

Sarasin

Risk Profile Report

March, 2022



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Executive Summary

Dynamic Planner has reviewed 5 solutions offered by Sarasin.

The main objective of the Dynamic Planner Risk Profiles and Fund Risk Profiling Service is to provide financial advisers and their clients with a meaningful measure of the long-term investment risk of fund strategies and a mechanism for selecting solutions appropriate for investor risk appetites and capacity for risk.

The profiles which Dynamic Planner has assigned to the solutions are set out in Table 1.

Table 1: Risk profiles

	Fund	Assigned Risk Profile	Profile type
1	Responsible Defensive	3	Risk Profiled
2	Responsible Cautious	4	Risk Profiled
3	Responsible Balanced	5	Risk Profiled
4	Responsible Growth	7	Risk Profiled
5	Responsible Equity	7	Risk Profiled

The information contained in this report supplements methodologies used on the Platform. The report should be used in the context of these methodologies and advice provided on the Platform and not in isolation.

Introduction

This report was commissioned by Sarasin, who contracted Dynamic Planner to determine the appropriate risk profile for a solution based on the risk profiles used in the Dynamic Planner platform. The following solutions are reviewed in this report:

- Responsible Defensive
- Responsible Cautious
- Responsible Balanced
- Responsible Growth
- Responsible Equity

The profiles provided in this report are based on Dynamic Planner's Q1 2022 capital market assumptions, which are discussed in appendix A. The risk bands based on Dynamic Planner's assumptions are set out in appendix B.

Dynamic Planner provides this analysis on the understanding that investors will access the solutions through a regulated advice process. The recommendation on whether or not to include these solutions in an investor's portfolio and the amount to include should be made by advisers with the necessary Financial Conduct Authority permission to advise on investments. Dynamic Planner accepts no liability in respect of any advice given to investors relating to investment strategy or the purchase of specific products.

The analysis in this report has been based on data and information provided by Sarasin and other third parties as set out in the appendices. Data received has been assumed by Dynamic Planner to be correct as of the date of this report.

The following section sets out the results of our analysis and subsequent sections set out the methodology and assumptions in more detail.

Investment Objectives

The objectives of each solution are as follows:

Responsible Defensive

Focus on capital protection with a limited participation in equity market growth and long term objective of CPI+1%.

Responsible Cautious

Focus on capital protection with a moderate participation in equity market growth and long term objective of CPI+2%.

Responsible Balanced

Balance of capital protection and participation in equity market growth and long term objective of CPI+3%.

Responsible Growth

Strong focus on participation in equity market growth with an element of capital protection and long term objective of CPI+4%.

Responsible Equity

Focus on capturing returns available from global equity markets and long term objective of CPI+5%.

Analysis and methodology

One of the key tasks for an investor is to determine how much investment risk to take on. This decision will depend on psychological, financial and other factors. The investor will want to maximise the reward for taking on this risk through the selection of optimal weights for each asset category included in the investment portfolio. Dynamic Planner's asset allocation methodology is based on the principles of modern portfolio theory. The risk profiles provided by Dynamic Planner are risk profiles of the long-term asset allocations adopted for a solution. The actual riskiness over the long term will depend on, among other things, the level of flexibility in the manager's mandate and how far any deviations from the long term position are and for how long.

The measure of risk Dynamic Planner has used for each solutions is the estimated volatility as determined using the solutions's internal asset allocations along with the estimates of the returns, volatilities and correlations of the Dynamic Planner primary asset classes. The analysis assumes that the actual holdings in each asset class can be broadly represented by the benchmark adopted for that asset.

The investment assumptions used in this review are those set by Dynamic Planner as of Q1 2022. Risk bands based on the Dynamic Planner assumptions (as set out in appendix B) were used to ensure that the profiles assigned to each solutions are consistent with profiles and practices adopted within the implementation of the Dynamic Planner platform. This ensures that the profiles can be used with outputs from psychometric risk profiling instruments used within the Dynamic Planner platform.

For the purposes of constructing the efficient frontier, estimating return distributions and profiling solutions, Dynamic Planner splits the investment universe into a range of asset classes. For each of these asset classes, Dynamic Planner periodically reviews the appropriate set of investment assumptions for forecasting future returns and risk distributions. The assumptions are derived from historical and market data at each review date. Appendix A provides a summary of the methodology used to derive the investment planning assumptions used on the Dynamic Planner platform.

