



**FE Analytics**  
Academy

The FE Academy

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# PARAPLANNER HOWWOW FE ANALYTICS SESSION II RECAP

# Ex-Ante Cost & Charges Calculator

MiFID II introduced an obligation for firms to provide clients with ex ante information related to the costs and associated charges of providing investment services. This calculator is designed to give users a clear and transparent view of all charges that impact their investment for up to three growth rates.

## Pre-Populated Product Charges

Based on the selected portfolio, the Ex Ante Cost & Charges Calculator will pre-populate product charges with the granularity required in MiFID II regulations. Any fields that are not prepopulated will be flagged up as such during the process.

## Service Charges

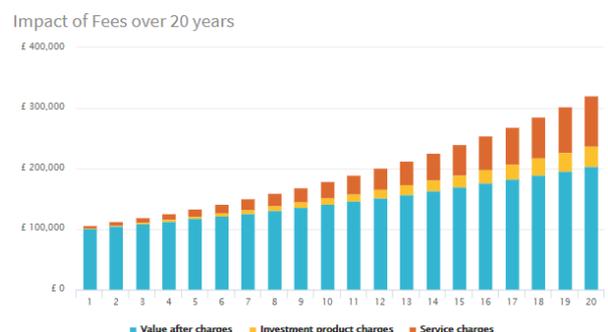
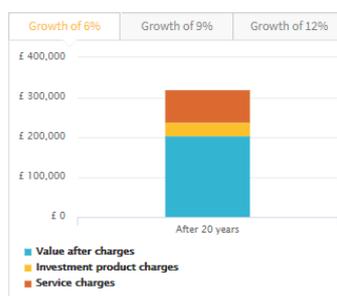
Service charges are specific to your offering and therefore cannot be prepopulated. They can be itemised as Adviser Fees, Platform Fees, and Investment Management Fees so the breakdowns of the overall figure are itemised in the outputs.

## Actual Cost & Effective Cost

There are two cost figures that are used in the calculator and it is important to be aware of the distinction between the two:

**Actual Cost** - This is the estimated monetary amount that will be paid by the investor over the full course of the investment term according to the entered rates (e.g. in "Total Charges over Term")

**Effective Cost** - This is the Effect of Charges on the investment. The compounding effect means that even a small differential in charges can have a significant effect on the eventual value of a portfolio (e.g. in the Impact of Fees Charts)



# Reduction in Yield Calculator

When undertaking pension switches the FCA requires that appropriate cost comparisons are undertaken. However, sourcing the necessary projections from providers can be a laborious and time consuming process.

The Reduction in Yield provides a consistent and compliant alternative, by allowing you to evaluate and report on the effects of costs and charges on performance.

[Click here for the full guide to the Reduction in Yield Calculator](#)

## Portfolios

You can either analyse reduction in yield for one portfolio, or compare two portfolios. Selecting an existing portfolio is not a mandatory step, but will provide expense and return figures that can be used as guidance.

## Growth Rates

Up to 3 growth rates per portfolio can be entered to create a range of outcomes.

## Charges

Charges can be entered as a percentage or flat fees. These can be entered as total figures or broken down into more granular detail.

The screenshot shows the 'FE CALCULATOR' interface for 'Compare Portfolios'. The current step is 'Charges', indicated by a yellow highlight in the progress bar. The main heading is 'What are the charges?' with a sub-note '(Based on an initial investment of £250,000.00)'. The interface is split into two columns for 'Portfolio A' and 'Portfolio B'. Each column has input fields for various charges, with dropdown arrows and 'Equates to' values.

Portfolio	Initial Charge	Reduces investments to	Annual Portfolio Charge	Equates to	Annual Adviser Fee	Equates to	Annual Platform Fee	Equates to	Other Charges	Equates to	Growth Rate	Equates to
Portfolio A	2	£245,000.00	0.27	£661.50	1.2	£2,940.00	0.25	£612.50	£ 200	£0.0816%	1.8	£4,414.00
Portfolio B	5	£237,500.00	0.15	£356.25	1	£2,375.00	0.25	£593.75	£ 400	£0.1684%	1.57	£3,725.00

