PORTFOLIO OPTIMISER



Designed by the UK Structured Product Association ('UKSPA') specifically for UK advisers and wealth managers, Portfolio Optimiser offers an independent and objective assessment of structured products, using robust research from Future Value Consultants ('FVC').

It allows financial advisers and wealth managers to see how structured products can complement and enhance a wider investment portfolio of funds and ETFs, analysing the impact on expected risks and returns of your client's portfolio.



Bringing structured products into play

The use of model portfolios has become increasingly popular by financial advisers in recent years. The approach taken is usually two-tiered – firstly, the top level allocation of investments by different asset classes and subsequent sectors and secondly, the assignment of those sector weightings into individual funds. This 'top-down' model is most common in order to compose a balanced portfolio to achieve the investor's goals.

A substantial number of financial advisers and wealth managers in the UK recommend structured products to be held alongside model portfolios to enhance the overall risk/reward profile of a client's portfolio. However, while many software tools and applications exist to help create model portfolios made up of funds and ETFs, there has previously been no tool available to analyse in detail the effect of holding structured products within such portfolios.

This makes it difficult for to assess which structured products, and at what level of allocation to a portfolio, would best enhance a client's overall portfolio holding.

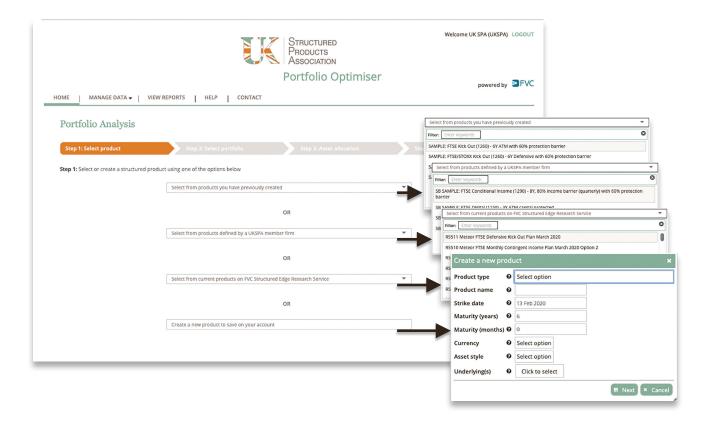
For the first time, Portfolio Optimiser allows users to analyse the benefits of adding structured products into a model portfolio using an online tool. It enables users to easily see the impact on expected risk and returns of adding a structured product to an existing portfolio of funds and ETFs, by generating a detailed report of both historical and forward-looking analysis of both the original model portfolio and the 'modified' portfolio (i.e. with the structured product included).

What's more, Portfolio Optimiser is free, flexible, and easy to use. This guide talks you through the four simple steps you will need to follow to analyse a structured product, and a more detailed technical guide to the report generated is available separately if required.



Portfolio Optimiser allows you to select a structured product for analysis in a number of ways:

- Selecting a product that you have created previously, and which has been automatically saved to your account (option 1)
- Selecting a product that an UKSPA member firm has chosen to share with you, and which isn't publicly available to other users (option 2)
- Selecting a product that is currently open to subscription for UK retail investors via financial advisers (and currently listed on the FVC Structured Edge Research Service – option 3)
- Creating a product yourself, using our online forms (option 4)

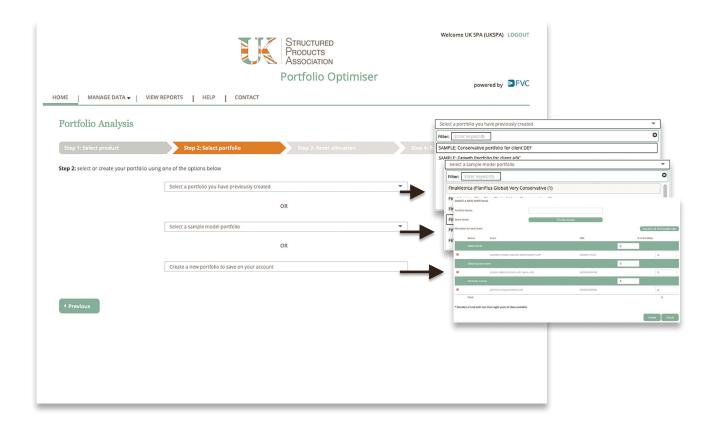


Creating a new product

Users can create their own structured product from a wide selection of structured product payoffs. A full list of payoffs, and further educational materials on how they work, can be viewed on the Product Code pages on the UKSPA website.