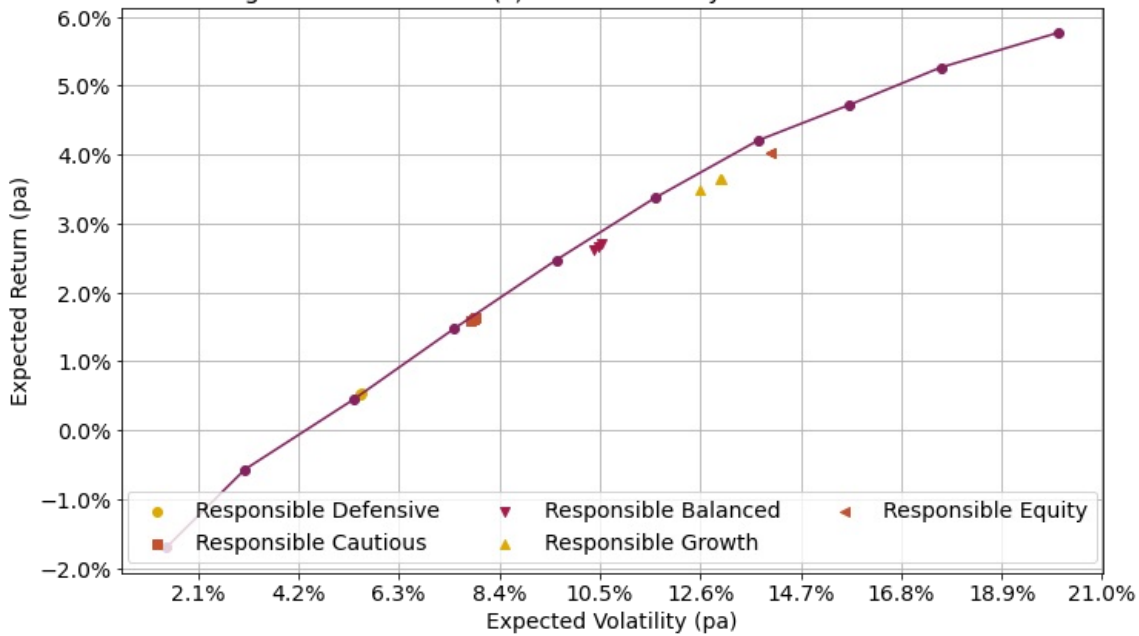
Results

The risk profiles assigned to these solutions are based on the holdings provided by the manager.

Sarasin provided us with data for end of December, 2021. We have used the data to assess the Risk Profile of the solutions by mapping the holdings to our asset classes and calculating the expected volatility for each solution using our assumptions.