# Organisation

## Client Manager

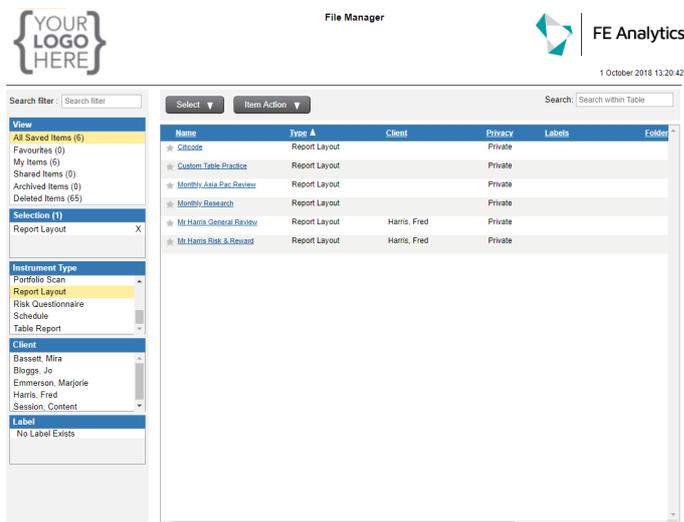
Save research to clients to quickly and easily locate past research and outputs. Furthermore, use custom dates and refresh outputs to streamline your process.

Item Name	Item Type	Modified ↓
<input type="checkbox"/> Monthly Review	Portfolio Report	26/09/2018
<input checked="" type="checkbox"/> Inflation Adjusted Returns Comparison	Chart	26/09/2018
<input type="checkbox"/> Investment Strategy Chart 2	Chart	26/09/2018
<input type="checkbox"/> Investment Strategy Chart	Chart	26/09/2018
<input type="checkbox"/> Value of Advice Chart	Chart	26/09/2018
<input type="checkbox"/> General Investment Account	Portfolio	26/09/2018
<input type="checkbox"/> Existing Portfolio Holdings	Active List	26/09/2018
<input type="checkbox"/> UK All Company Replacement Risk & Reward Screen	Chart	26/09/2018
<input type="checkbox"/> UK All Company Replacement Screen	Fund Filter	26/09/2018

[OPEN ITEM](#) [UNLINK](#)

## File Manager

Use the file manager to archive, delete, rename, and assign saved items to clients to organise past research.



Tips:

- > Use Select All rows to quickly archive all saved items
- > Find items easily by searching for keywords
- > Scroll to the right to see item owner and last modified date

# Custom Index Shortlist

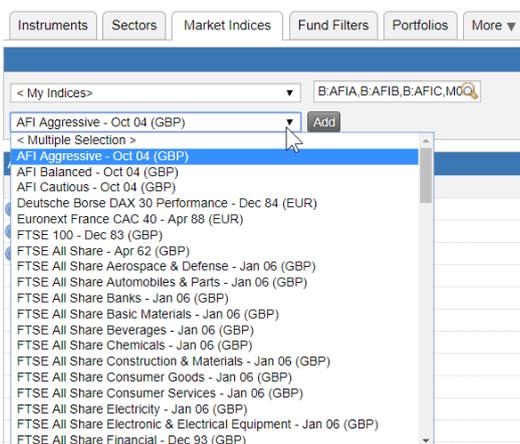
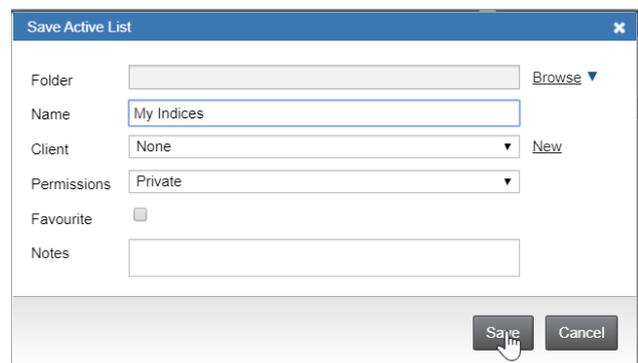
## Identify Indices

Find the indices that you use regularly and add them to your Active List (the Top Indices section and search function are useful for this).

