

Synaptic Risk Rating Service



Fact
Sheet

Vanguard[®]

Q3 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.

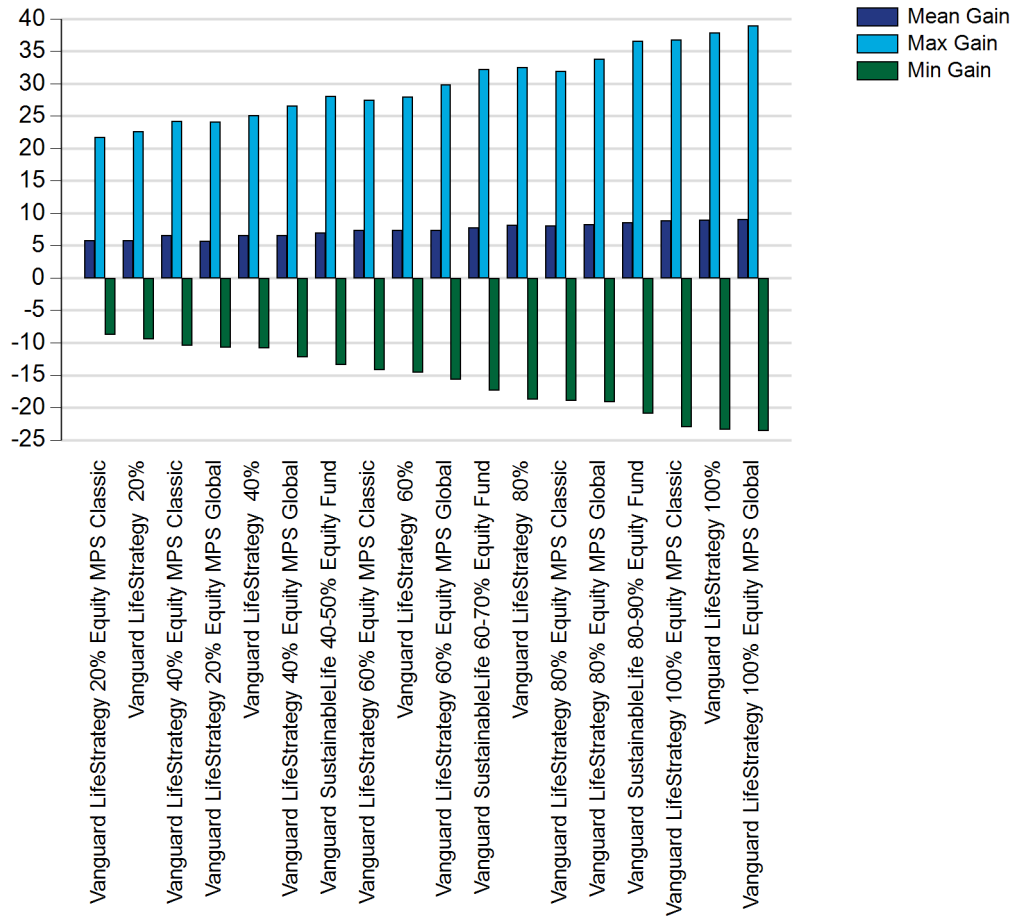
The Capacity for Loss Quotient

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

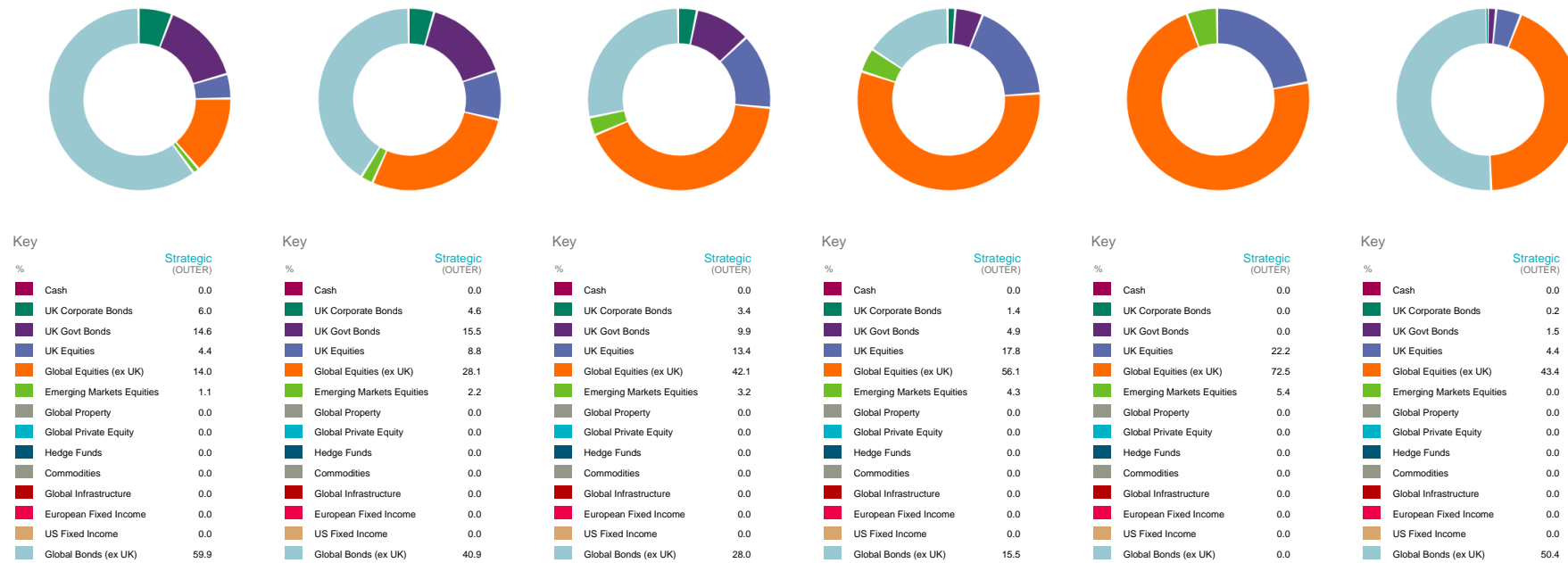




Strategic Asset Allocation

Strategic Asset Allocation	20%	40%	60%	80%	100%	SustainableLife 40-50% Equity Fund
Synaptic Risk Rating	2.5	2.8	3.6	4.4	5.3	3.3
Rating Scale	1-5	1-5	1-5	1-5	1-5	1-5
Asset Allocation	Moderately Cautious	Moderately Cautious	Balanced	Moderately Adventurous	Adventurous	Balanced
Max gain	22.64%	25.15%	28.02%	32.59%	37.91%	28.10%
Ave gain	5.86%	6.65%	7.42%	8.18%	9.05%	7.00%
Min gain	-9.42%	-10.78%	-14.55%	-18.71%	-23.39%	-13.40%