Analysis

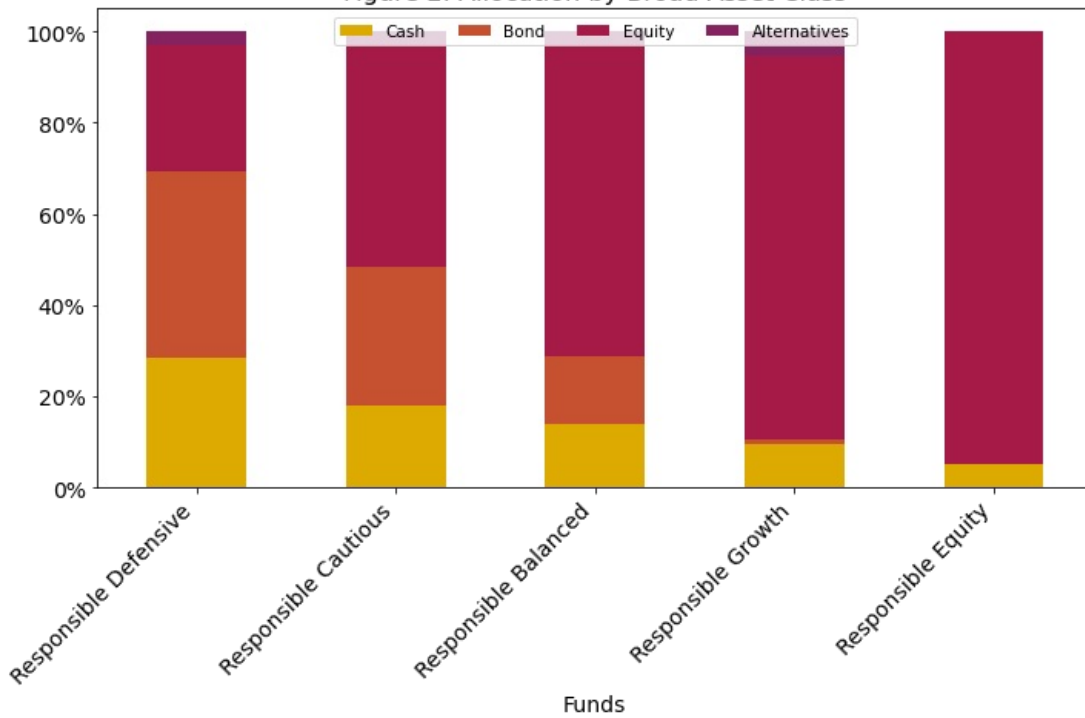
Figure 1: The solution(s) vis-à-vis the Dynamic Planner frontier



The Figure 1 shows the position of each solution with respect to Dynamic Planner's frontier. The grid lines show the boundaries of each risk profile defined by Dynamic Planner. For example, risk profile 1 corresponds to volatility of 0-2.1%, risk profile 2: 2.1-4.2%, and so on.

As shown in the graph, Defensive is a mid-3, Cautious is a mid-4, Balanced is a high-5, Growth is a low-7 and Equity is slightly above mid-7. All solutions besides Balanced and Growth sit comfortably within the assigned risk boundaries, which leaves a room both for upward and downward movements.

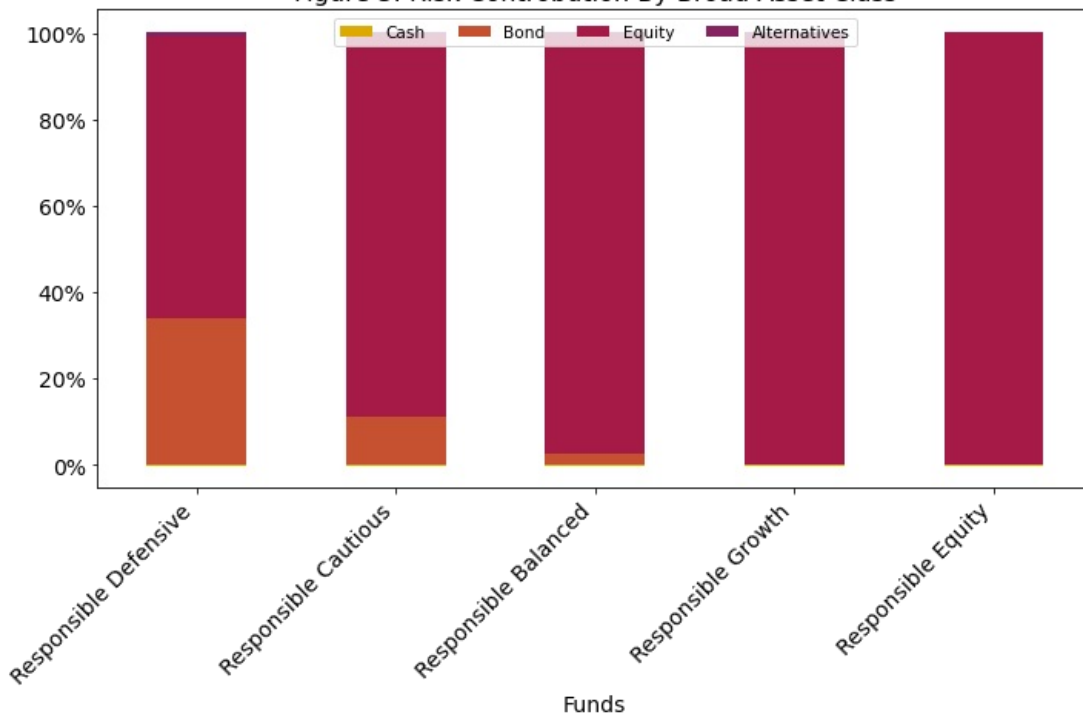
Figure 2: Allocation by Broad Asset Class



The Figure 2 shows the allocation by broad asset classes.

