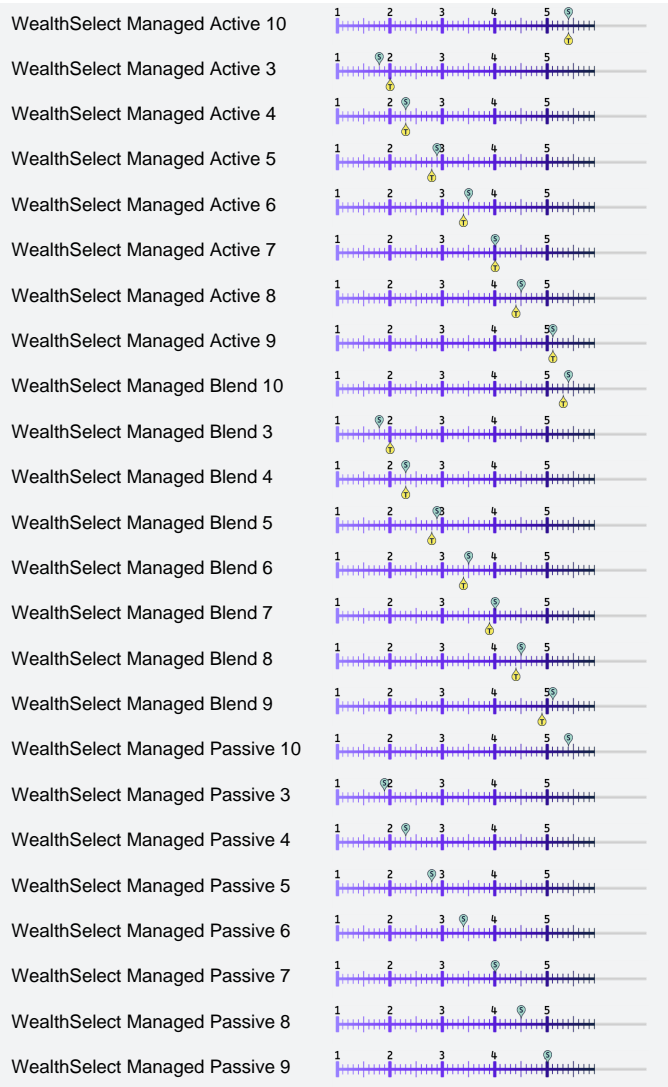
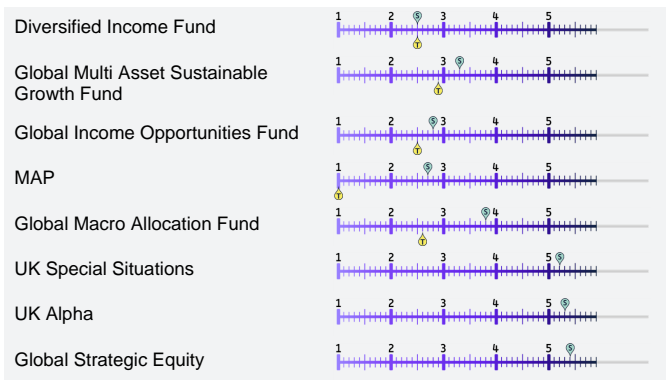
MORNINGSTAR Wealth



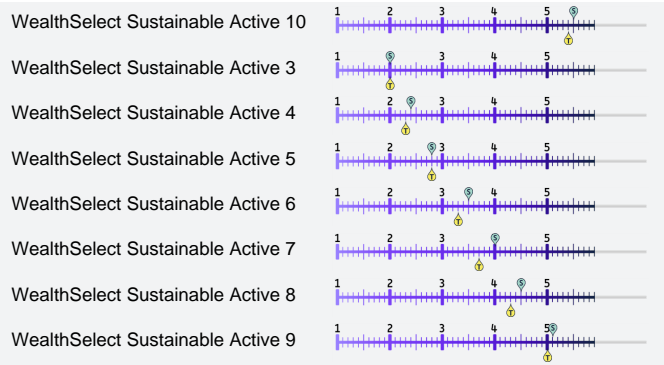
Synaptic



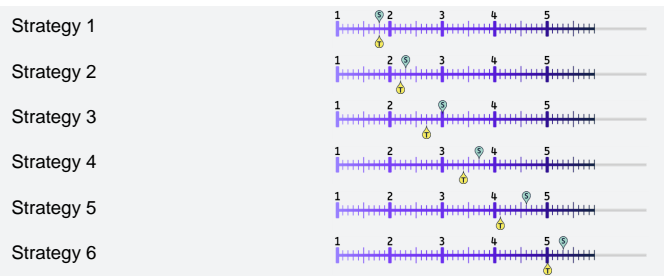
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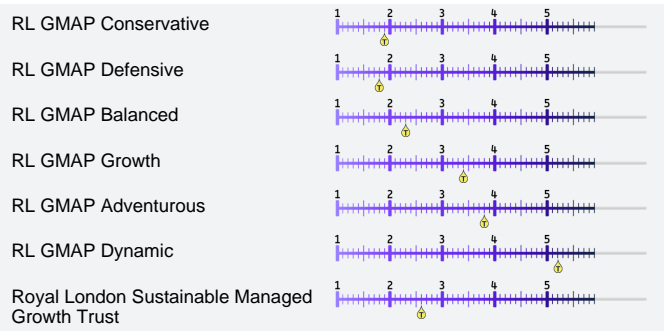
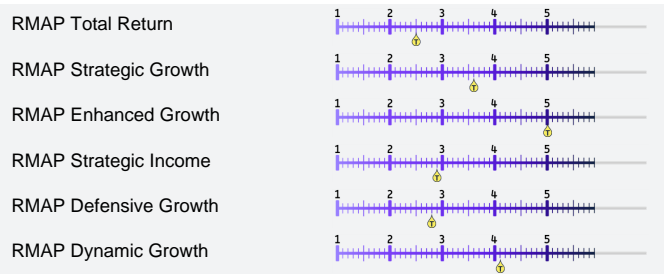
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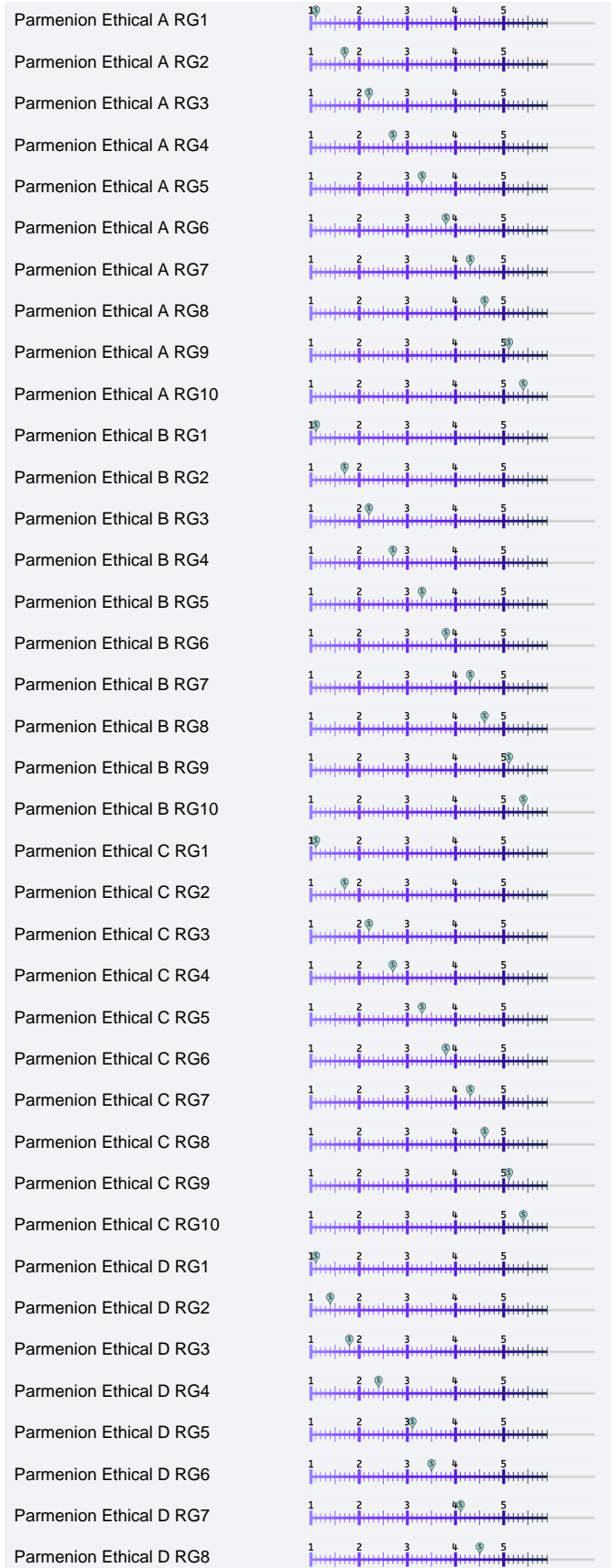
# RATHBONES



# RATHBONES



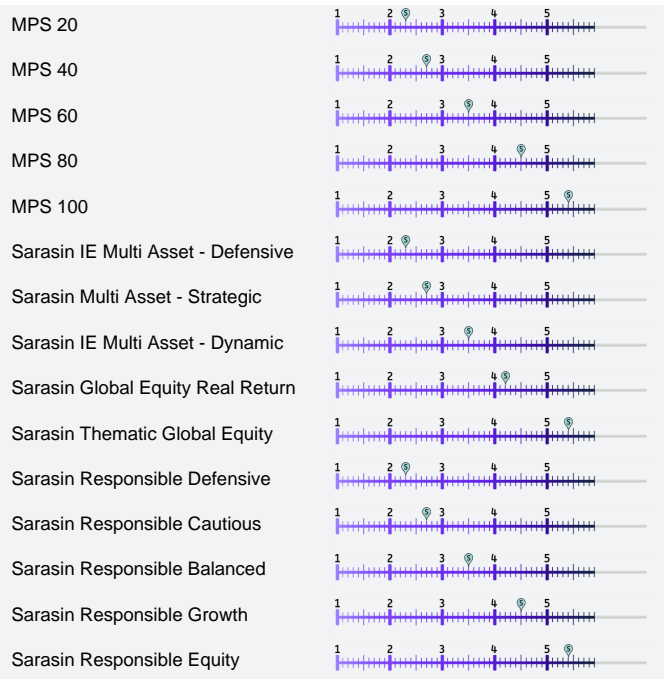
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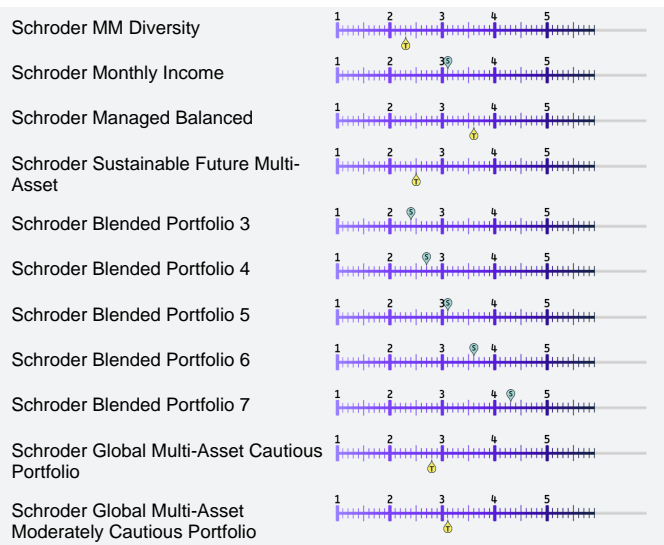




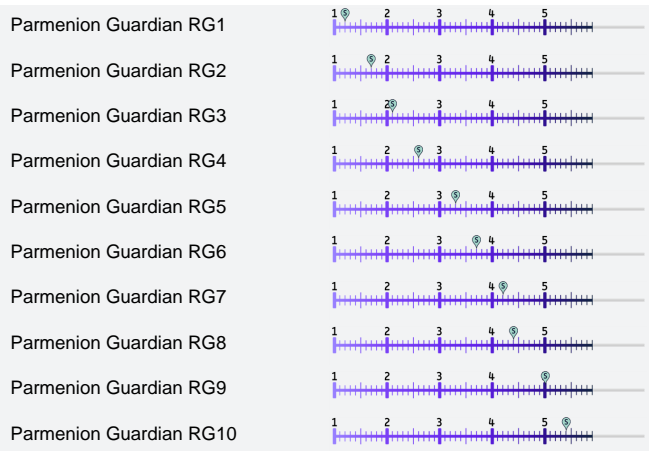
## SARASIN & PARTNERS



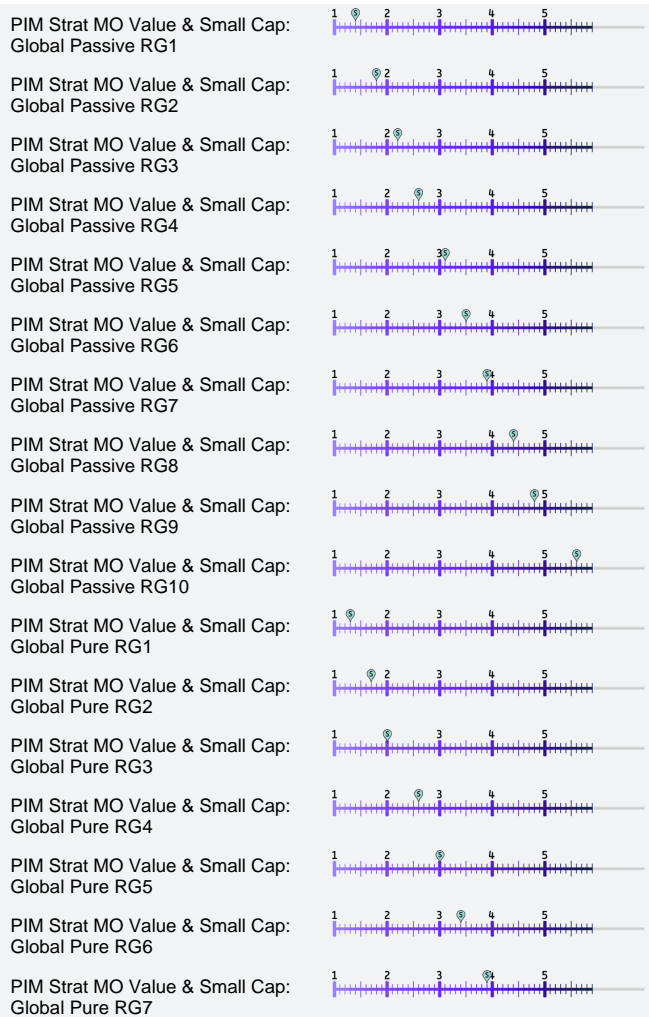
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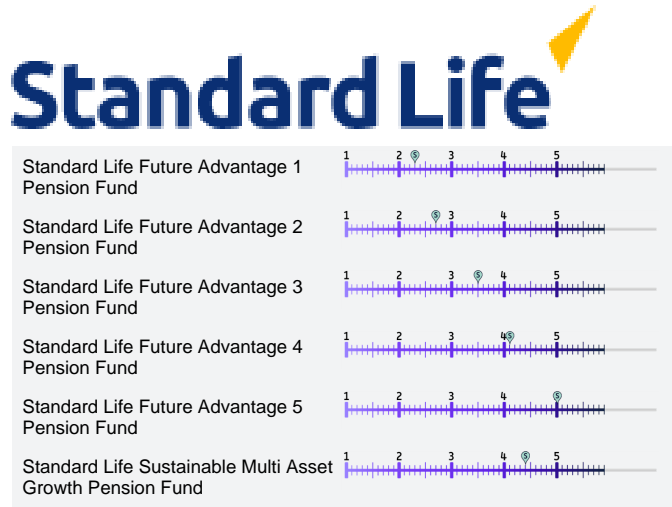
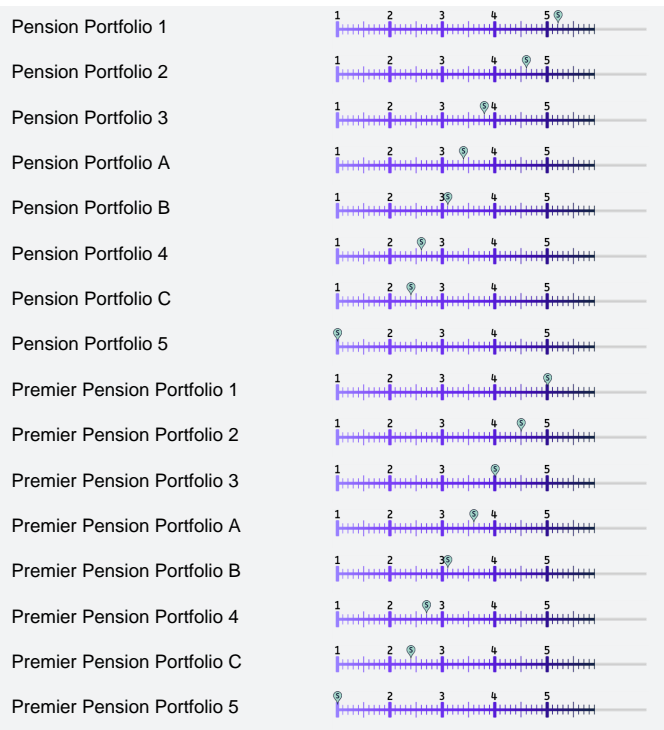
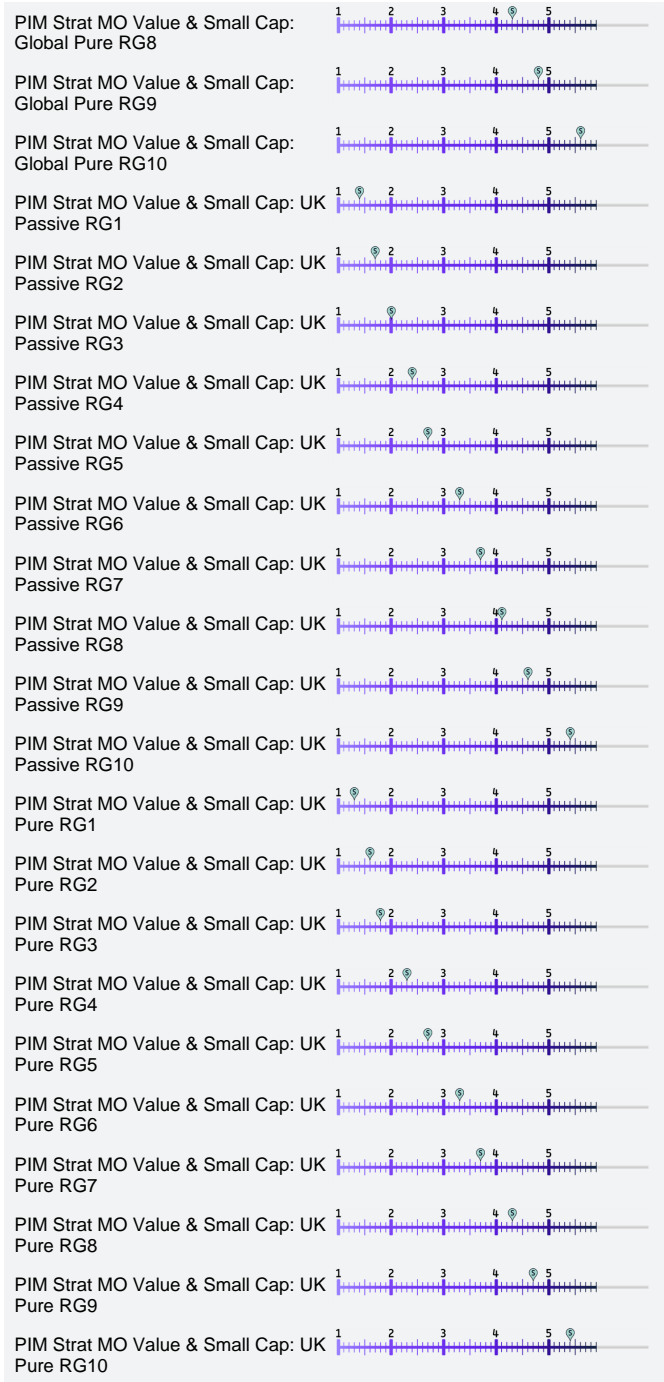
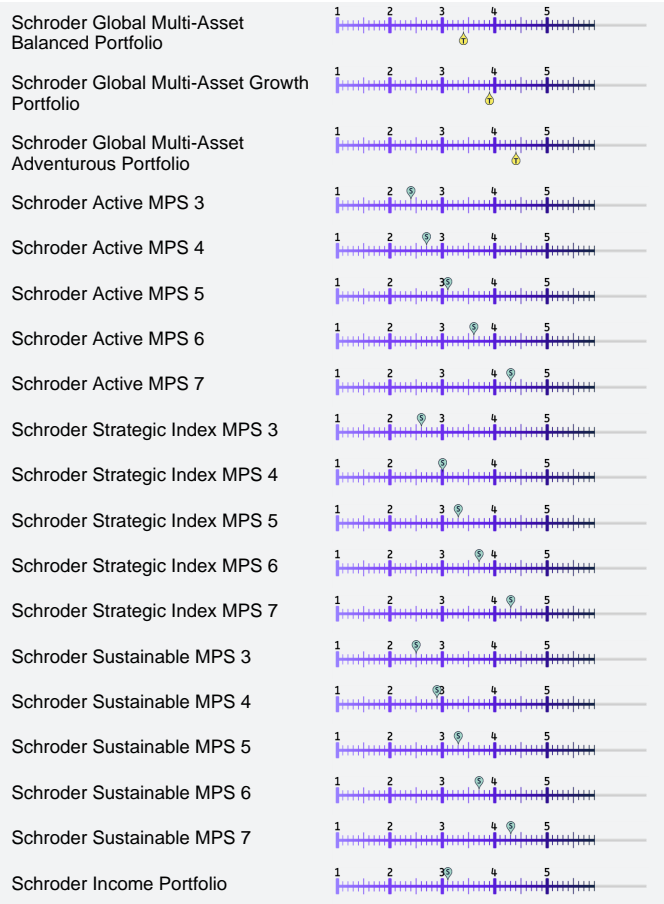