Asset Allocation breakdown

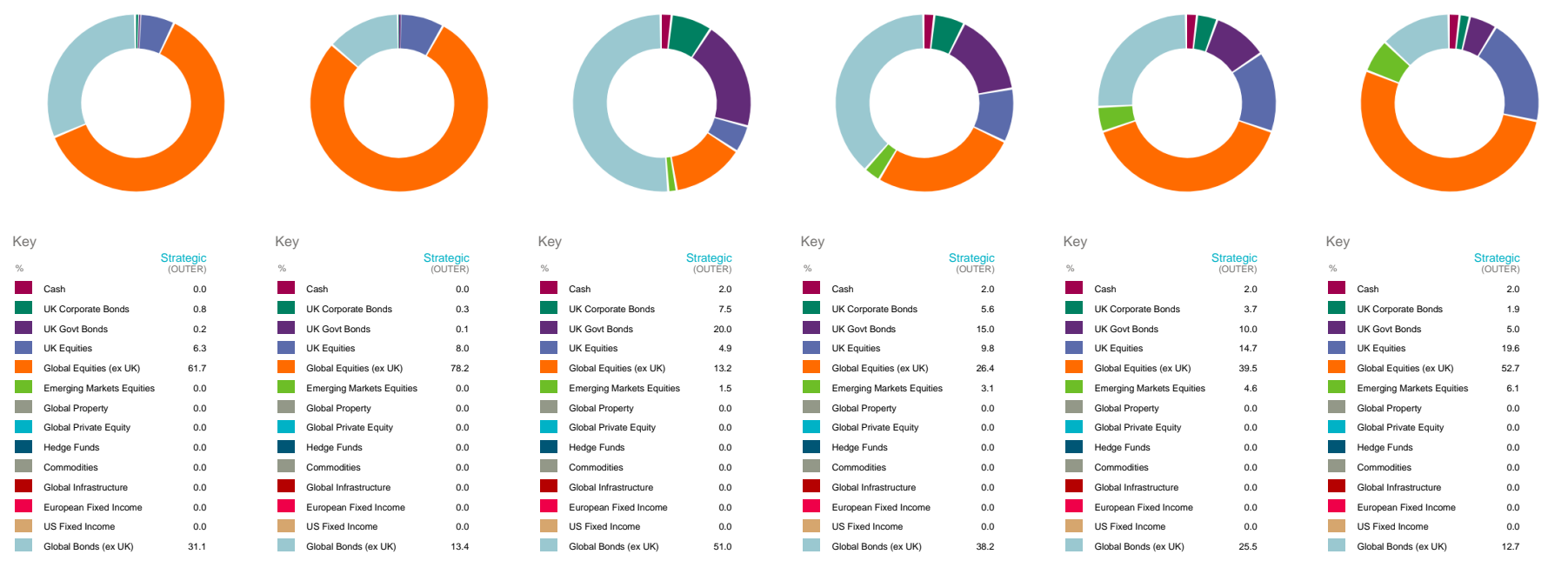




Strategic Asset Allocation

Fund	Synaptic Risk Rating	Risk Level	Max gain	Ave gain	Min gain
Vanguard SustainableLife 60-70% Equity Fund	4.1	Moderately Adventurous	32.25%	7.86%	-17.36%
Vanguard SustainableLife 80-90% Equity Fund	4.8	Moderately Adventurous	36.62%	8.64%	-20.86%
Vanguard LifeStrategy 20% Equity MPS Classic	2.4	Moderately Cautious	21.76%	5.87%	-8.75%
Vanguard LifeStrategy 40% Equity MPS Classic	2.7	Moderately Cautious	24.22%	6.63%	-10.36%
Vanguard LifeStrategy 60% Equity MPS Classic	3.5	Balanced	27.54%	7.39%	-14.20%
Vanguard LifeStrategy 80% Equity MPS Classic	4.4	Moderately Adventurous	32.00%	8.15%	-18.86%