The list I used in the session is below and can be copied into the search box:

```
B:AFIA,B:AFIB,B:AFIC,M0QU,,JC3S,UKX,ASX,ASX2710,ASX3350,ASX8350,ASX1000,ASX3530,ASX1350,ASX2350,ASX3000,ASX5000,ASX7530,ASX2730,ASX8000,ASX8770,ASX6530,ASX5330,ASX3570,ASX1730,ASX7570,ASX2720,ASX5370,ASX4000,ASX4530,ASX3720,ASX2750,ASX1750,ASX2770,ASX2000,ASX3740,ASX8570,ASX5550,ASX1770,ASX8530,ASX0001,ASX0530,ASX3760,ASX4570,ASX9530,ASX2790,ASX9000,ASX9570,ASX6000,ASX3780,ASX5750,ASX7000,IBCRPAL,IBPCAL,IBPGLAL,M891800,M899700,M303000,M123163,M891900,KIQY,M892000,M106400,KMCY,KMDA,JQRH,M982600,JQYE,M105823,M650039,M652556,M106228,M105824,M990100,KMDT,KMDV,M129857,PPJ5,SP500,SP50050,SP50025,SP50030,SP50010,SP50040,SP50035,SP50020,SP50045,SP50015,NNOV,SP50055,TOKYOSE,B:CPI,QS3J,QS3D,QS3K,QS3F,QS3E,QS3L,KJ5B,QS3G,QS3H,QS3I,B:RPI,UKTBTND
```

Once the list has been assembled, save the Active List and name the item “My Indices” (with the capital letters).



With that done, you will now have immediate access to your own custom shortlist.

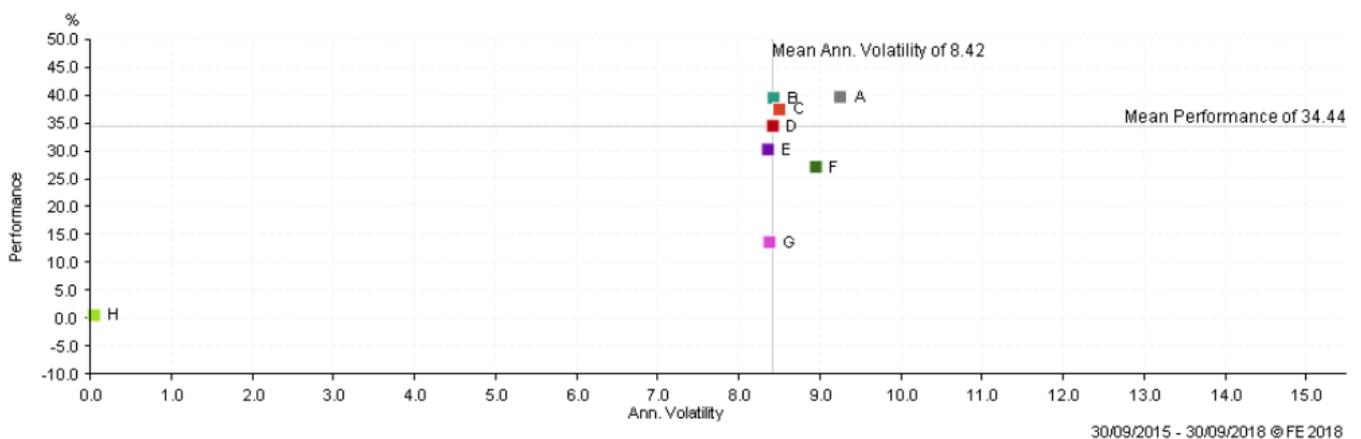
# Scatter Chart

Using scatter charts to plot performance against volatility will allow you to examine the risk & reward profile of up to 12 instruments in relation to a benchmark.

[Click here for the full guide to Scatter Charts](#)

## Relative Risk Profiles

In the Scatter Charts it is possible to add emphasis to relative standing by setting the gridlines through an instrument of your choice for comparison.



Key	Name	Performance	Annualised Volatility
A	FTSE 100 TR in GB	39.64	9.25
B	Fidelity - Index UK P in GB	39.45	8.43
C	Janus Henderson - UK Index I Acc in GB	37.43	8.50
D	UT UK All Companies TR in GB	34.44	8.42
E	Franklin - UK Opportunities W Acc TR in GB	30.24	8.36
F	AXA - Framlington UK Growth Z Acc in GB	27.13	8.95
G	Invesco - High Income Z Acc TR in GB	13.64	8.38
H	FE FER Cash Proxy TR in GB	0.65	0.05

Settings
✕

Display Gridlines

Show Gridlines Through UT UK All Companies TR in GB ▼

Apply

# Interactive Scatter Chart

## Scatter Chart Symbols

Icon	Description
●	Fund
■	Selected Fund
▲	Funds in same sector
●	Fund sector
●	Asset class
●	Index
●	Portfolio
●	Currency
◆	Fund Manager

Interactive Scatter Charts allow for risk & reward analysis over an unlimited number of instruments, with different instrument types clearly labelled to facilitate analysis.