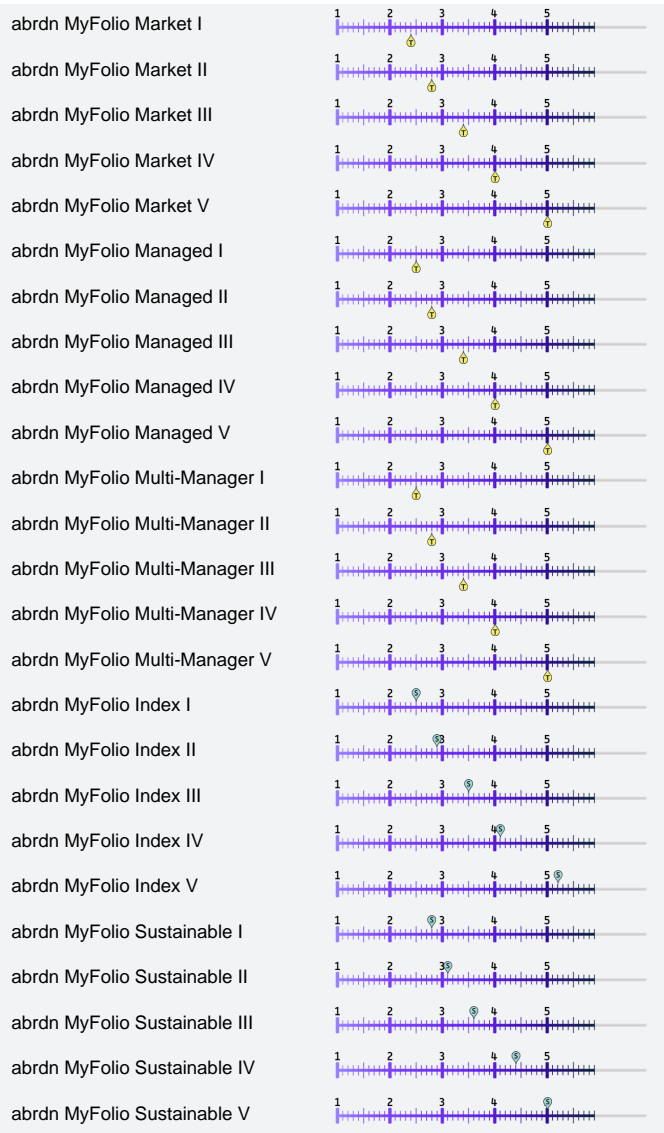
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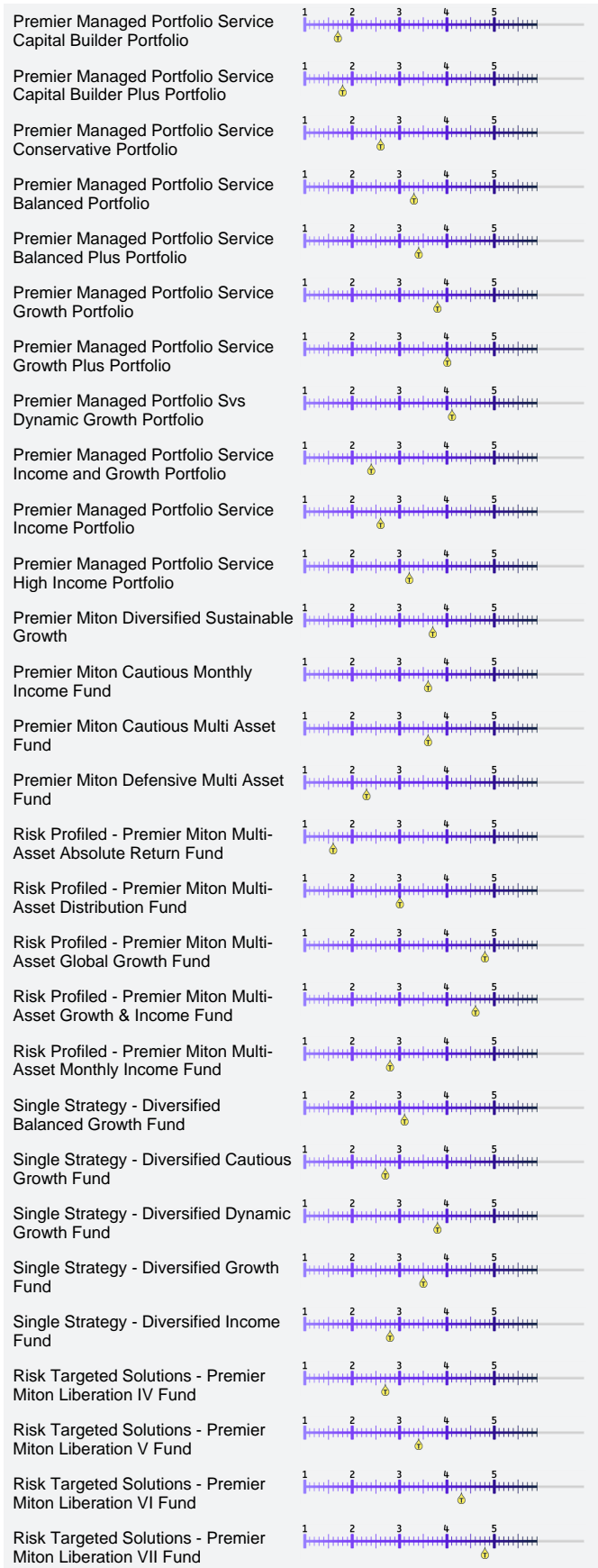
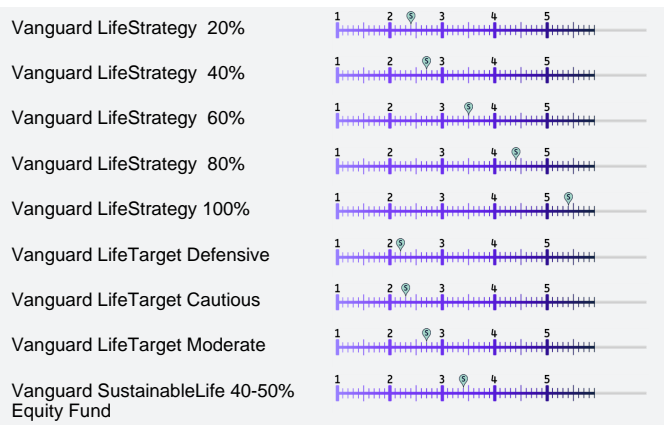
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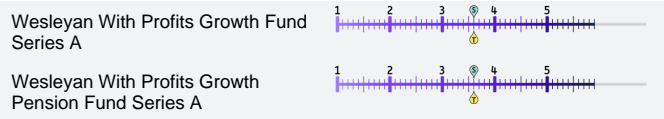
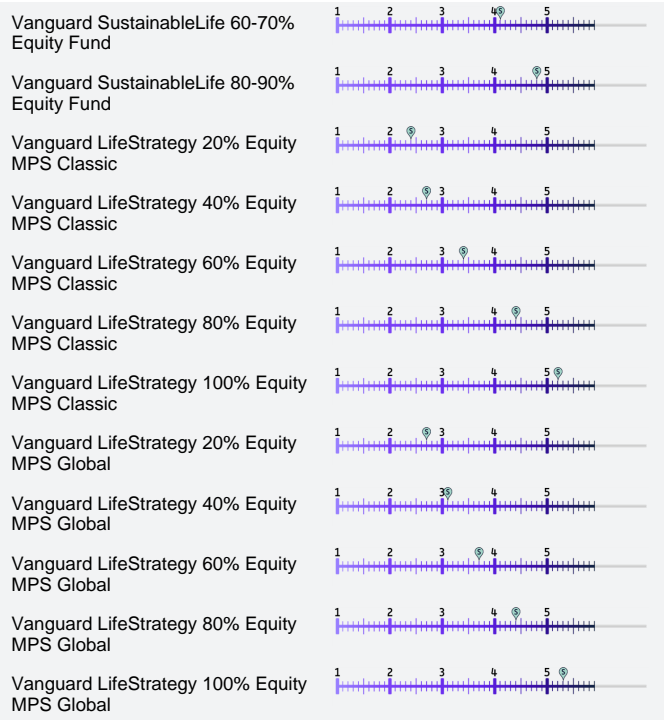






**Vanguard**

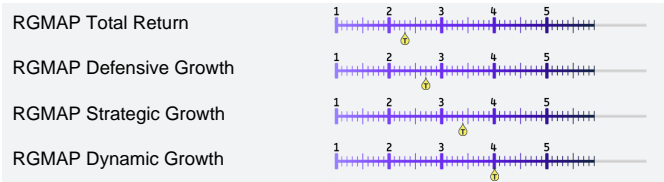




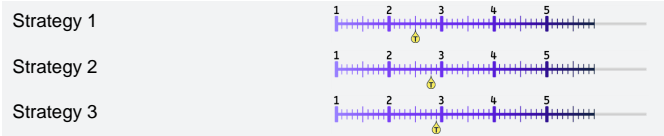
# Quilter

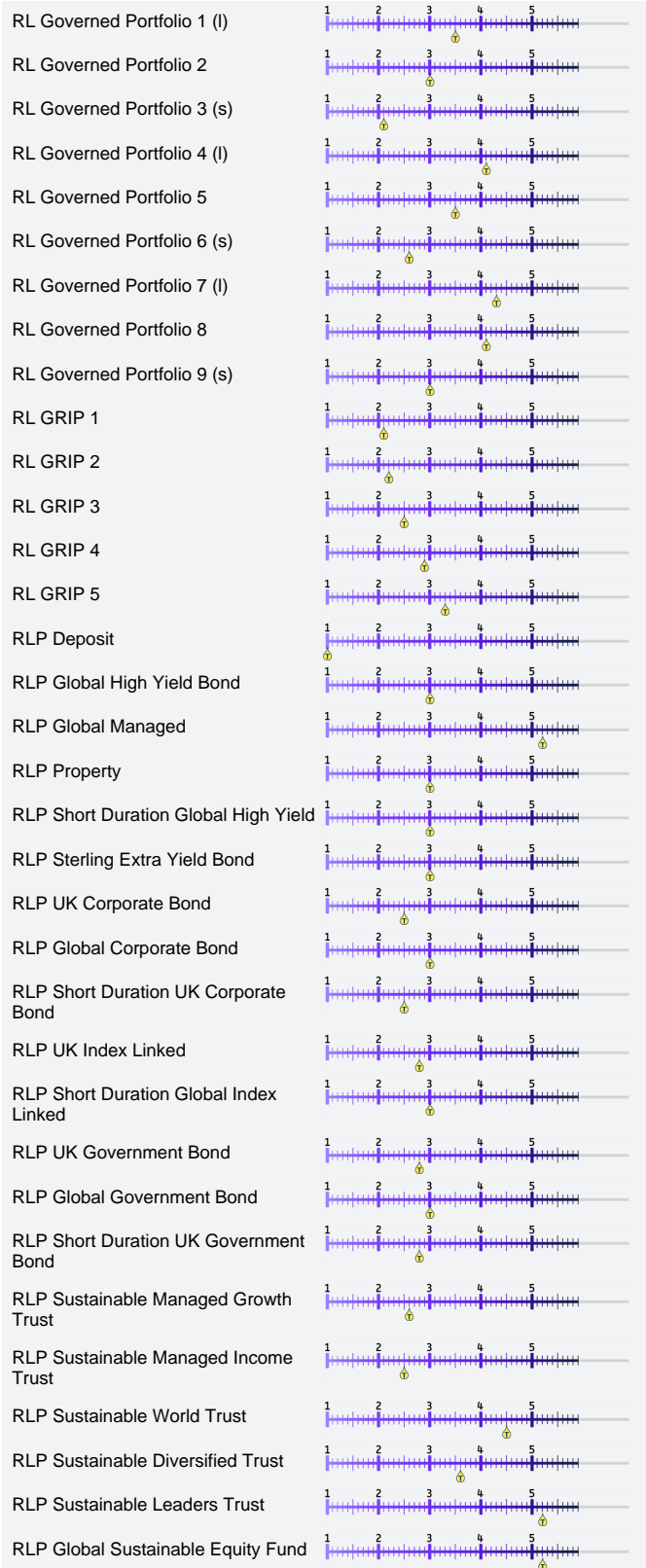


# RATHBONES

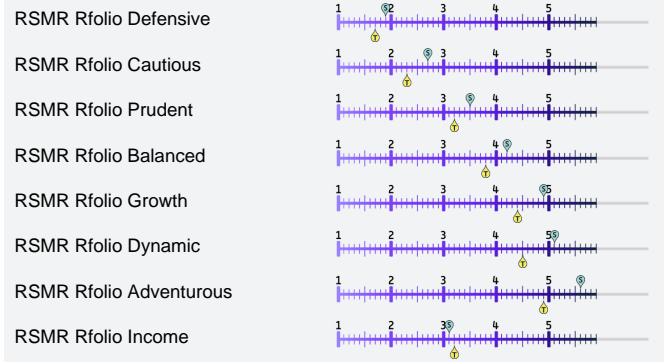


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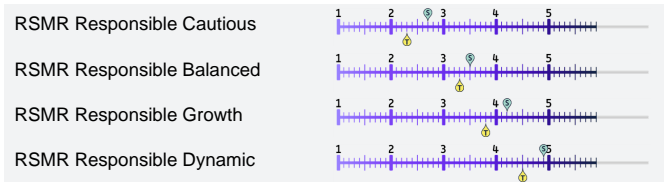




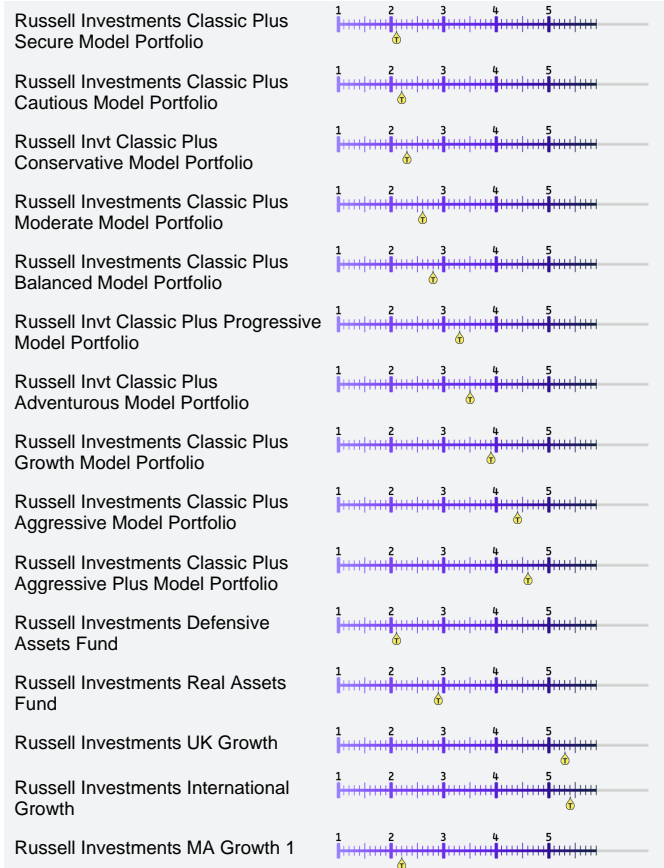
# RSMR Portfolio Services

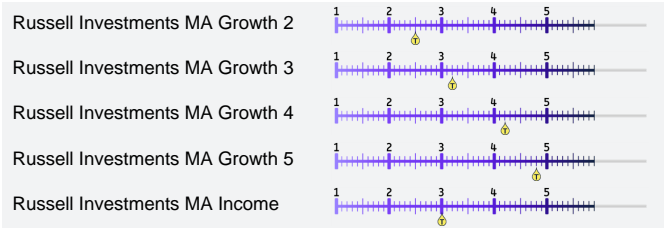


# RSMR Portfolio Services



# Russell Investments

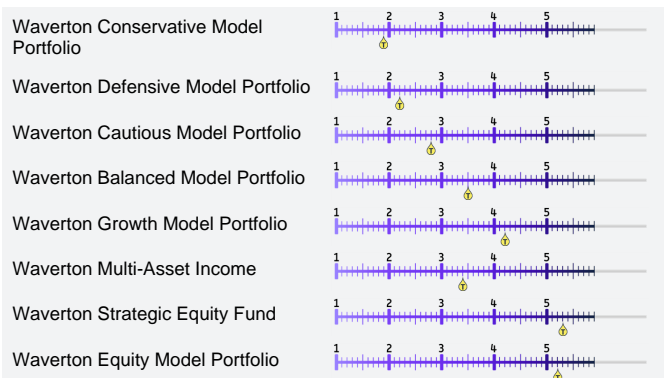




# 7IM



WAVERTON  
INVESTMENT MANAGEMENT



(s) These portfolios were constructed with short investment timelines (5 year) in mind.