Asset Allocation breakdown

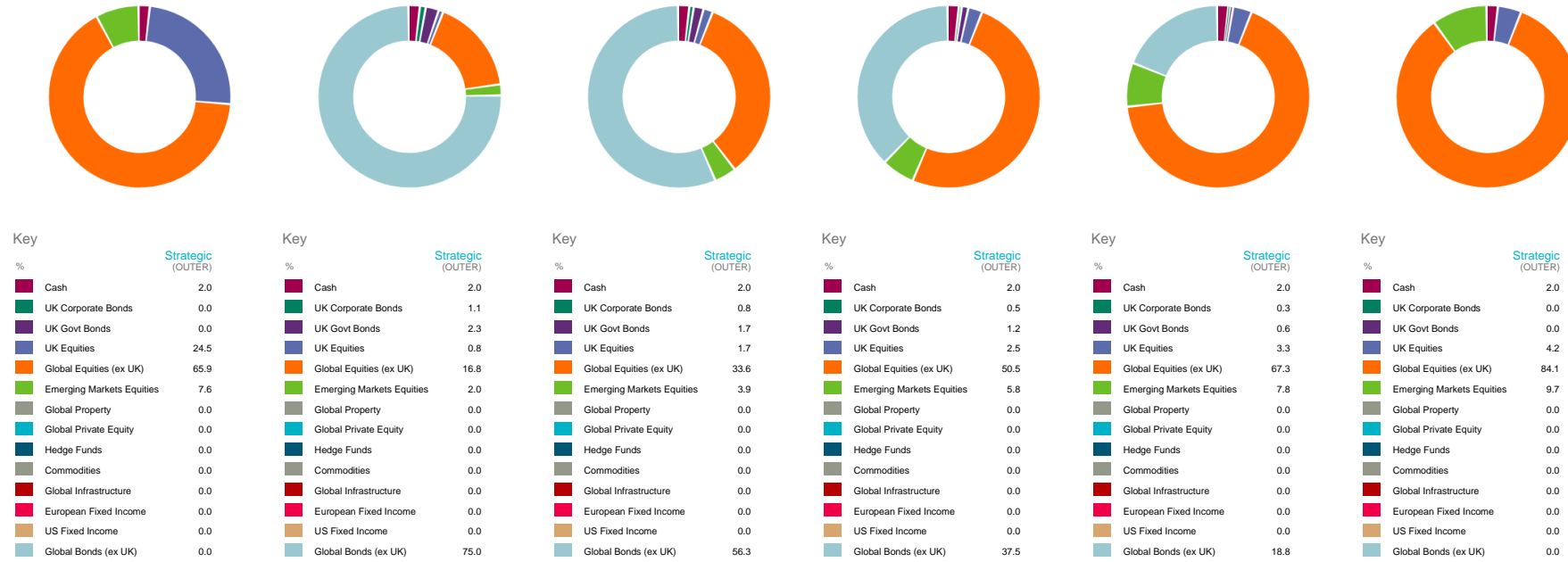




Strategic Asset Allocation

Strategic Asset Allocation	Synaptic Risk Rating	Asset Allocation	Max gain	Ave gain	Min gain
Vanguard LifeStrategy 100% Equity MPS Classic	5.2 (1-5)	Adventurous	36.86%	8.90%	-22.98%
Vanguard LifeStrategy 20% Equity MPS Global	2.8 (1-5)	Moderately Cautious	24.11%	5.78%	-10.74%
Vanguard LifeStrategy 40% Equity MPS Global	3.1 (1-5)	Balanced	26.61%	6.62%	-12.13%
Vanguard LifeStrategy 60% Equity MPS Global	3.8 (1-5)	Balanced	29.85%	7.45%	-15.65%
Vanguard LifeStrategy 80% Equity MPS Global	4.5 (1-5)	Moderately Adventurous	33.86%	8.28%	-19.06%
Vanguard LifeStrategy 100% Equity MPS Global	5.4 (1-5)	Adventurous	38.95%	9.11%	-23.54%