Portfolio Optimiser allows you to select a portfolio for analysis in a number of ways:

- Selecting a portfolio that you have created previously, and which has been automatically saved to your account (option 1)
- Selecting from our list of pre-defined model portfolios (option 2)
- Creating a new model portfolio or individual client portfolio yourself, using our online form (option 3)

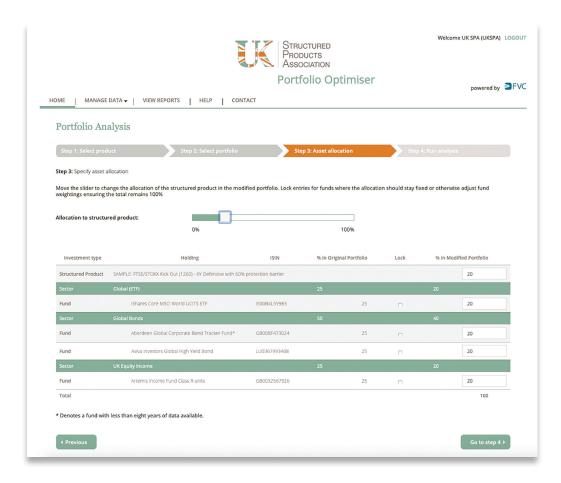


Users can create their own model portfolios, or even replicate individual investor portfolios, by selecting from the wide range of funds held on our database and setting their current allocations accordingly. Our database includes funds and etfs covering all of the Investment Association ('IA') sectors and main asset classes.

Selecting a fund with less than eight years' history may impact on the extent of analysis that we can provide (see the Technical Guide for more details), therefore these are marked with an asterix, allowing you the chance to select longer-dated alternatives.

If you cannot find a particular fund in the list, go to 'manage data - funds' on the navigation bar, and click on the button that allows you to request a new fund to be added to the application.

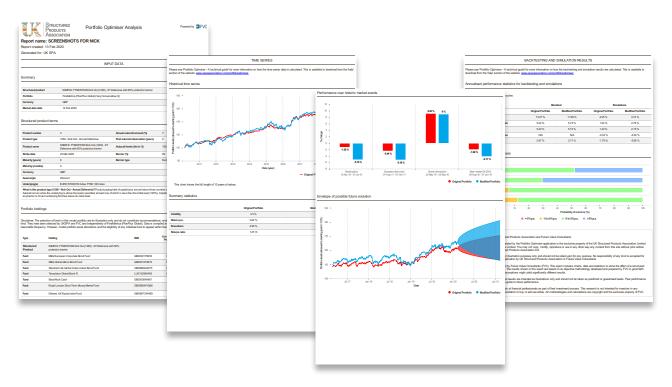
This step allows you to modify the portfolio, by allocating a percentage of the overall portfolio holding to the structured product.



This can be done on a simple pro-rata basis, by using the slider bar at the top of the screen, or on a highly customised individual fund level basis.

Even if you are using the slide bar to allocate on a pro-rata basis across the portfolio, you can 'lock' your allocation to a particular sector or even an individual fund, simply by checking the tickbox on the relevant row. Doing so means that the allocation to that sector / fund will not change as the allocation to the structured product changes.

Proceeding to step 4 will generate a detailed online and PDF report, showing the impact on expected risk and returns of adding the selected structured product into the selected portfolio.



The analysis is based on robust data and modelling, and provided by FVC, a research and analytics consultancy specialising in structured product research. FVC has been supplying market-leading analysis for 20 years and today their suite of services is relied upon by thousands of investment professionals in the UK, USA and elsewhere.

For more information on the content of the reports, including a detailed description of how the analysis is generated, please view 'Portfolio Optimiser: A Technical Guide', which is available to download under the 'help' section of the website.

All reports can be saved on your account for future reference (you can view your historical reports at any time by clicking on 'view reports' on the navigation bar). What's more, Portfolio Optimiser will also save an excel download of the historical time series for both the original and modified portfolio, allowing you to conduct further analysis if you wish.

The Portfolio Optimiser was designed and sponsored by the UK Structured Products Association ('UKSPA'), which is made up of member firms who are active in the production and marketing of structured products to UK investors. It provides those members with a unique opportunity to work together to help promote the industry, engage with regulators, and provide a useful source of information to the wider investment community.

To find out more about UKSPA and to register for free for Portfolio Optimiser, please visit www.ukspassociation.co.ul

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