Dynamic symbols allow you to analyse sector clusters and outliers. While zooming facilities facilitate closer investigation of areas of interest.

[Click here for the full guide to the Scatter Charts](#)

## Instrument Types

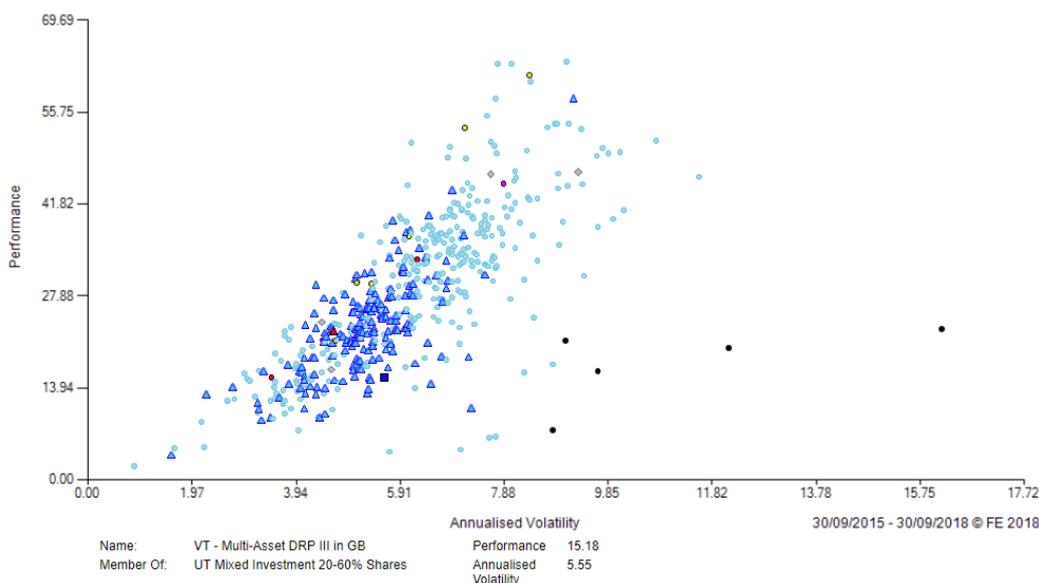
The Interactive Scatter Charts will distinguish between the instruments shown here on the left by assigning individual symbols for each.

## Zoom

Click and drag your mouse cursor to zoom in on areas of interest, and right click anywhere on the chart area to refresh the view. This is a particularly useful feature when there are large numbers of instruments on a chart. Add an Alpha Key when saving static copies.

## Table

All instruments on the chart are shown on the table below alongside their sector, performance figures, and volatility figures. Columns can be sorted best to worst or worst to best. You can see individual fund factsheets by clicking the factsheet icon, or send funds back to your active list using the green return arrow. By clicking a fund name on the table, it will be identified as a square on the chart above.



# Snail Trail Chart

Snail Trail Charts allow you to analyse the a fund's risk profile, how well it has been rewarding that risk, and how consistent both of those metrics have been over time.

## Excess Returns

Shown on the Y Axis, a positive excess returns figure indicates that the fund has delivered returns higher than those of the benchmark and vice versa for negative excess return figures.

## Excess Risk

Show on the X Axis, positive excess risk indicates that the fund has shown higher volatility than the benchmark and vice versa for negative excess risk figures.

## Relative Charting Quadrants

Overall the most desirable quadrant is the top left as it would indicate that the fund has achieved higher returns at lower risk than the benchmark. The top-right and lower left hand quadrants are acceptable as the fund has delivered lower returns at a lower level of risk or higher returns at a higher level of risk. The quadrant that is least desirable is the lower right hand as it indicates the fund has delivered lower returns at a higher level of risk.

## Tracking Changes

The lightest line colour represents the oldest period, and we can see how risk profiles have evolved by following the line as it gets darker leading up to the most recent period.