Asset Allocation breakdown



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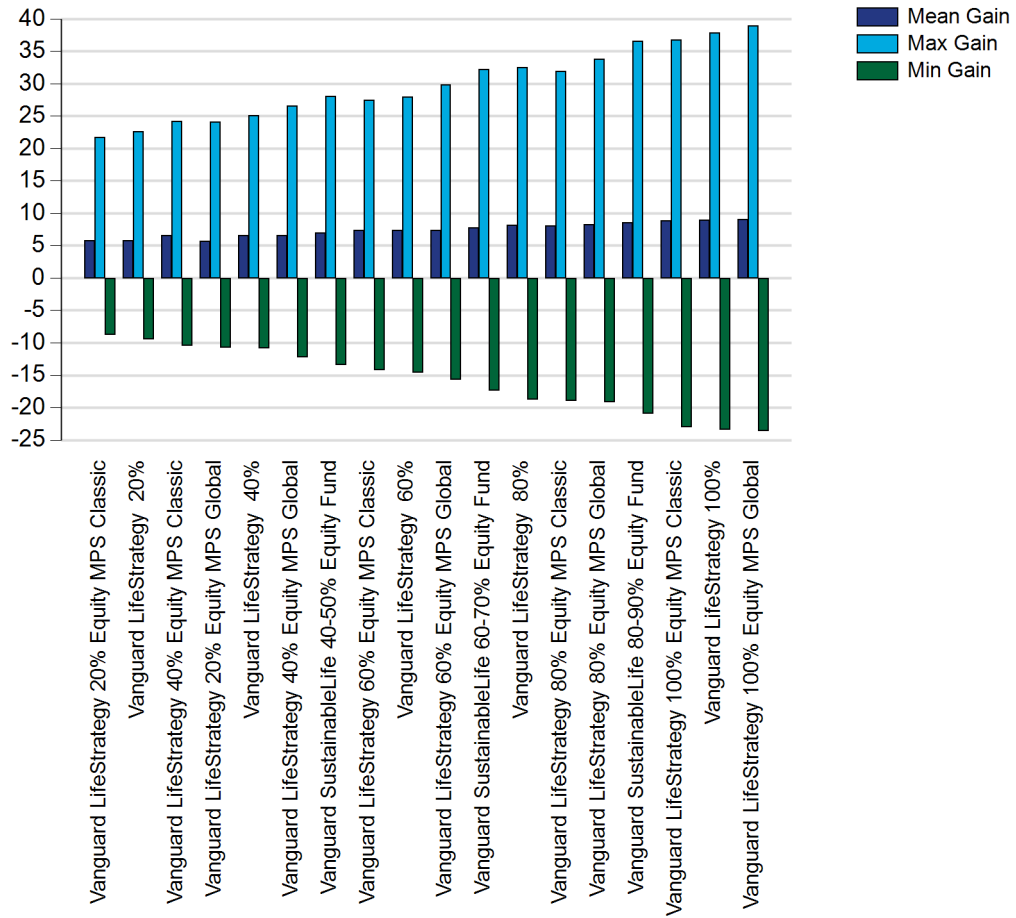
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- The Minimum gain figure represents the possible loss to be sustained 5% (or 1 in 20 year event), in any one year. I.E. 'dear client, you have a 1 in 20 chance of losing 20% of your portfolio in any one year, in search of the higher returns you seek'.
- 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