From Defensive to Growth, the equity allocation increases by around 20 percentage points, from Growth to Equity, the change in equity is 10 percentage points. Similarly, the allocation of fixed income securities decreases and Responsible Equity does not have fixed income holdings.

Figure 3: Risk Contribution By Broad Asset Class



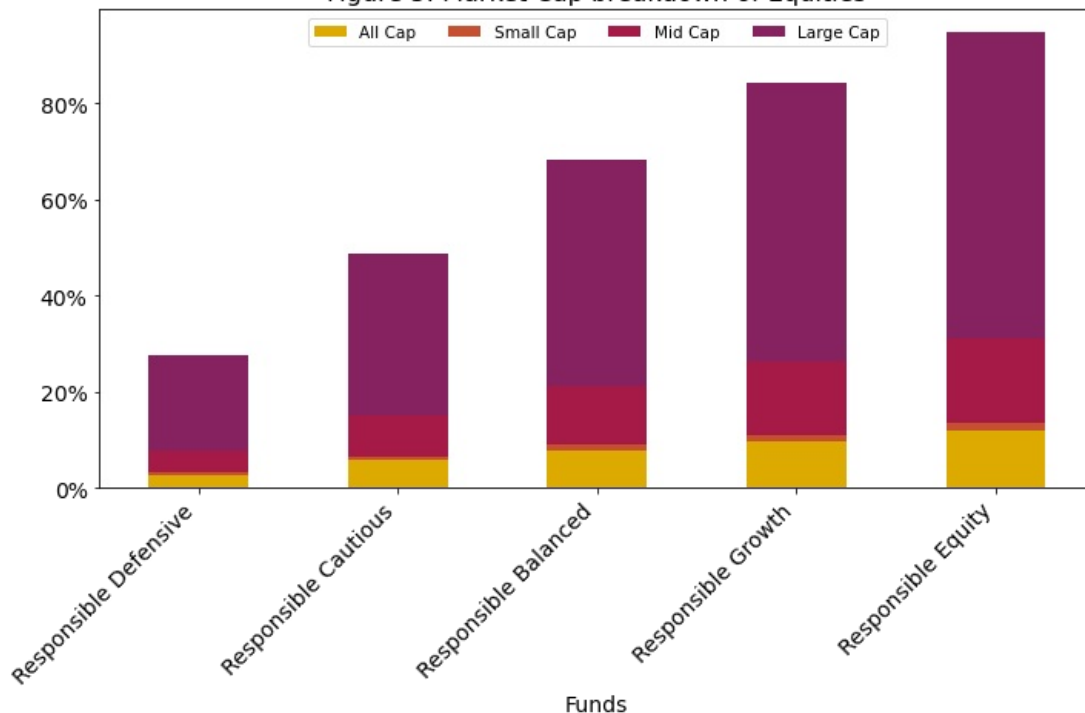
The Figure 3 shows the contributions to risk from the broad asset classes, which are not distributed in the same way as asset class weights: equity being the riskiest asset class of the four has the highest contribution.