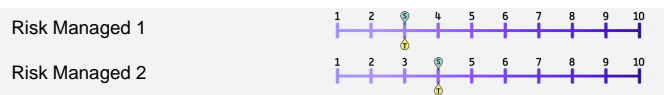
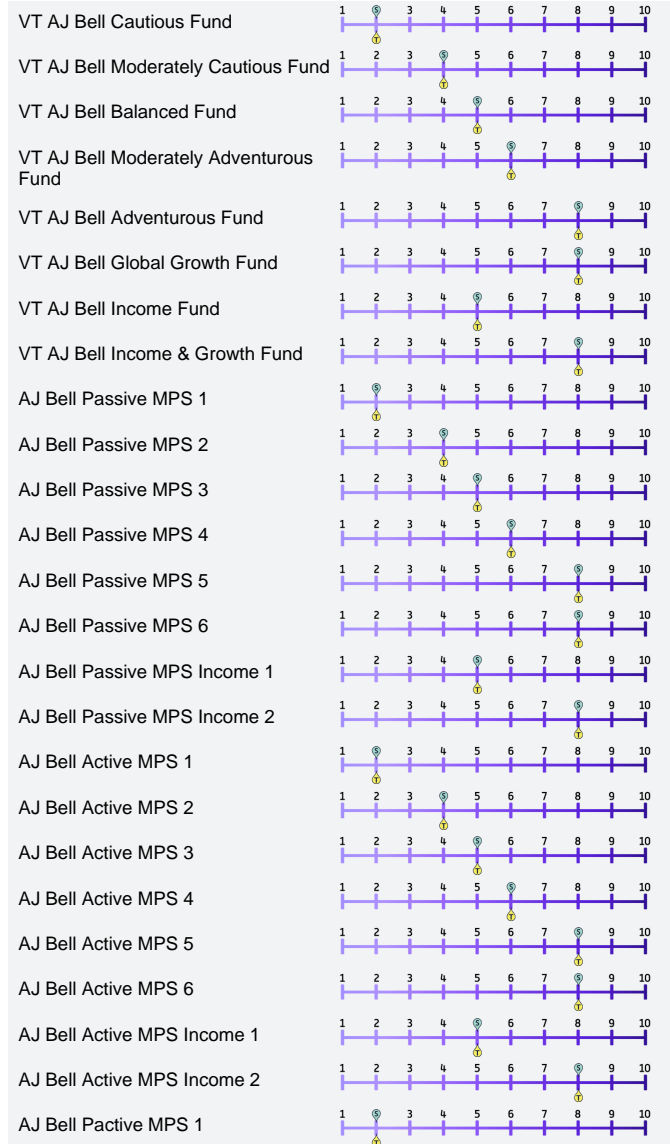
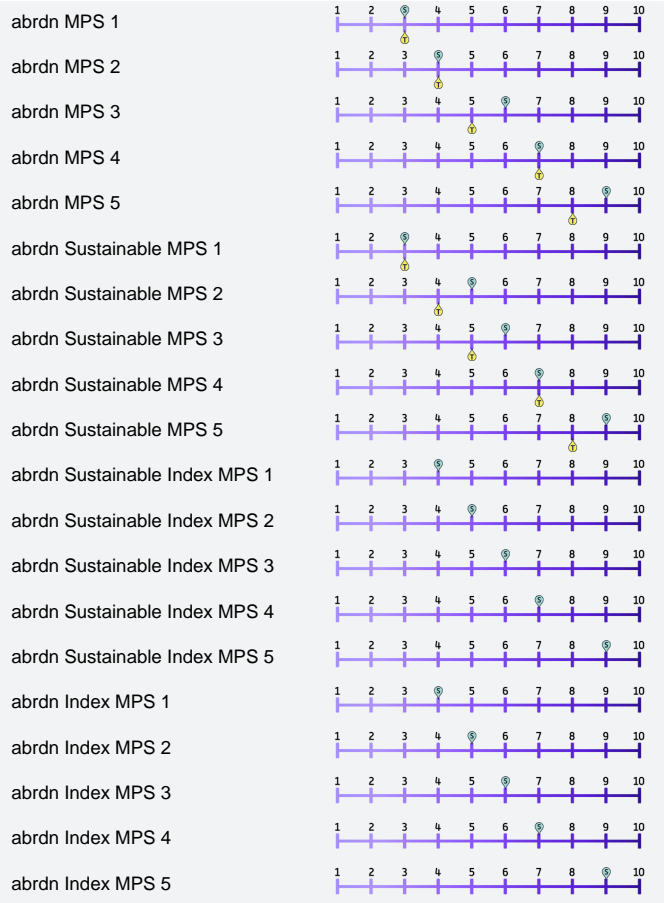
(l) These portfolios were constructed with longer investment timelines (15 year) in mind. Otherwise Synaptic Risk Ratings assume a 10 year investment horizon. You should consult Royal London directly for further information before recommending.

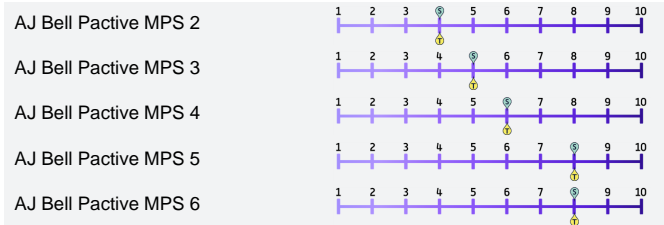
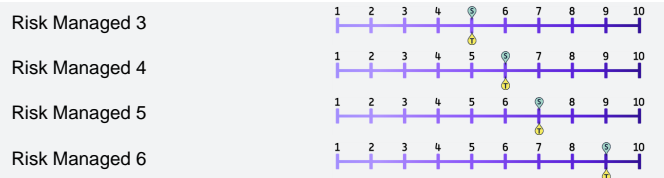
About the service: Synaptic Risk Ratings are worked out by analysing the underlying asset classes within the fund or portfolio. Synaptic Software have requested asset allocation information from participating providers in a specific format aligned to the risk framework of the system. These asset classes are used by the model to determine the risk rating, a process that may result in a level of approximation though in most cases this will be insignificant. It is also possible that certain asset classes may not be represented exactly in the manner that providers would prefer. Reasonable endeavours are made to provide accuracy and consistency, however neither participating providers nor Synaptic Software can be held responsible for any errors or omissions. No recommendation should be made solely on the basis of the Synaptic Risk Ratings, and additional research should be undertaken for any case. This service is intended for use by investment professionals only.





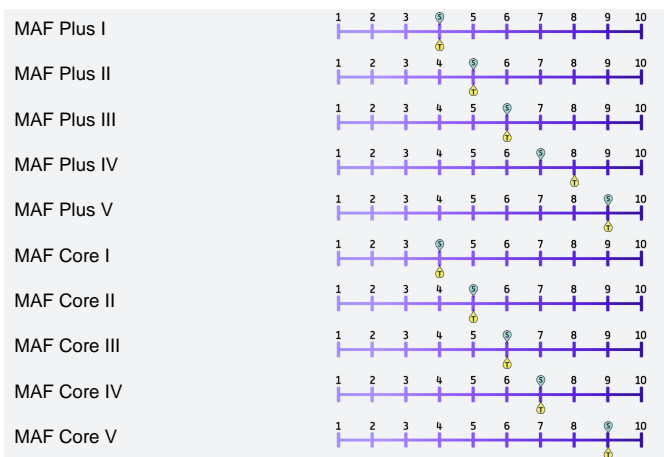
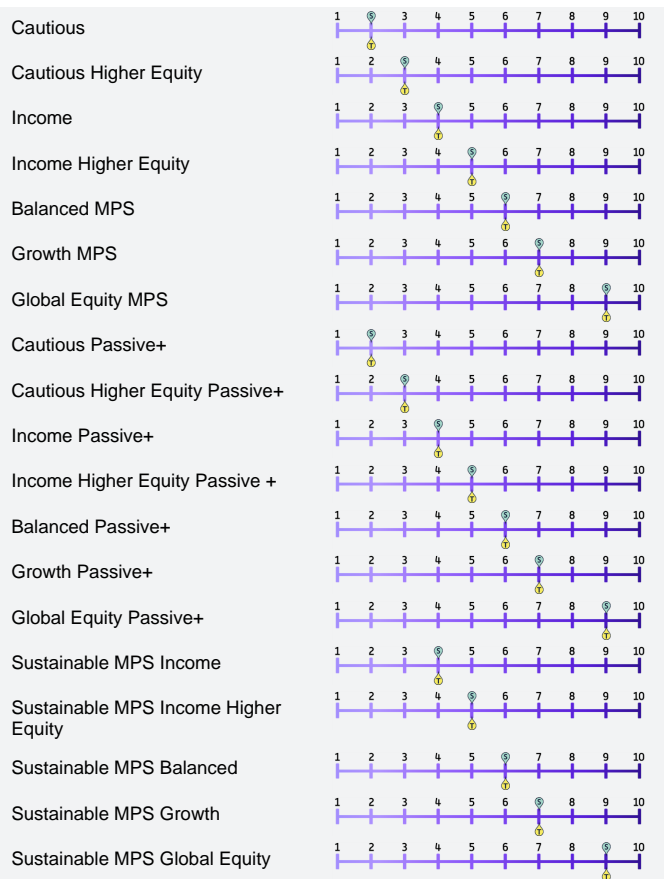
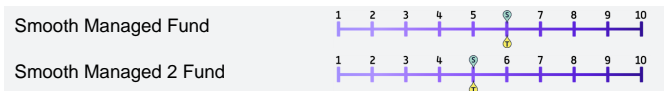
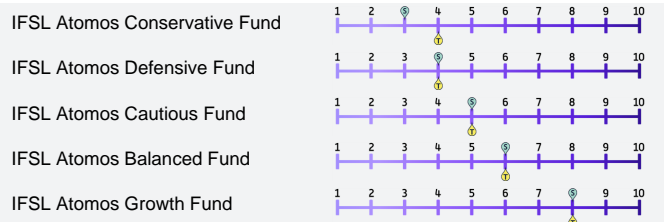
Synaptic Risk rating based on Strategic Asset Allocation Tactical Asset Allocation



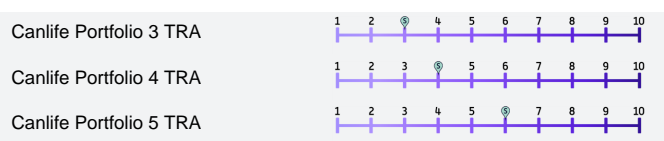
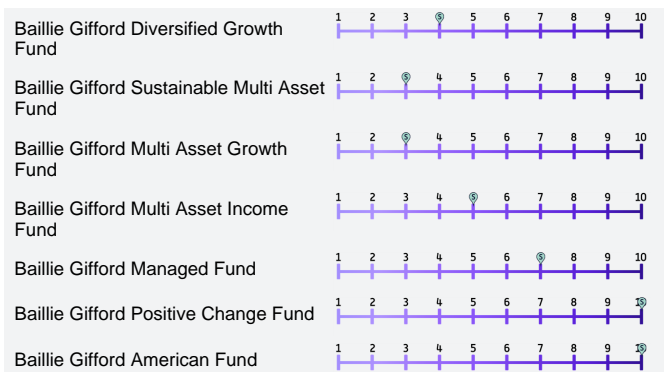


# atomos

wealth & financial wellbeing



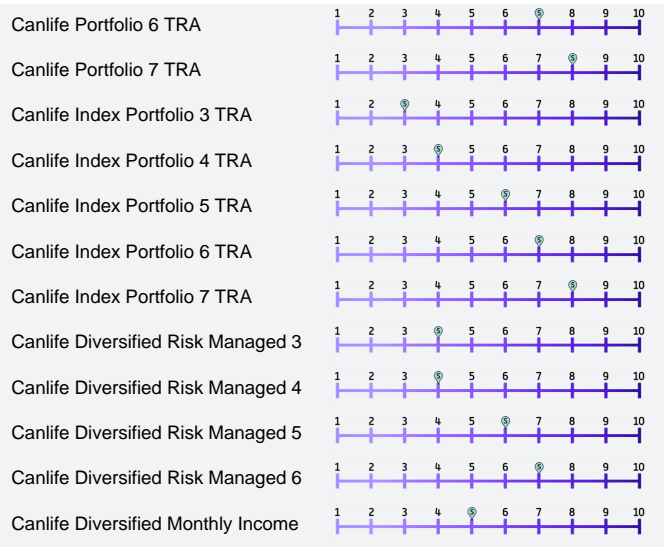
# Baillie Gifford™



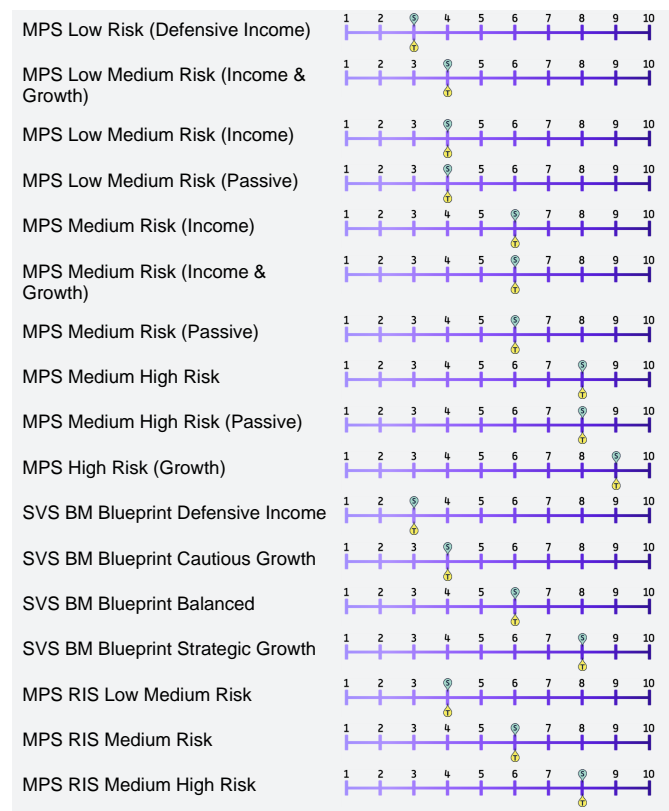
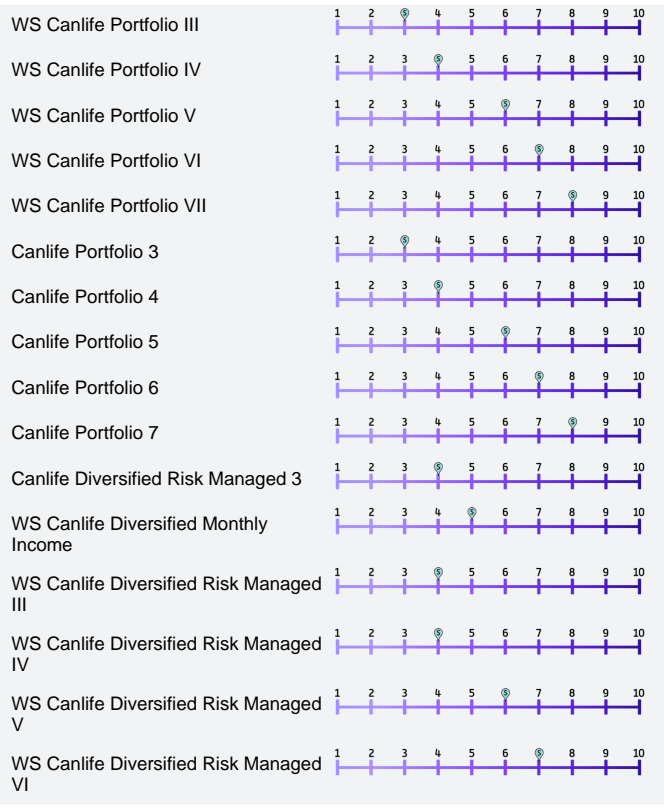
# BNY MELLON

INVESTMENT MANAGEMENT

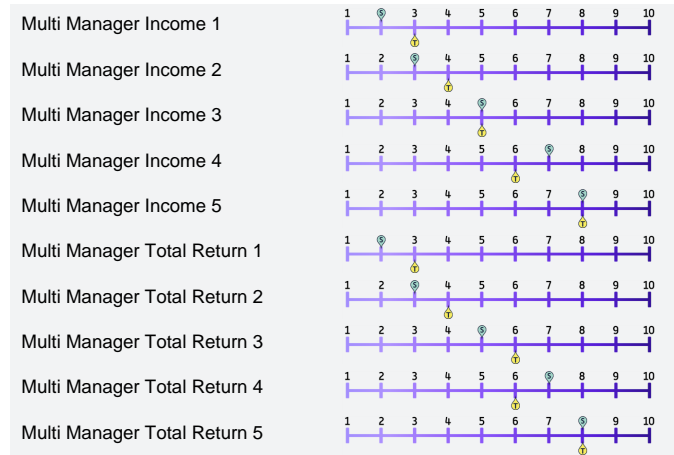




Asset Management



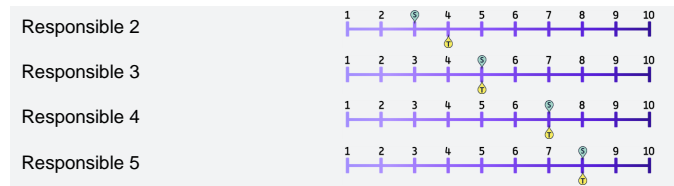
# CHARLES STANLEY



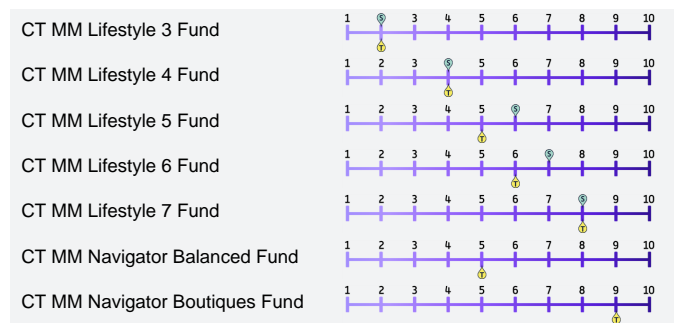
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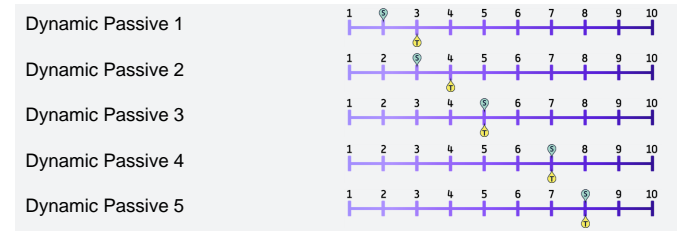
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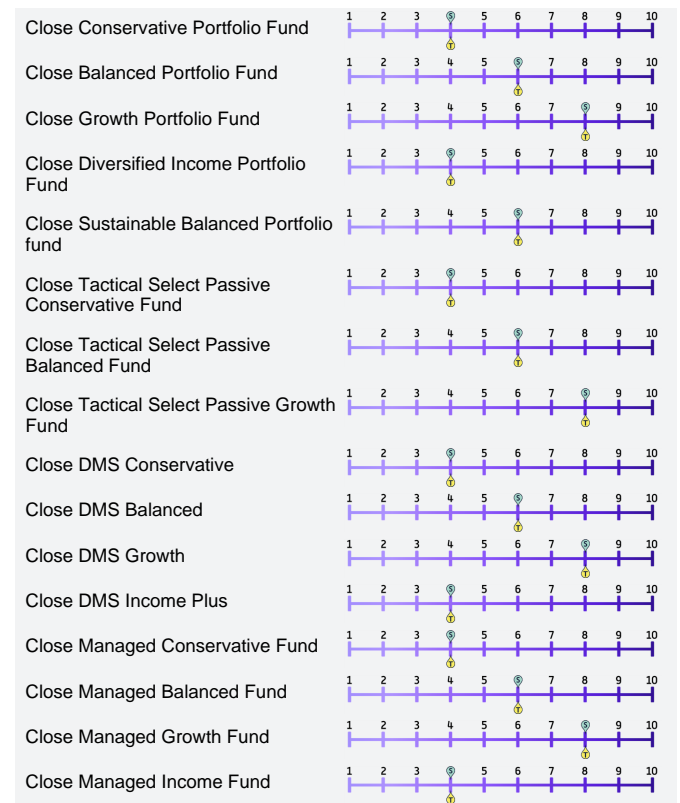
## COLUMBIA THREADNEEDLE INVESTMENTS