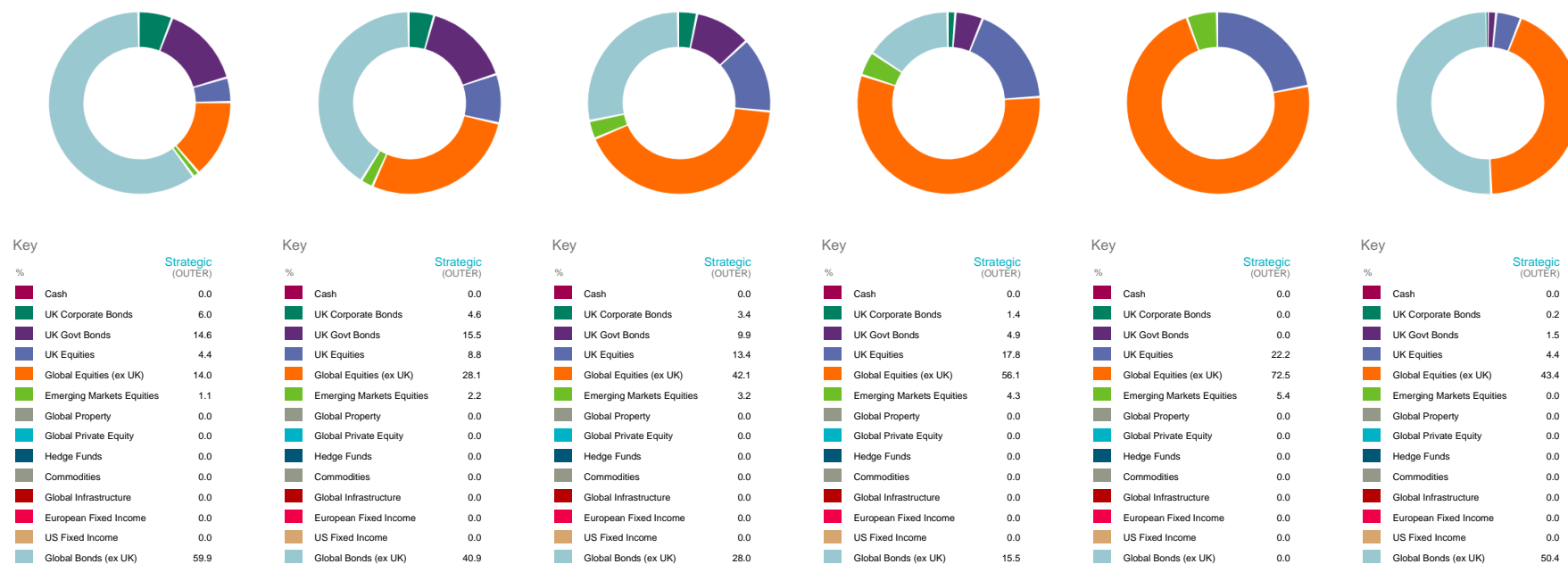




Strategic Asset Allocation

Strategic Asset Allocation	Synaptic Risk Rating	Strategic Asset Allocation	Synaptic Risk Rating	Strategic Asset Allocation	Synaptic Risk Rating	Strategic Asset Allocation	Synaptic Risk Rating	Strategic Asset Allocation	Synaptic Risk Rating	Strategic Asset Allocation	Synaptic Risk Rating
Moderately Cautious (High End)	4	Moderately Cautious (High End)	4	Balanced (High End)	6	Moderately Adventurous (Low End)	7	Adventurous	9	Balanced (Low End)	5
Max gain	22.64%	Max gain	25.15%	Max gain	28.02%	Max gain	32.59%	Max gain	37.91%	Max gain	28.10%
Ave gain	5.86%	Ave gain	6.65%	Ave gain	7.42%	Ave gain	8.18%	Ave gain	9.05%	Ave gain	7.00%
Min gain	-9.42%	Min gain	-10.78%	Min gain	-14.55%	Min gain	-18.71%	Min gain	-23.39%	Min gain	-13.40%