Figure 4: Regional Equity Risk Allocations



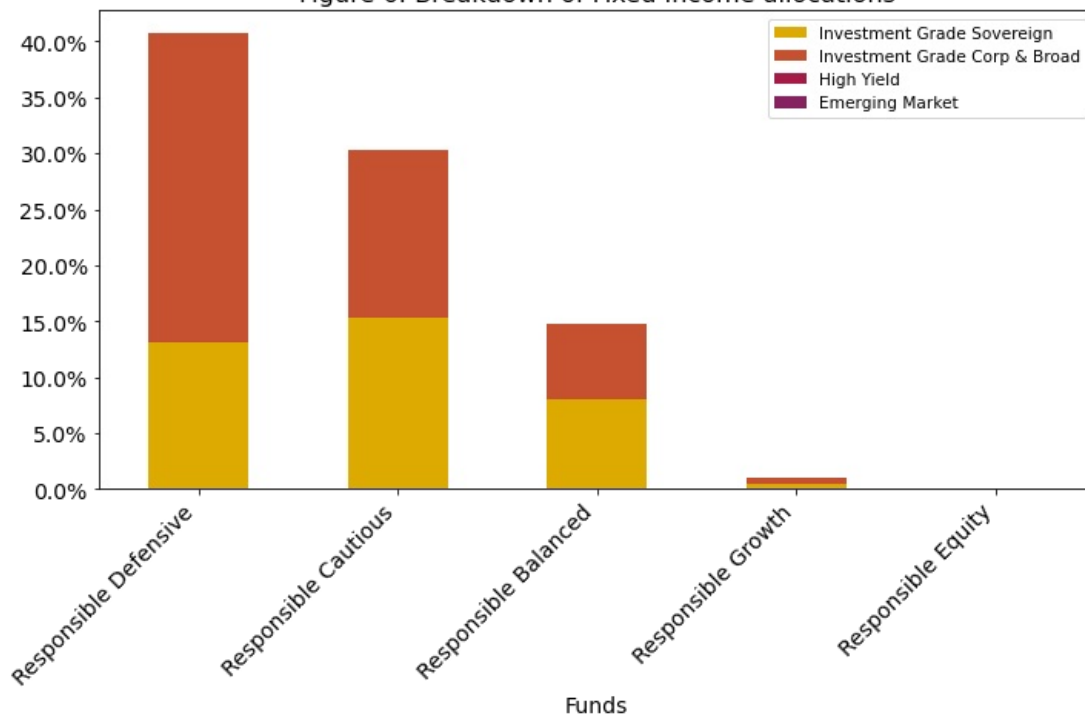
Figure 4 shows the regional breakdown of equity allocations. The highest contribution comes from North American equity, followed by Europe ex UK equity and UK equity.

Figure 5: Market Cap breakdown of Equities



In terms of market cap breakdown large cap equity has the highest proportion followed by mid cap equity.

Figure 6: Breakdown of Fixed Income allocations



In terms of Fixed Income, Figure 3 shows that the fixed income allocation has minimal contributions to risk. This can be explained by the fact that fixed income holdings are Investment Grade.

In Table 2 below, we summarise the risk profiles of the 5 solutions based on the different measures set out above.

Table 2: Summary of risk profile

Fund	Calculated Risk Profile	Assigned Risk Profile
1 Responsible Defensive	3	3
2 Responsible Cautious	4	4
3 Responsible Balanced	5	5
4 Responsible Growth	7	7
5 Responsible Equity	7	7

- Based on the analysis above, we are comfortable with the profiles assigned to the solutions.
- We will continue to assess the suitability of the assigned profiles in our quarterly reviews (QRP).

Appendix A: Investment assumptions

This appendix sets out the method used to generate the planning assumptions used on the DYNAMIC PLANNER platform. The estimate of returns for equities, property and corporate bonds are calculated as a premium over gilts and then expressed as real returns (i.e. returns in excess of inflation). In addition to analysing historical index data, Dynamic Planner also use the following market data to arrive at expected return assumptions:

- Yields on UK Gilts; conventional and index-linked,
- UK corporate bond yields,
- Yields on global bonds,
- Equity earnings and dividend yields,
- Economic growth forecasts.

Details of the Dynamic Planner estimation methodology can be made available on request.

Appendix B: Risk profile boundaries

The following table sets out the lower and upper volatility boundary for each risk profile used in the implementation of the Dynamic Planner application.

Table 3: Dynamic Planner Risk Profile boundaries

Risk Profile	Volatility of Asset Allocation	Lower boundary	Upper boundary
1	0.01%	0.0%	2.1%
2	3.28%	2.1%	4.2%
3	5.38%	4.2%	6.3%
4	7.46%	6.3%	8.4%
5	9.60%	8.4%	10.5%
6	11.69%	10.5%	12.6%
7	13.89%	12.6%	14.7%
8	15.85%	14.7%	16.8%
9	17.96%	16.8%	18.9%
10	20.01%	18.9%	21.0%

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