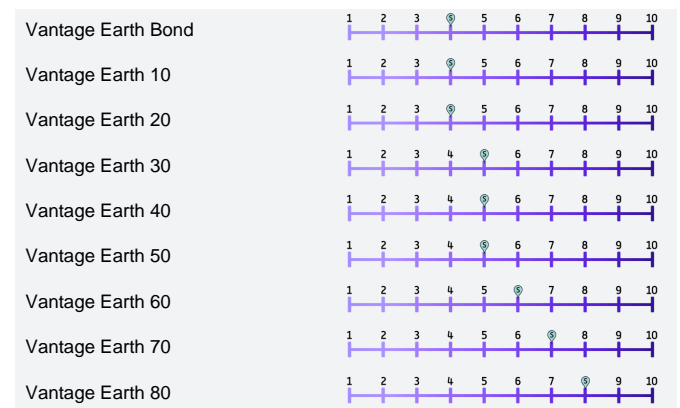
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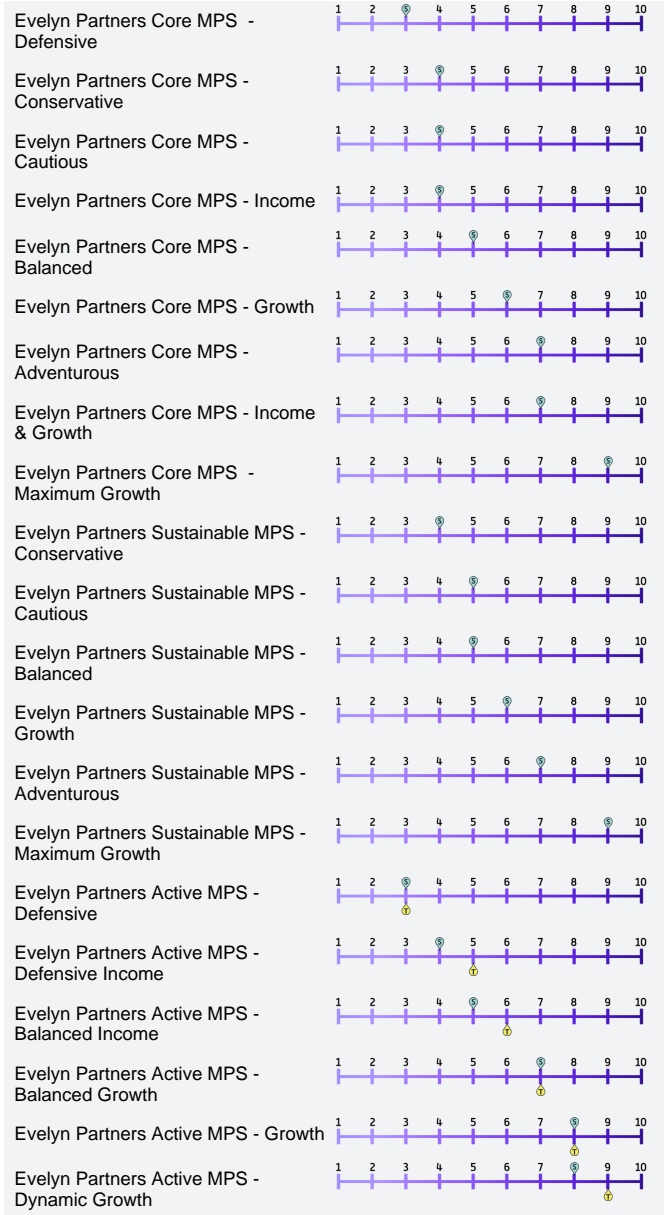
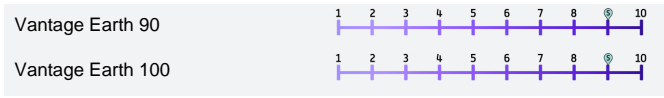
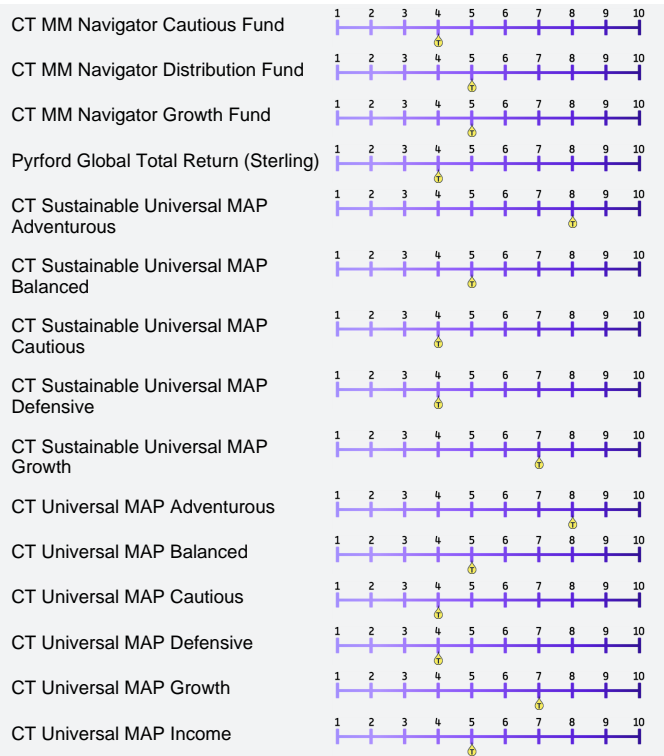


## Close Brothers Asset Management



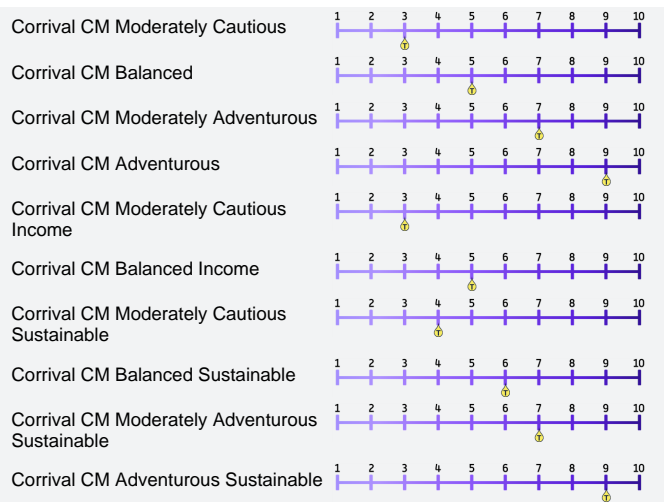
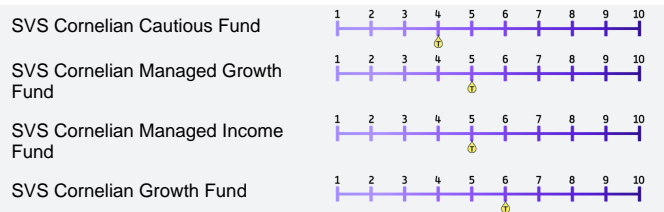
## ebi evidence based investing



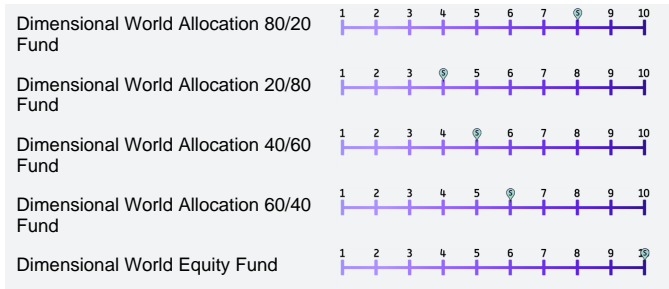


# Cornelian

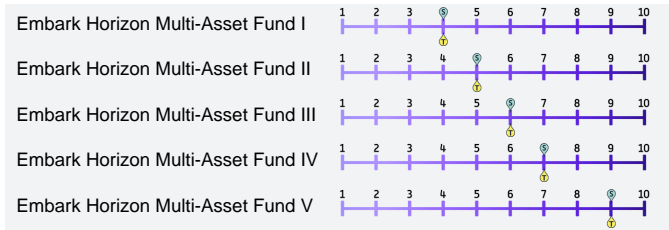
Part of the Brooks Macdonald Group



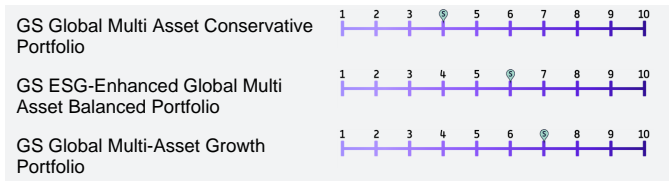
# Dimensional



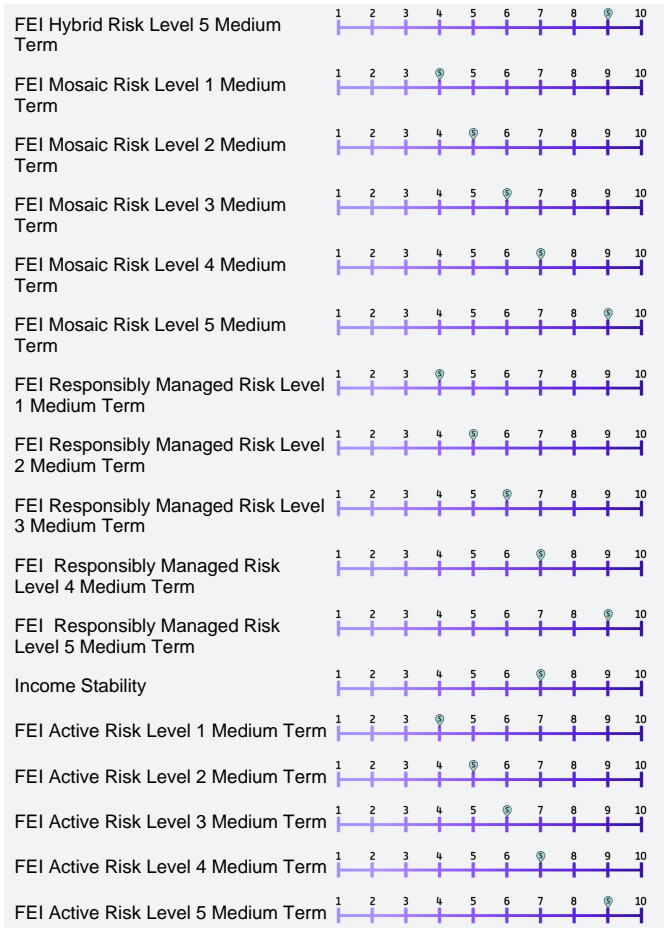
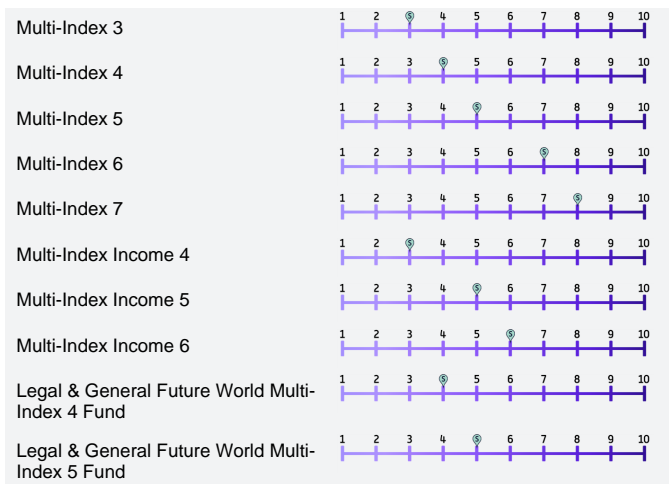
# embark investments



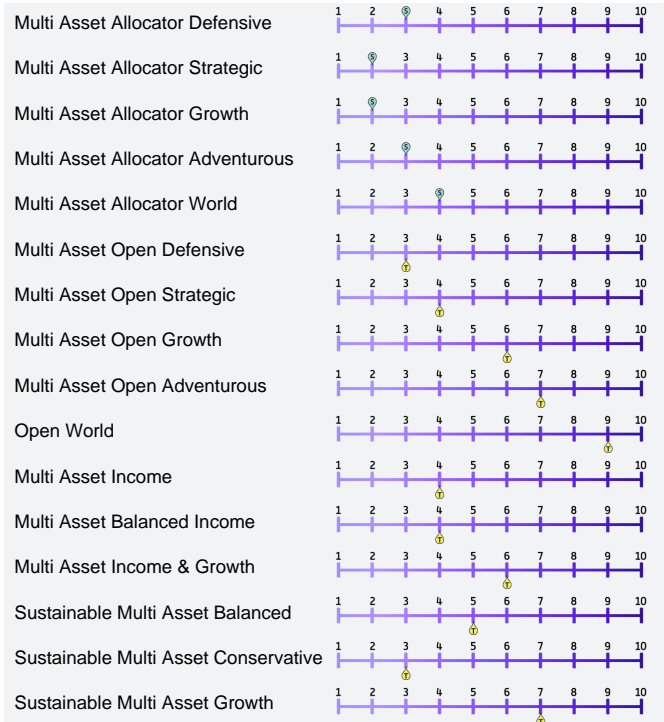
# Goldman Sachs Asset Management

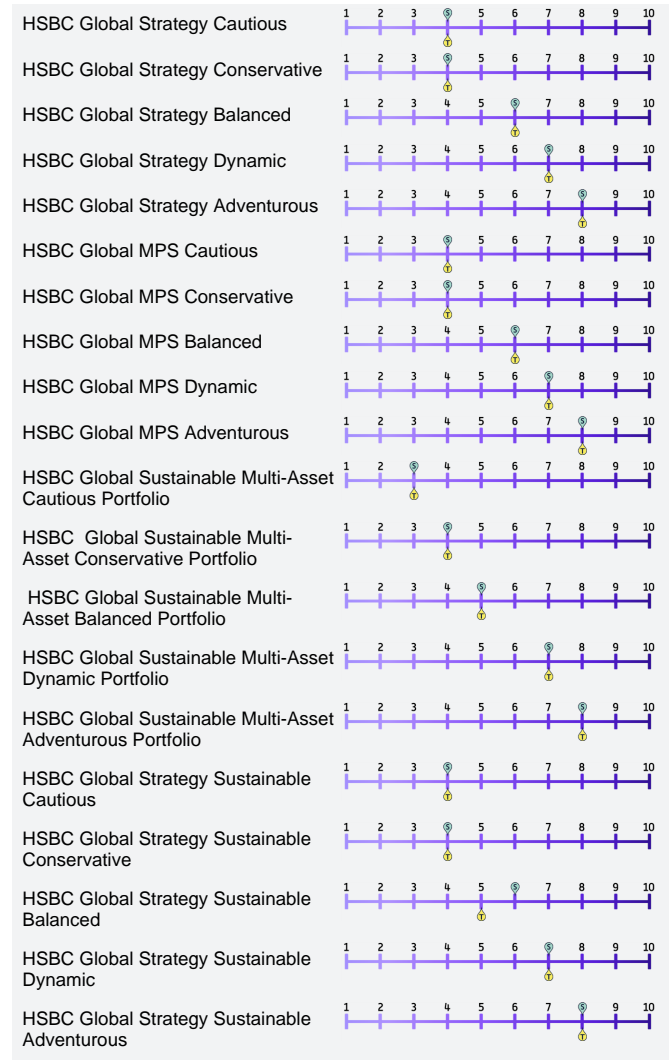
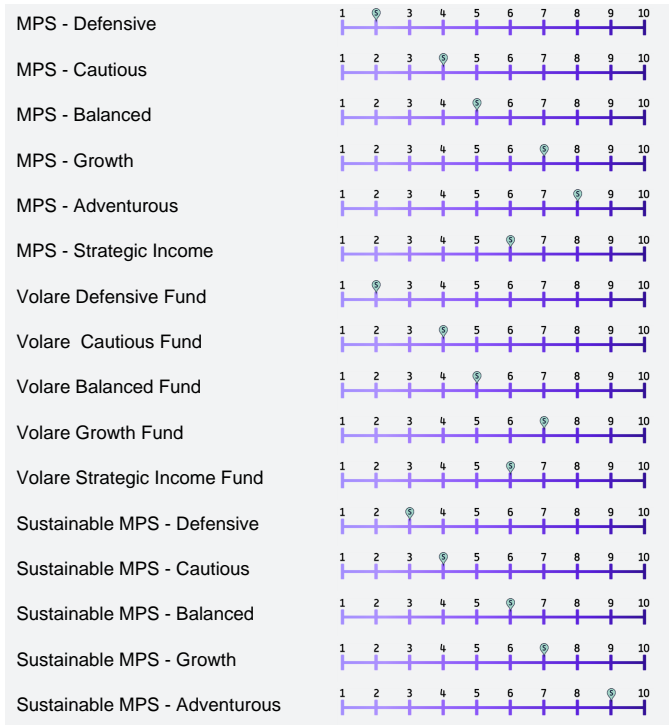