Asset Allocation breakdown

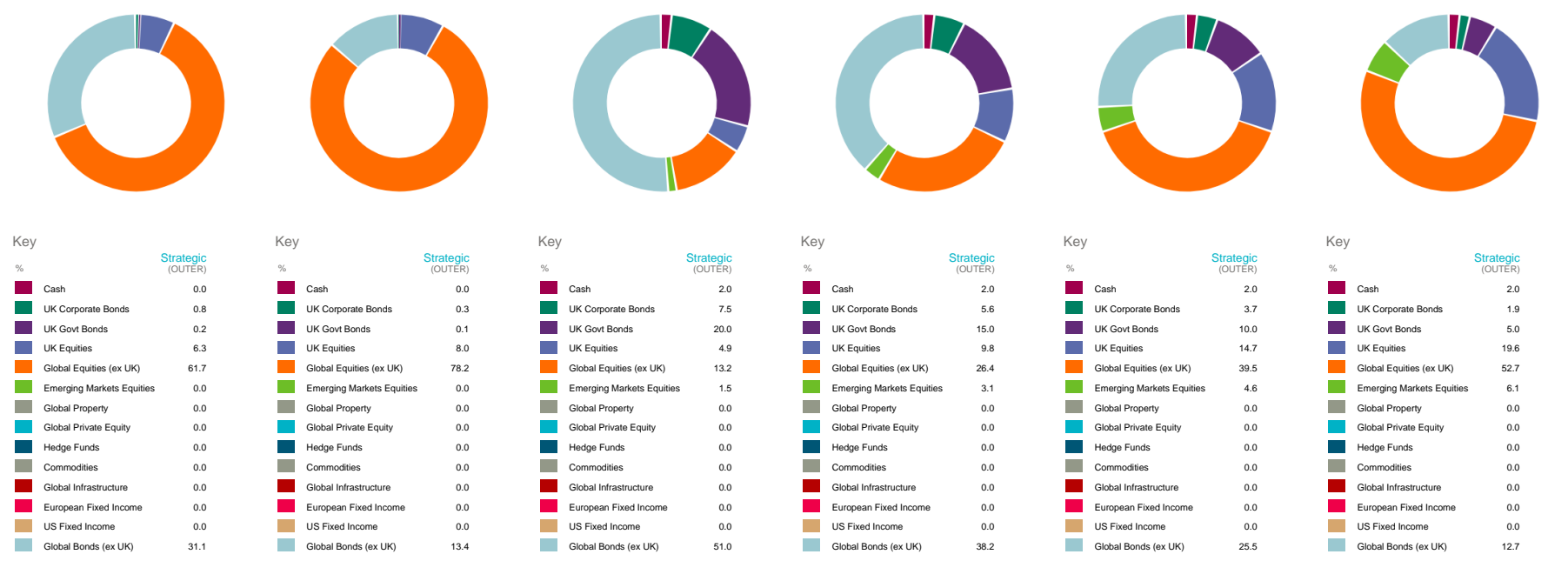




Strategic Asset Allocation

Fund	Synaptic Risk Rating	Strategic Asset Allocation	Max gain	Ave gain	Min gain
Vanguard SustainableLife 60-70% Equity Fund	7 (1-10)	Moderately Adventurous (Low End)	32.25%	7.86%	-17.36%
Vanguard SustainableLife 80-90% Equity Fund	8 (1-10)	Moderately Adventurous (High End)	36.62%	8.64%	-20.86%
Vanguard LifeStrategy 20% Equity MPS Classic	3 (1-10)	Moderately Cautious (Low End)	21.76%	5.87%	-8.75%
Vanguard LifeStrategy 40% Equity MPS Classic	4 (1-10)	Moderately Cautious (High End)	24.22%	6.63%	-10.36%
Vanguard LifeStrategy 60% Equity MPS Classic	6 (1-10)	Balanced (High End)	27.54%	7.39%	-14.20%
Vanguard LifeStrategy 80% Equity MPS Classic	7 (1-10)	Moderately Adventurous (Low End)	32.00%	8.15%	-18.86%

Asset Allocation breakdown





Strategic Asset Allocation

Strategic Asset Allocation	Strategic Asset Allocation	Strategic Asset Allocation	Strategic Asset Allocation	Strategic Asset Allocation	Strategic Asset Allocation
<p>Synaptic Risk Rating 9 1-10</p> <p>Adventurous</p> <p>Max gain 36.86%</p> <p>Ave gain 8.90%</p> <p>Min gain -22.98%</p>	<p>Synaptic Risk Rating 4 1-10</p> <p>Moderately Cautious (High End)</p> <p>Max gain 24.11%</p> <p>Ave gain 5.78%</p> <p>Min gain -10.74%</p>	<p>Synaptic Risk Rating 5 1-10</p> <p>Balanced (Low End)</p> <p>Max gain 26.61%</p> <p>Ave gain 6.62%</p> <p>Min gain -12.13%</p>	<p>Synaptic Risk Rating 6 1-10</p> <p>Balanced (High End)</p> <p>Max gain 29.85%</p> <p>Ave gain 7.45%</p> <p>Min gain -15.65%</p>	<p>Synaptic Risk Rating 8 1-10</p> <p>Moderately Adventurous (High End)</p> <p>Max gain 33.86%</p> <p>Ave gain 8.28%</p> <p>Min gain -19.06%</p>	<p>Synaptic Risk Rating 9 1-10</p> <p>Adventurous</p> <p>Max gain 38.95%</p> <p>Ave gain 9.11%</p> <p>Min gain -23.54%</p>

Asset Allocation breakdown

