

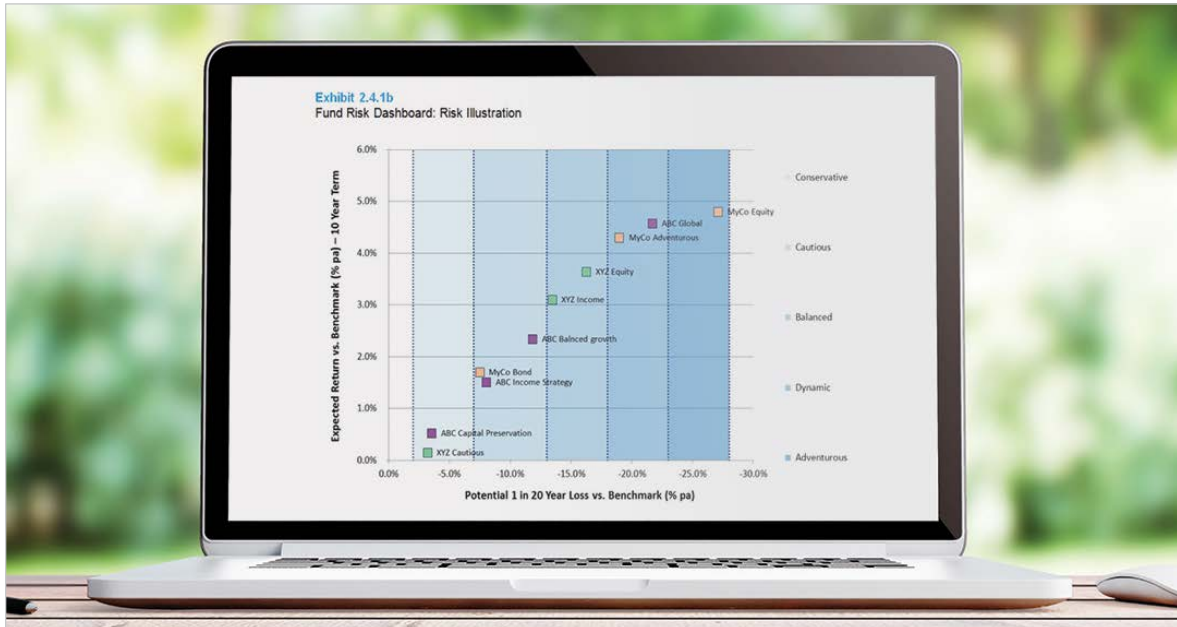
	Benchmark Risk Grades				
	Conservative	Cautious	Balanced	Aggressive	Adretrous
Risk Metrics: Total Returns					
Mean (total return) (% pa)	5.7%	7.0%	8.1%	9.0%	9.4%
Volatility (total return) (% pa)	2.5%	5.5%	9.3%	13.5%	17.8%
Upper 5% Best Case (total return) (%pa)	7.7%	11.3%	15.4%	19.6%	23.0%
Median (total return, 5%) (%pa)	5.6%	6.8%	7.7%	7.9%	7.7%
Lower 95% Value at Risk (total return) (% pa)	3.7%	2.5%	0.4%	-2.2%	-5.5%
Expected Loss (total loss) (%)	0.4%	2.0%	5.0%	8.0%	13.0%
Risk Metrics: Returns vs Cash					
Mean (relative to Cash) (% pa)	0.7%	1.6%	2.6%	3.5%	4.1%
Probability of Beating Cash (%)	95.0%	88.0%	76.0%	68.0%	59.0%
Probability of Beating Cash + 2% pa (%)	2.0%	8.0%	16.0%	24.0%	31.0%
Probability of Beating Cash + 4% pa (%)	0.0%	1.0%	3.0%	10.0%	16.0%
Expected Loss (vs Cash) (%)	1.4%	4.0%	6.8%	10.1%	14.0%
Relative Efficiency (%)	54%	97%	93%	89%	96%

Moody's Analytics Investment Governance Service helps product providers and distributors meet compliance requirements for assessing suitability by aligning investment solutions with clearly defined risk targets.

Leverage a risk framework to support product design, governance, and communication

- » Access a product risk dashboard that allows distributors and advisers to implement a robust, risk-based, advice process.
- » Helps align chosen products and investment strategies with well-defined investment goals and customer risk profiles.
- » Communicate product risk to advisers and clients for product design and marketing purposes and align products or portfolios with specified customer objectives and risk profiles.

- » Help clients with investment governance by enabling proactive monitoring of risk across a range of investment products.
- » Ensure that products continue to fit the risk profiles and objectives for which they were designed.



Communicate product risk using the product risk dashboard.

Enable advisers and distributors to align investment products with client needs

- » Align third-party funds, portfolios, or existing investment solutions with objectively defined risk categories.
- » Design risk-graded, strategic asset allocation benchmarks and model portfolios in line with defined risk profiles.
- » Demonstrate the efficiency and effectiveness of different product design options.
- » Receive fully documented quarterly updates, reflecting changes in market conditions and providing early warning of movement in the risk profile of a product or investment solution.
- » Build optimized risk-graded investment solutions, according to defined investment objectives and risk targets.

Enhance the governance process with ongoing monitoring and management of product risk

Deployment

The Attitude to Risk Questionnaire is provided in the form of a fully documented specification for the question set, scoring algorithm, and risk grade descriptions.

The Product Risk Dashboard is delivered in one of two quarterly updated reports:

A Product Risk Governance Report, where a set of risk-graded investment options are monitored against corresponding risk targets. The risk metrics used reflect distinct savings objectives: investment accumulation, pension accumulation, and retirement income.

A Product Risk Rating Report, where a series of funds are mapped against a set of defined risk grades, using an appropriate set of quantitative risk metrics, reflecting distinct savings objectives: investment accumulation, pension accumulation, and retirement income.

We can also provide a desktop software solution, Investment Risk Analytics, which enables clients to produce their own risk dashboard analyses, based on our standard, quarterly, updated economic and asset modelling assumptions.

When clients already have some or all of the above components in place, we can work together to create a customer risk profiling and product governance framework.



CONTACT US

Find out more information about Moody's Analytics award winning products and solutions.

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