# L&G

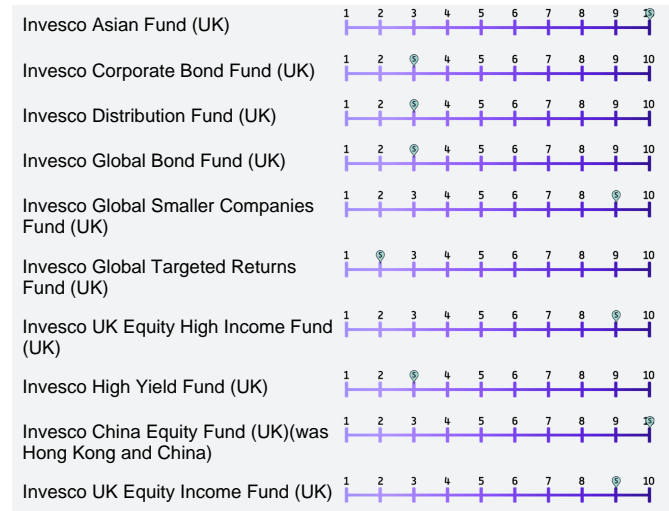
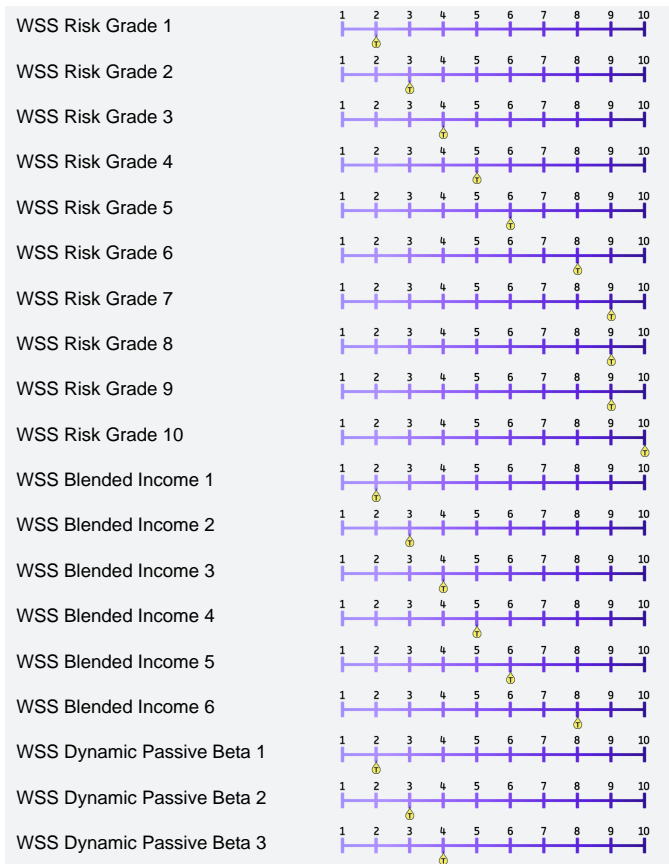


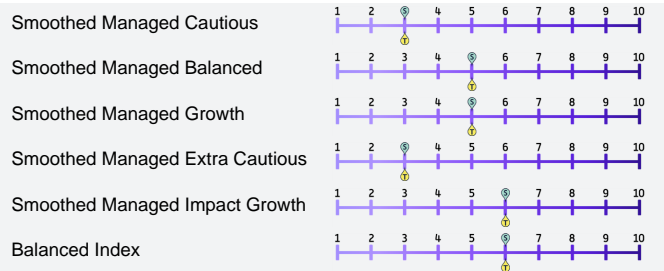
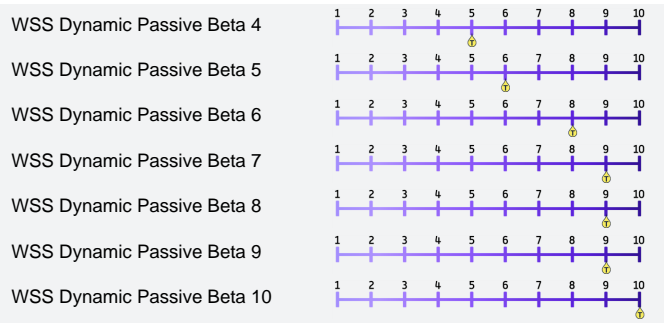
# Fidelity INTERNATIONAL



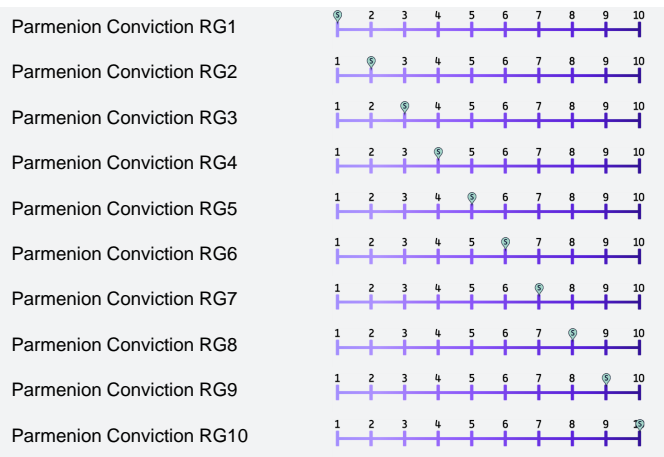


# LIONTRUST

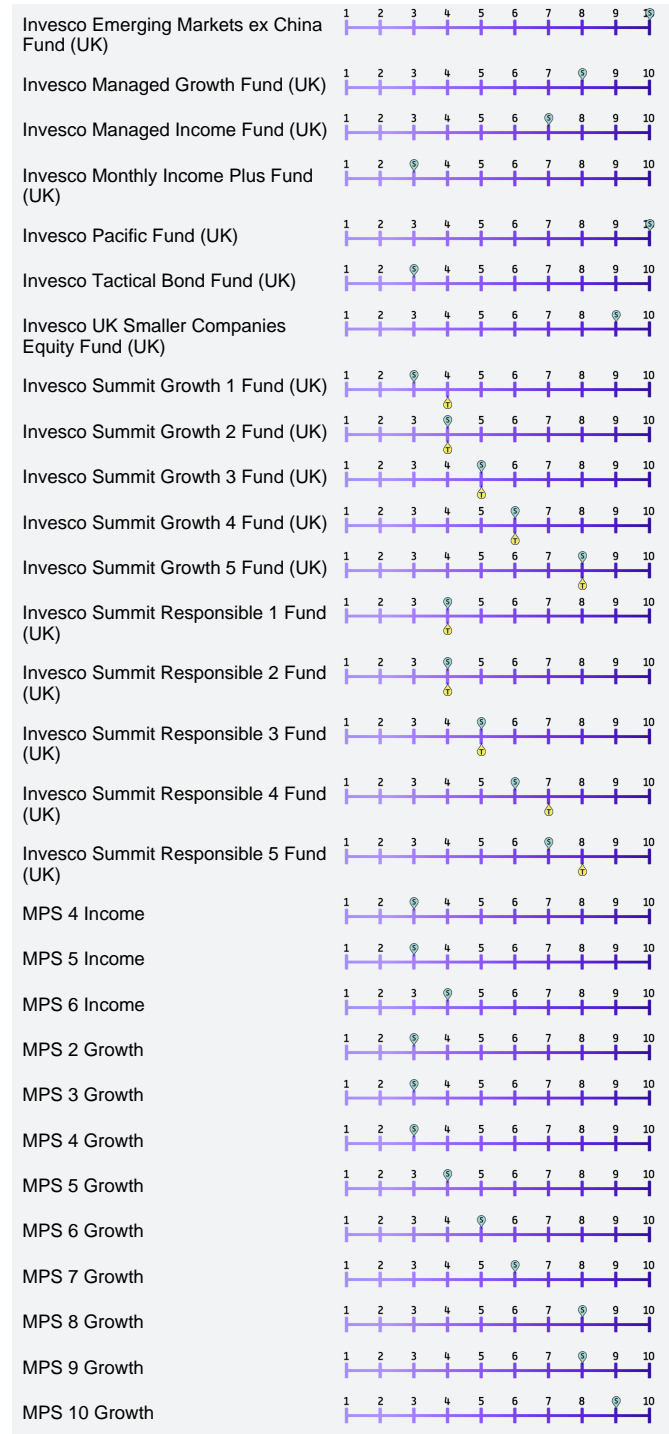
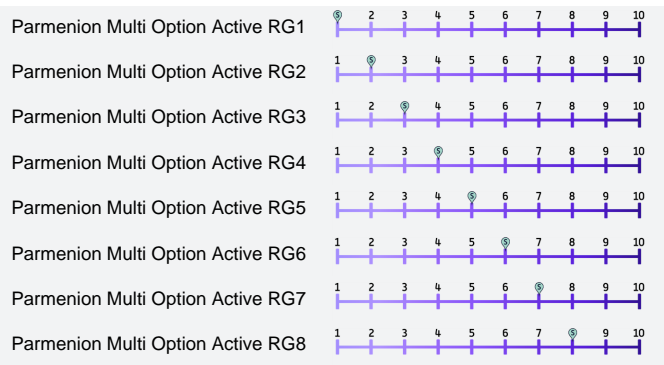




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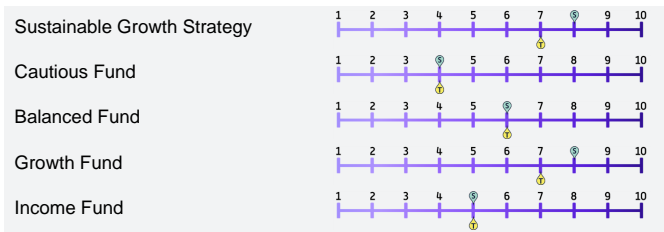
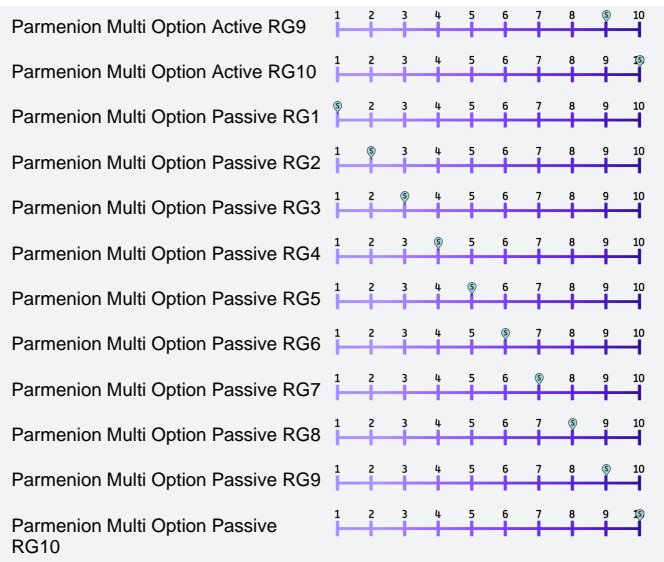
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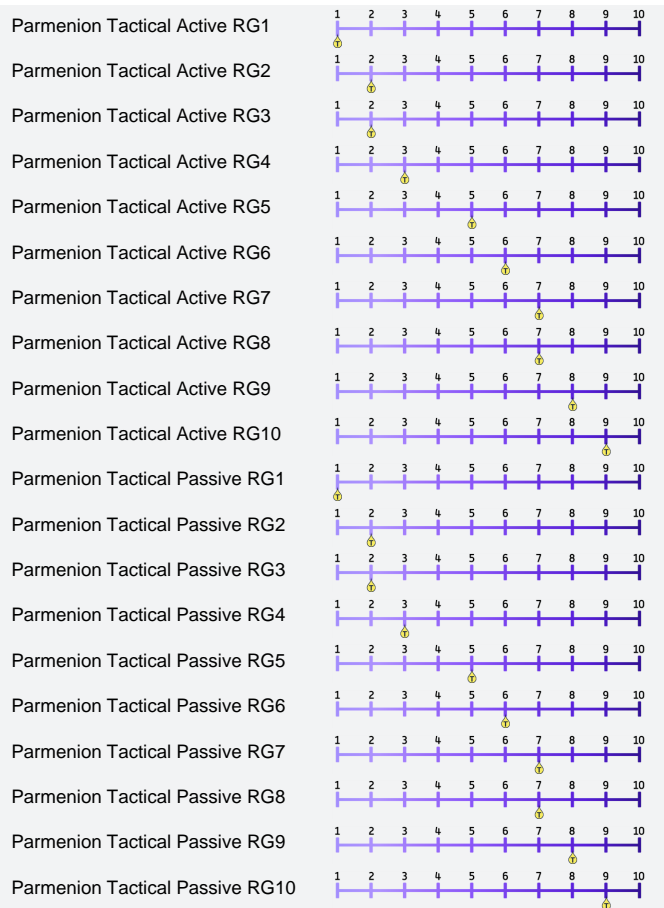
## RATHBONES | Incorporating Investec Wealth & Investment (UK)



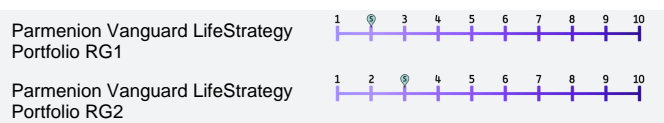




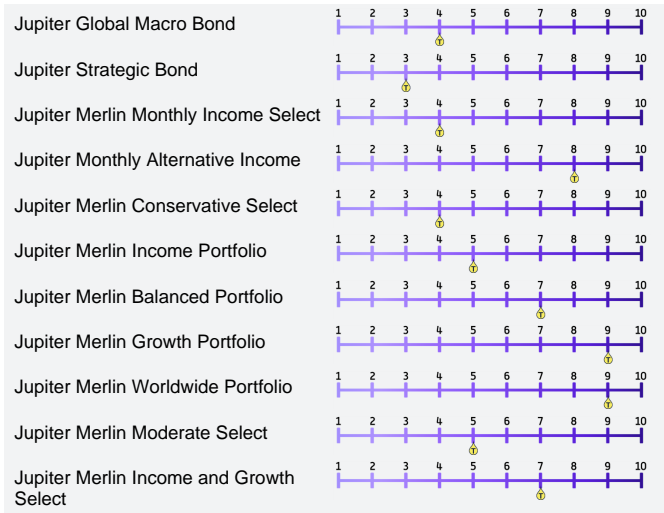
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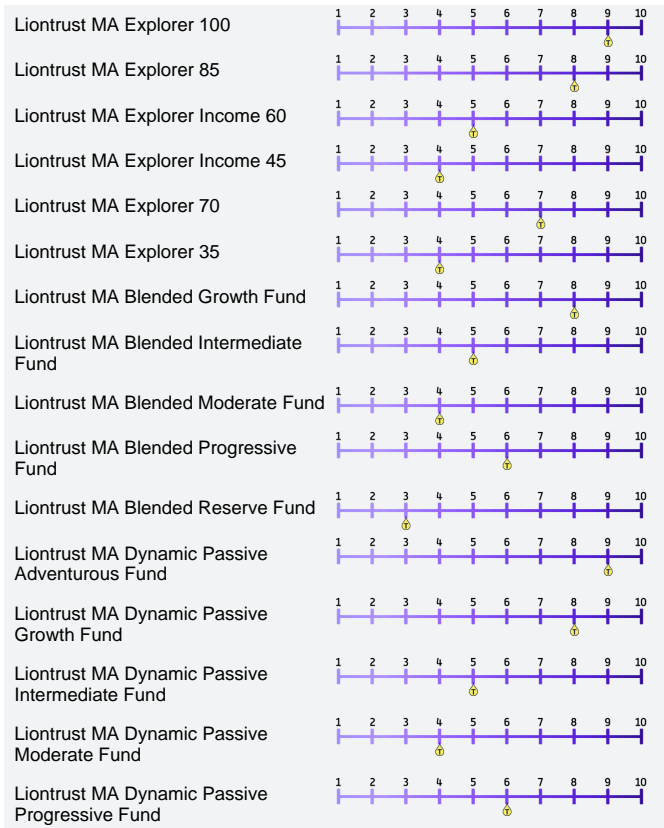
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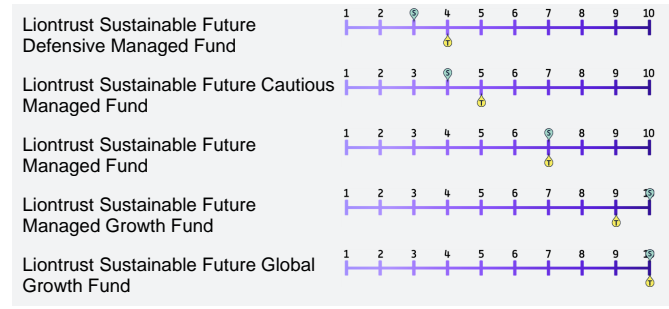
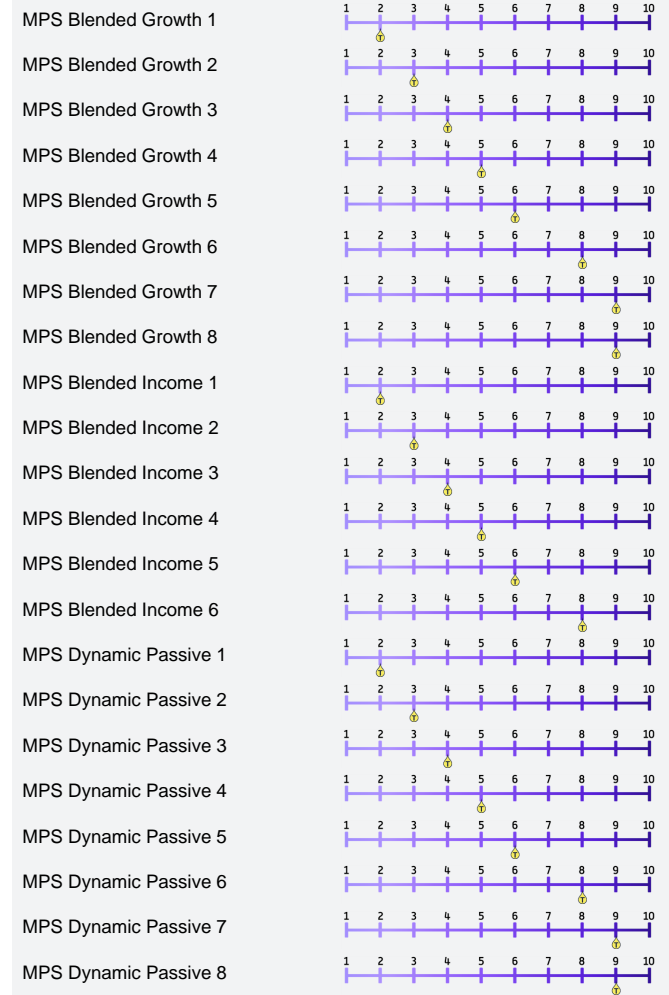
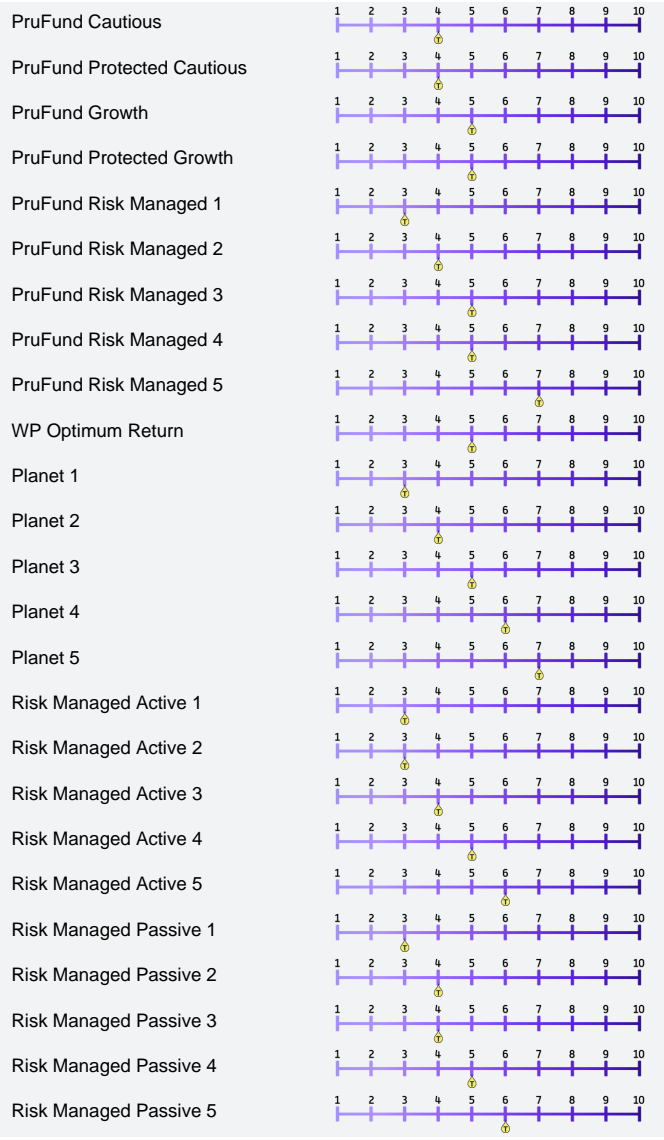
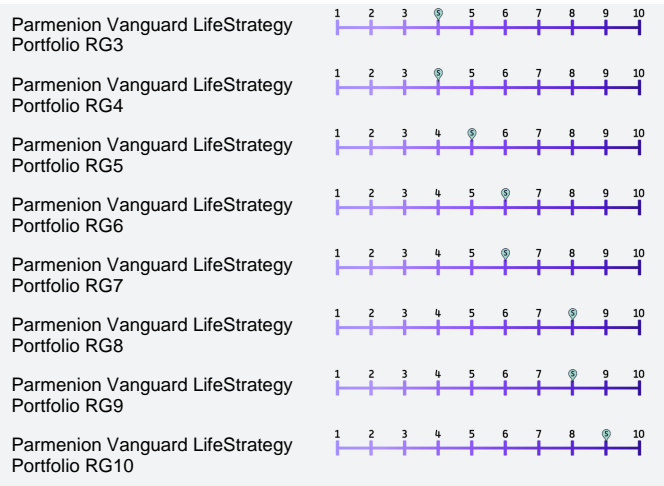


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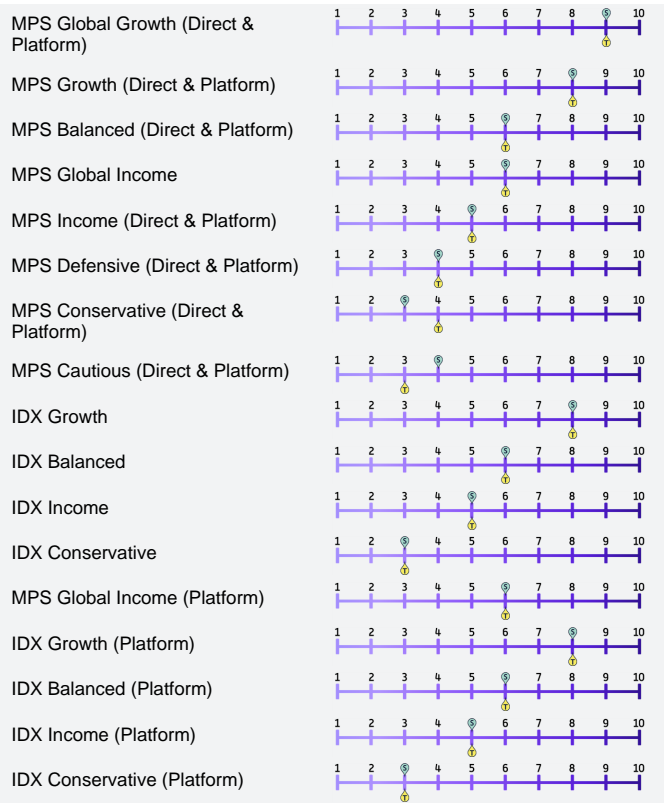
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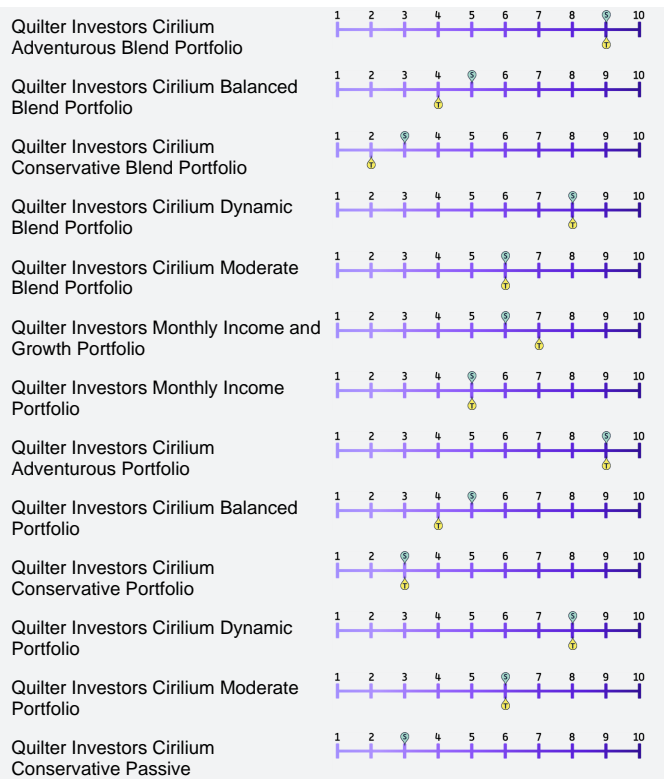




QUILTER CHEVIOT  
INVESTMENT MANAGEMENT



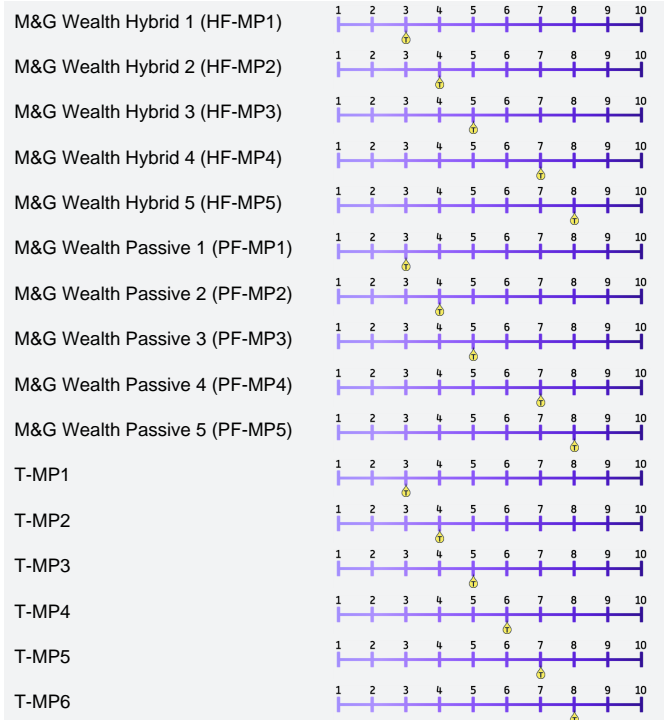
Quilter  
Investors



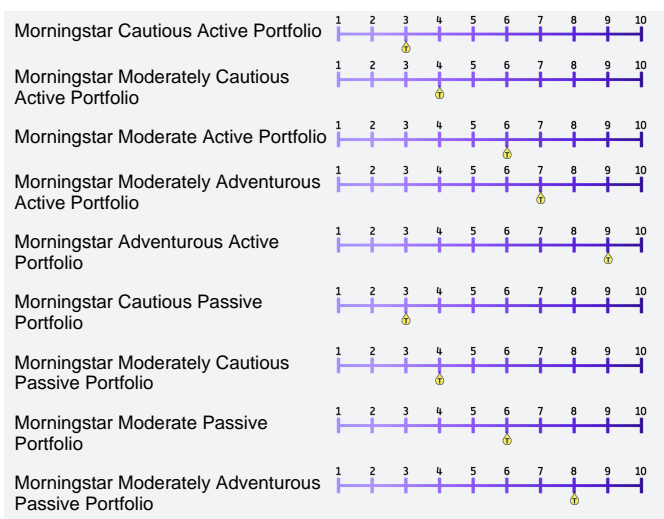
M&G  
Investments



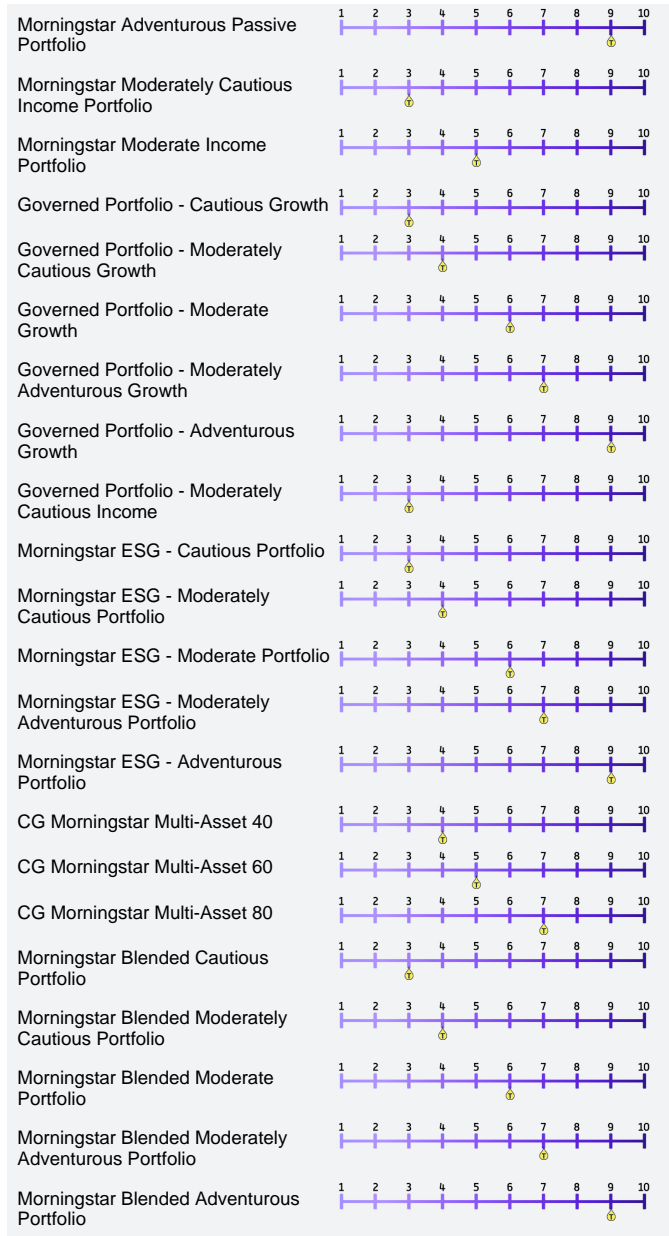
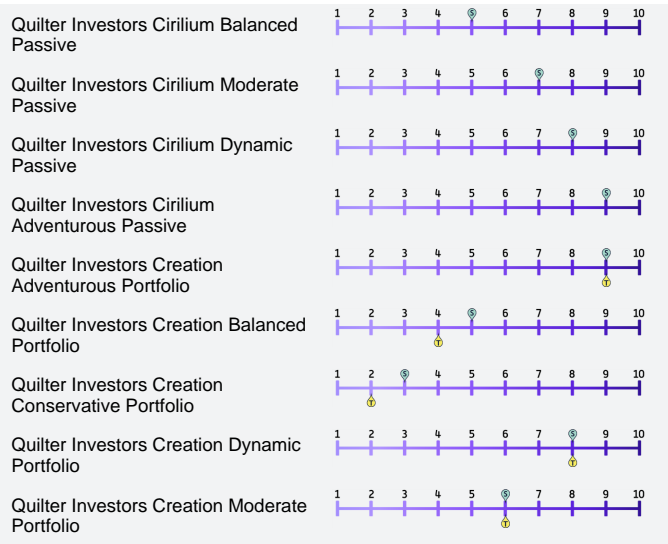
M&G wealth



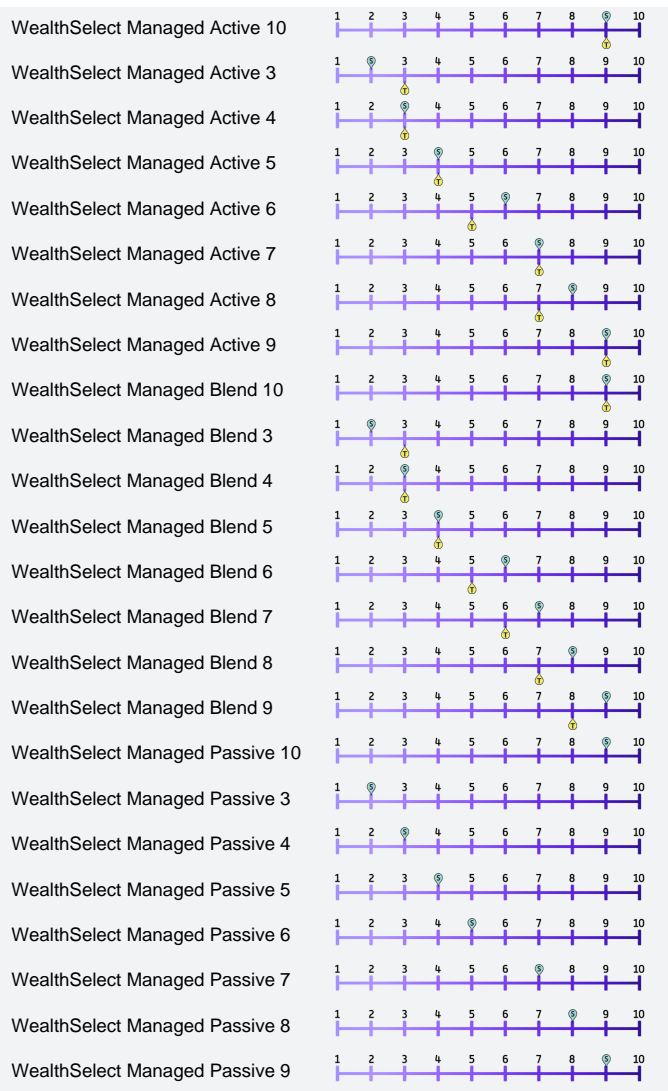
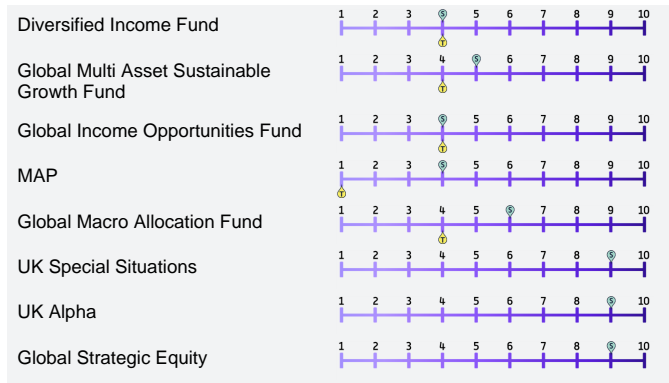
MORNINGSTAR Wealth



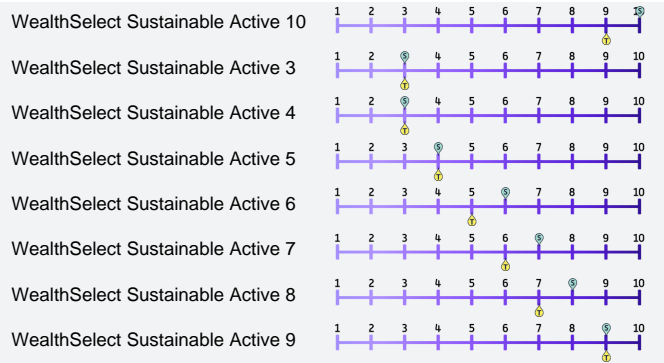
Synaptic



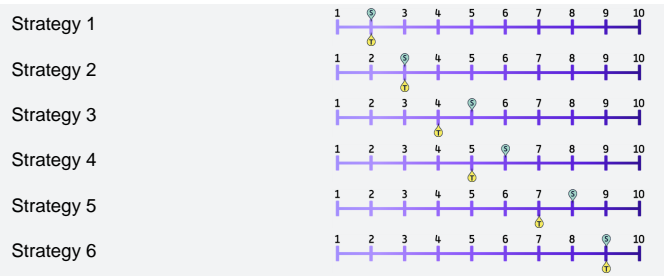
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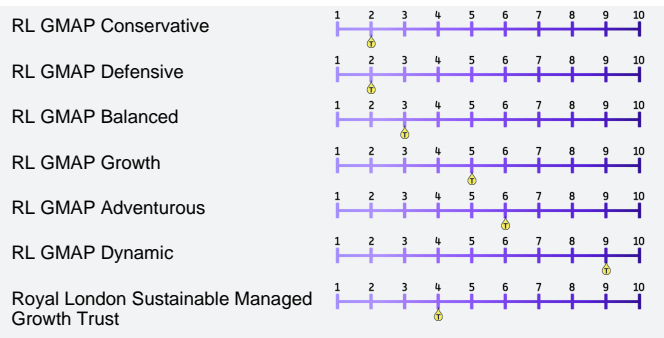
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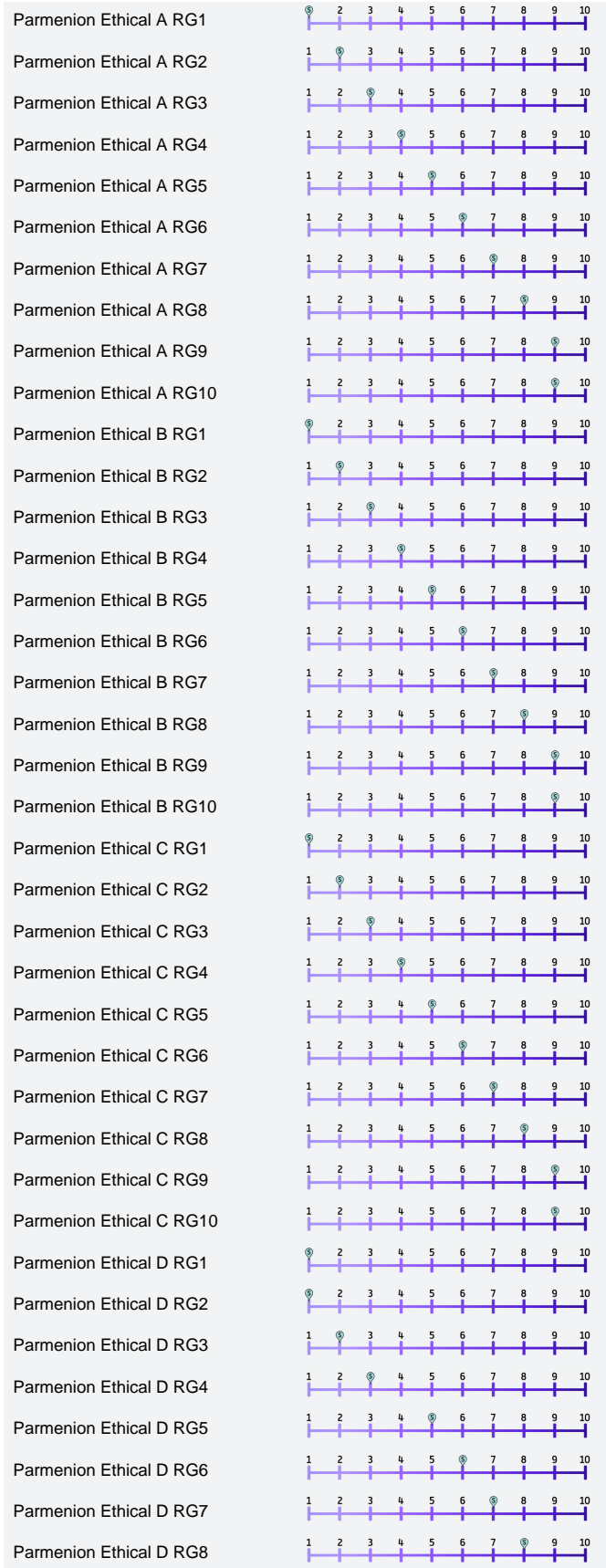
# RATHBONES

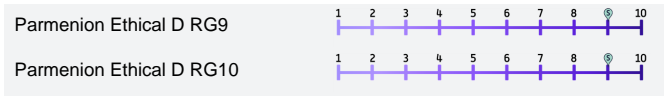
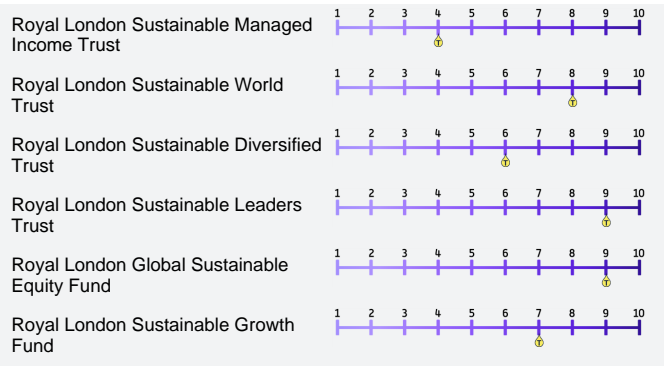


# RATHBONES

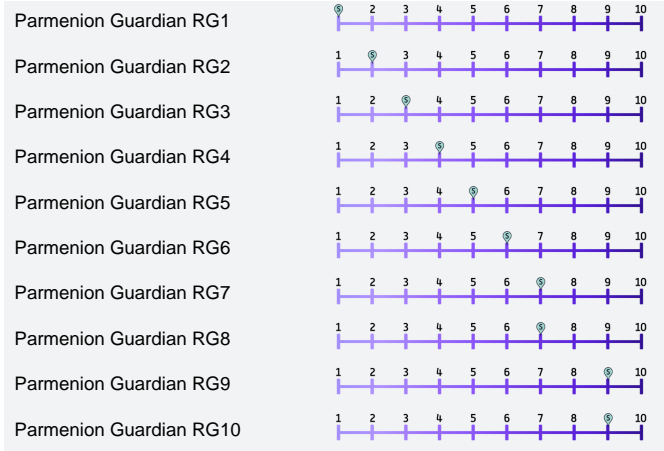
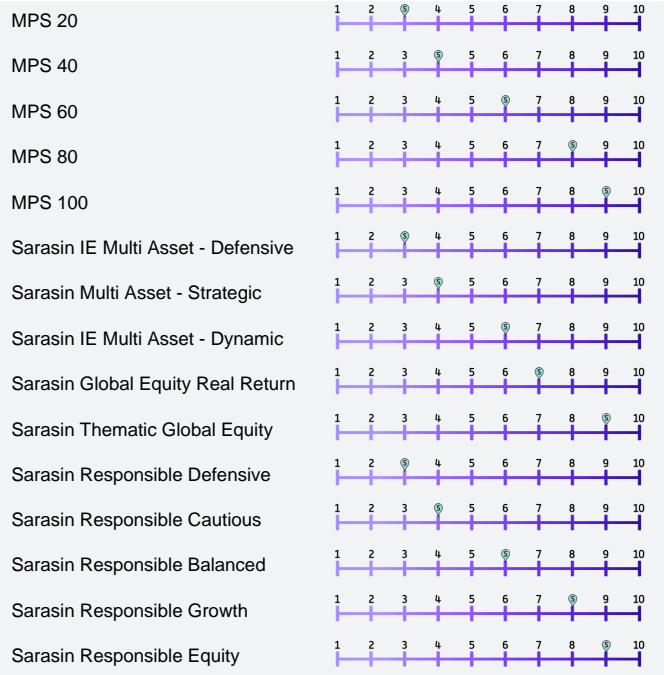


# Parmenion

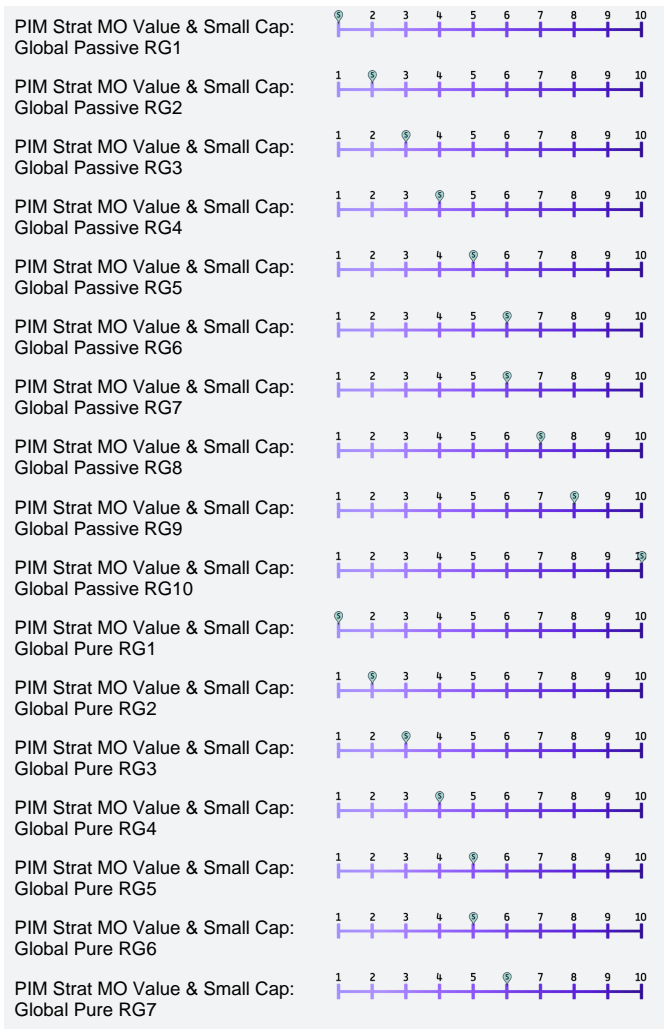




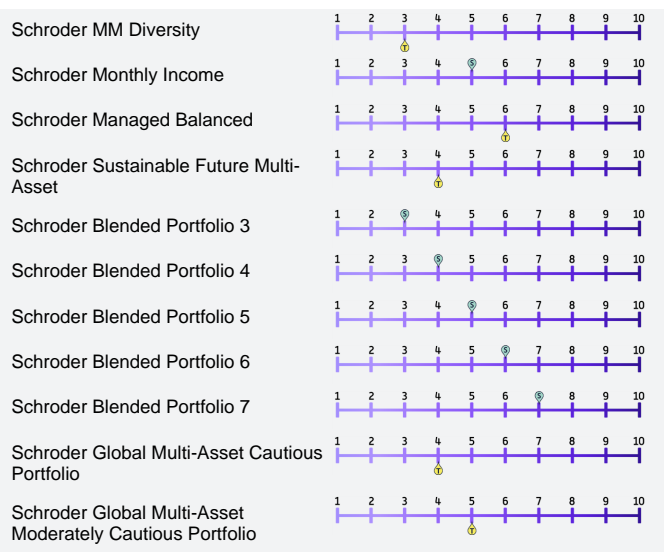
## SARASIN & PARTNERS

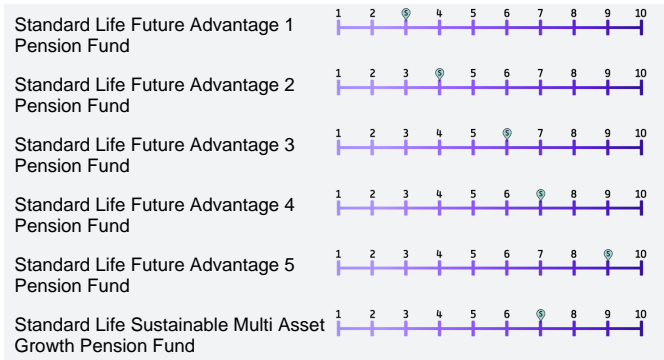
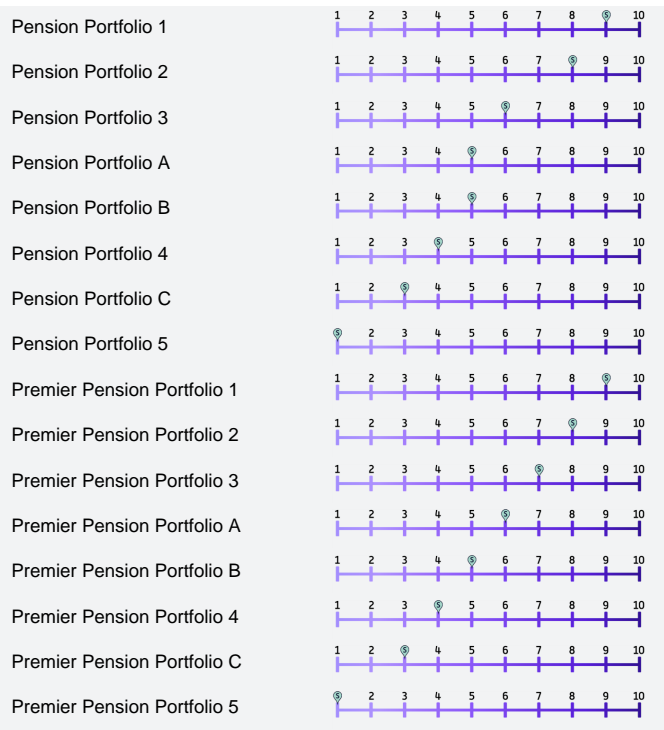
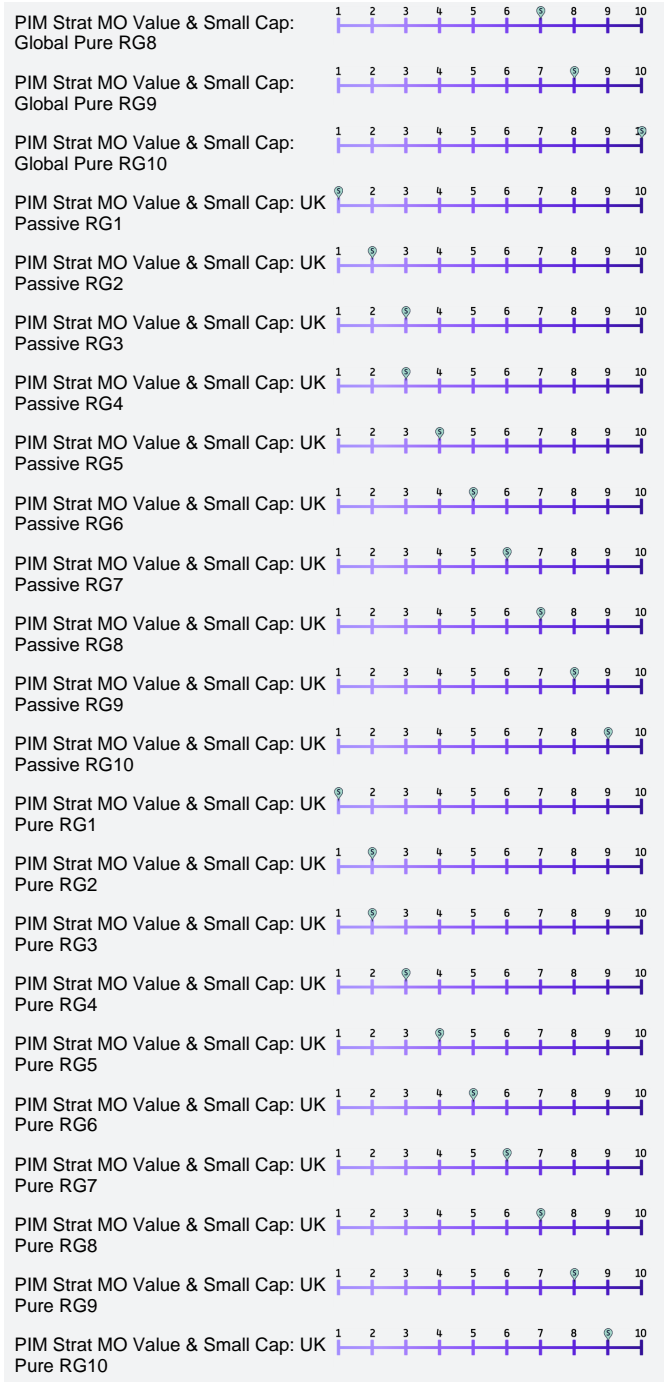
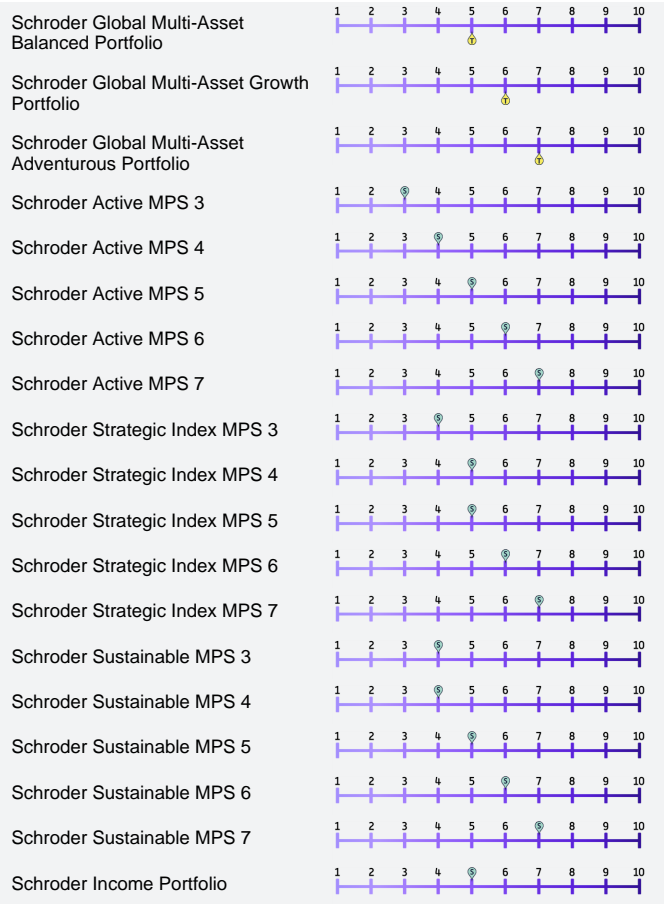


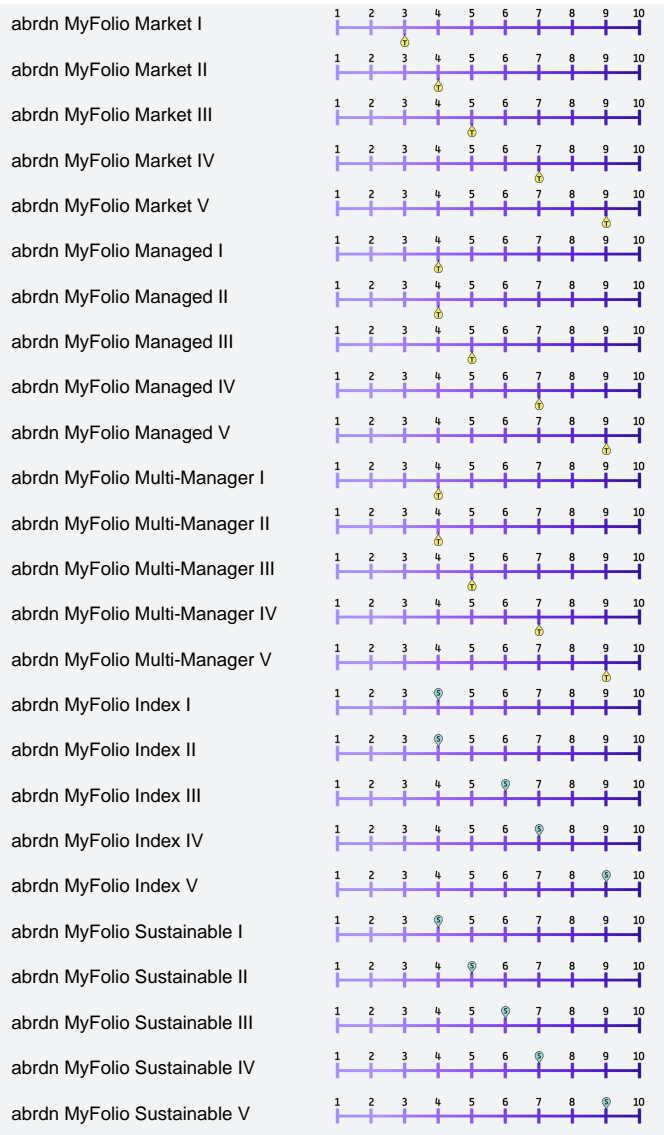
## Parmenion



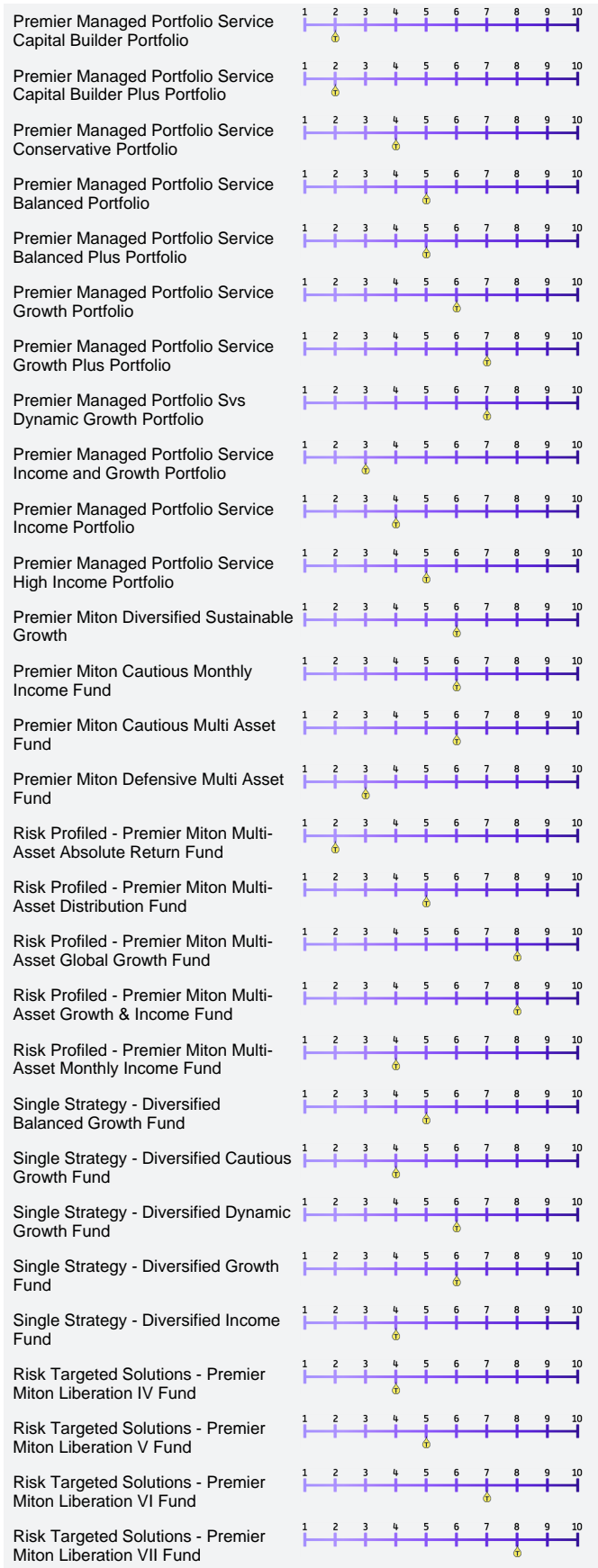
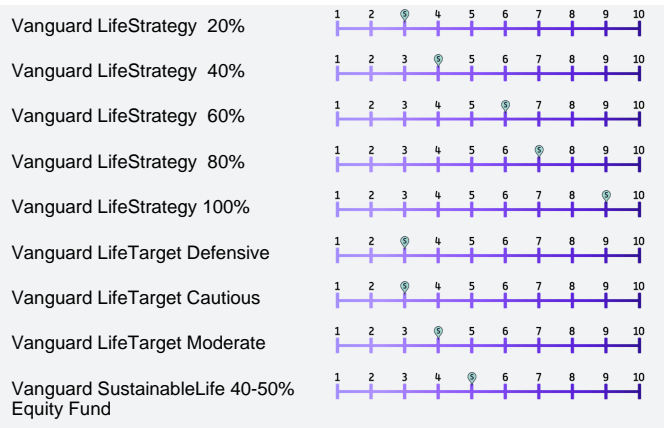
## Schroders



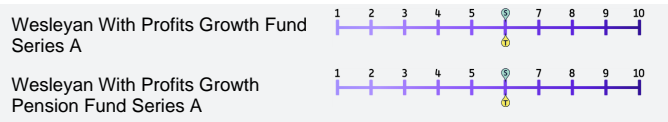
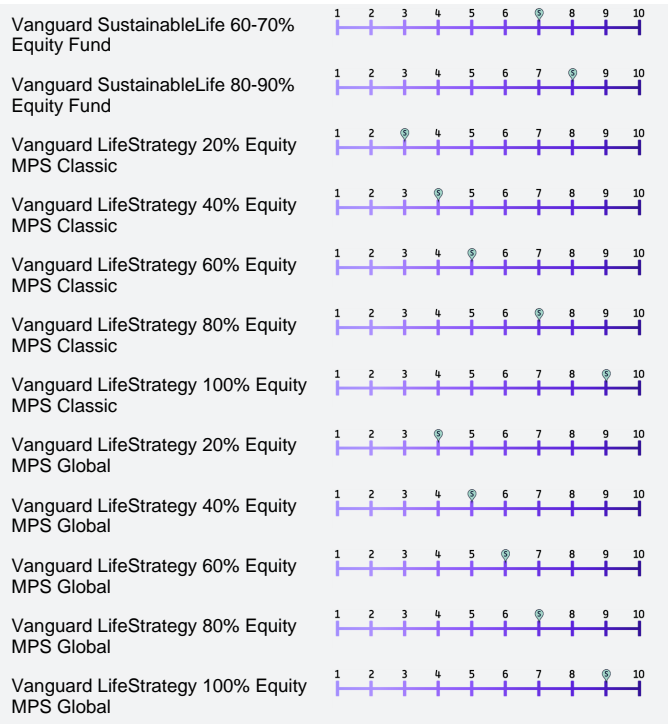




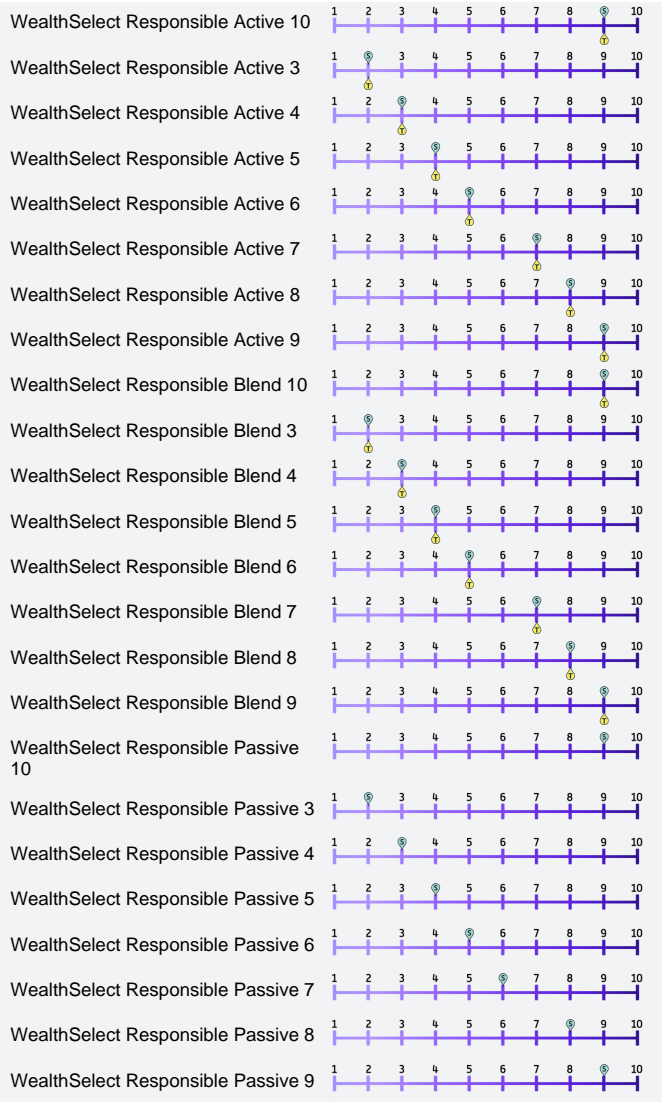
Vanguard



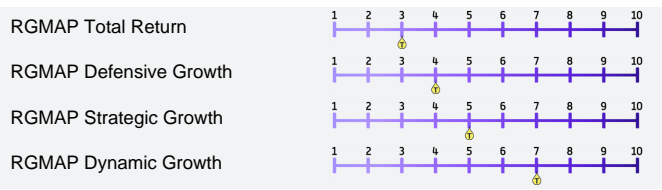




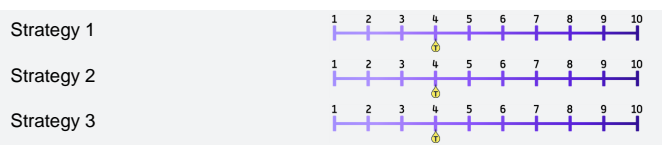
# Quilter

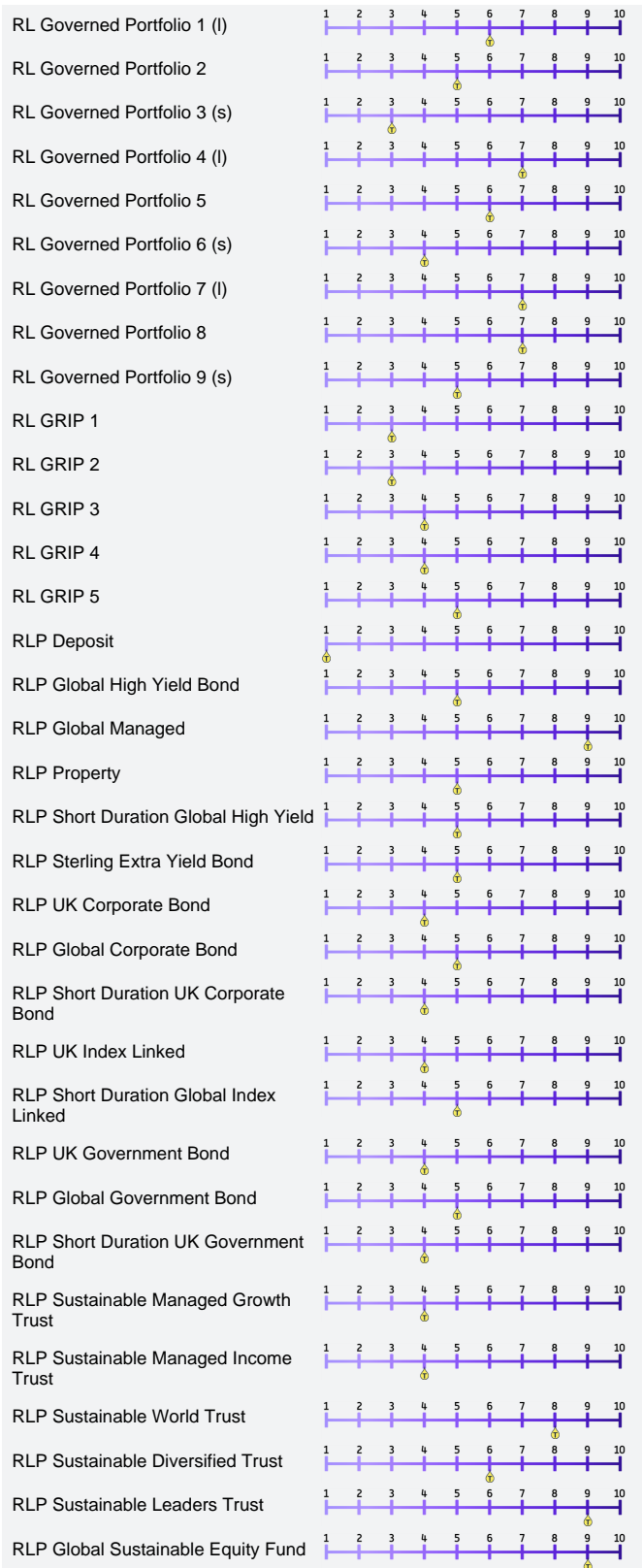
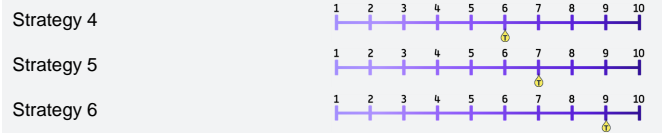


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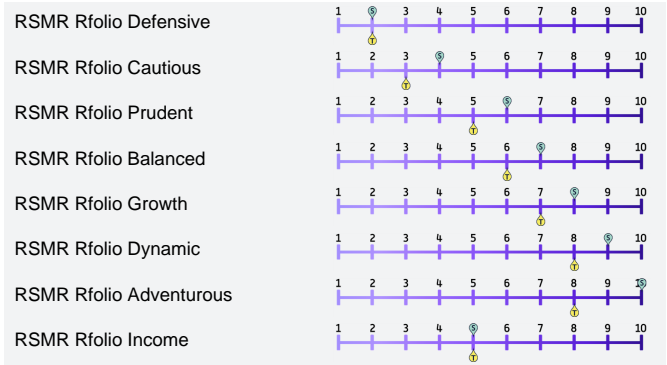


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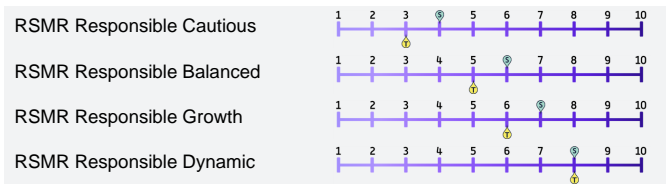




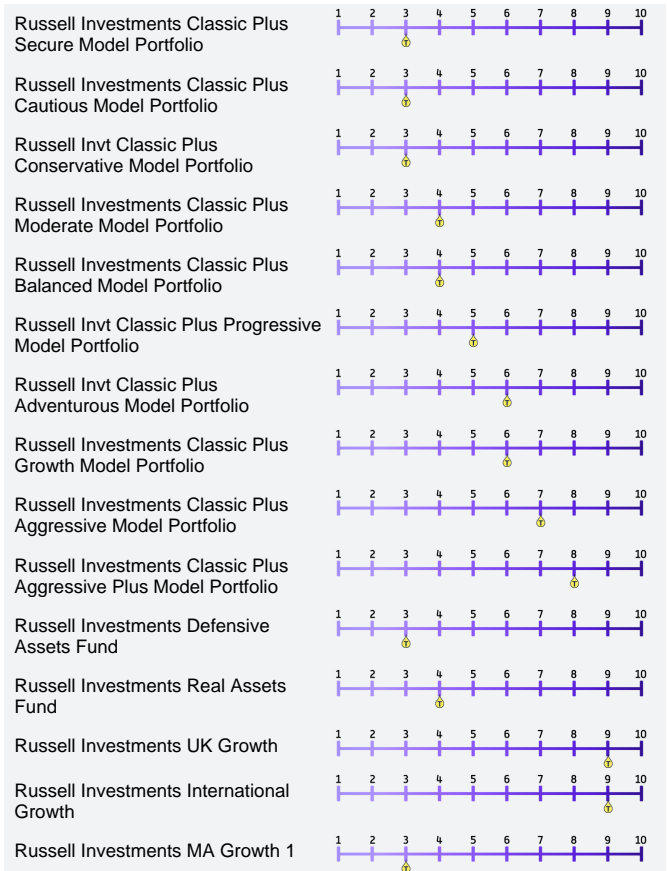
# RSMR Portfolio Services

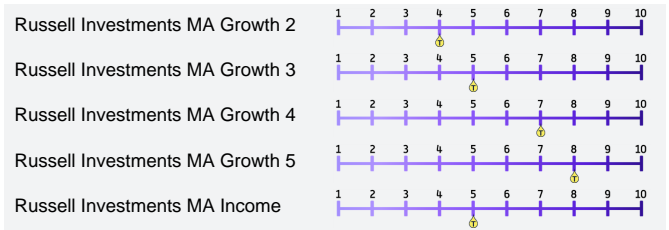


# RSMR Portfolio Services

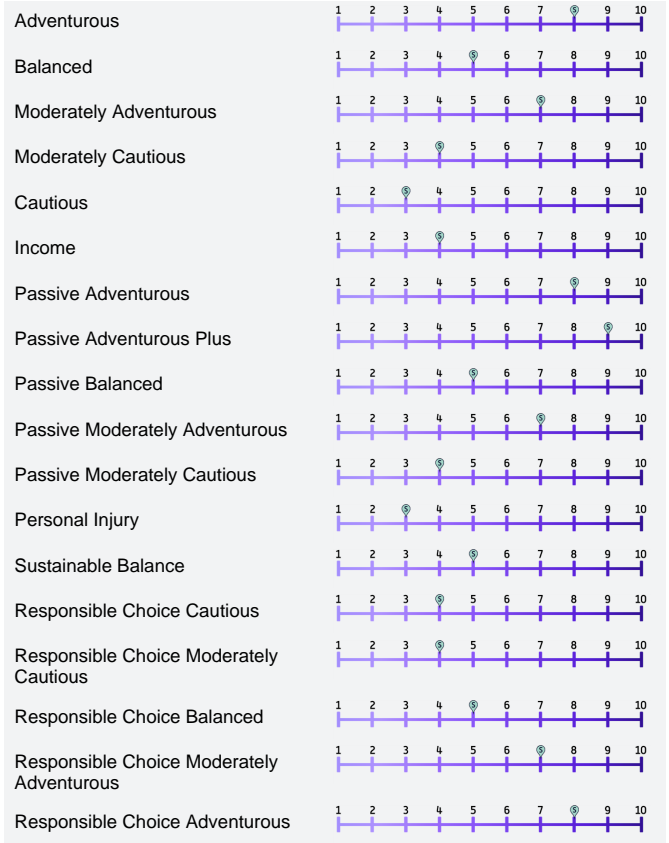


# Russell Investments

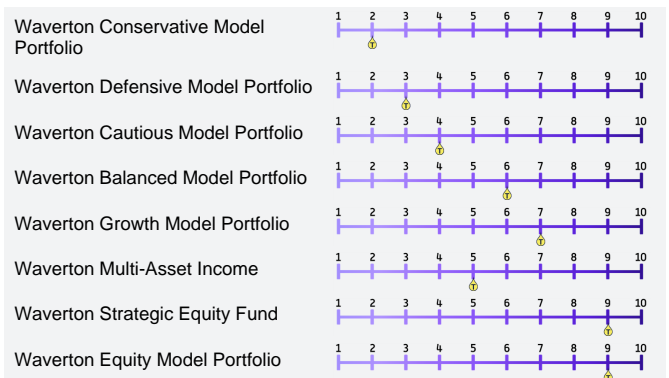




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(s) These portfolios were constructed with short investment timelines (5 year) in mind.

(l) These portfolios were constructed with longer investment timelines (15 year) in mind. Otherwise Synaptic Risk Ratings assume a 10 year investment horizon. You should consult Royal London directly for further information before recommending.

About the service: Synaptic Risk Ratings are worked out by analysing the underlying asset classes within the fund or portfolio. Synaptic Software have requested asset allocation information from participating providers in a specific format aligned to the risk framework of the system. These asset classes are used by the model to determine the risk rating, a process that may result in a level of approximation though in most cases this will be insignificant. It is also possible that certain asset classes may not be represented exactly in the manner that providers would prefer. Reasonable endeavours are made to provide accuracy and consistency, however neither participating providers nor Synaptic Software can be held responsible for any errors or omissions. No recommendation should be made solely on the basis of the Synaptic Risk Ratings, and additional research should be undertaken for any case. This service is intended for use by investment professionals only.



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