(For adviser use only)

nucleus

Model Portfolios

Self-service (creating, aligning, editing models)
Rebalancing
Bulk reassign and rebalance

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Introduction

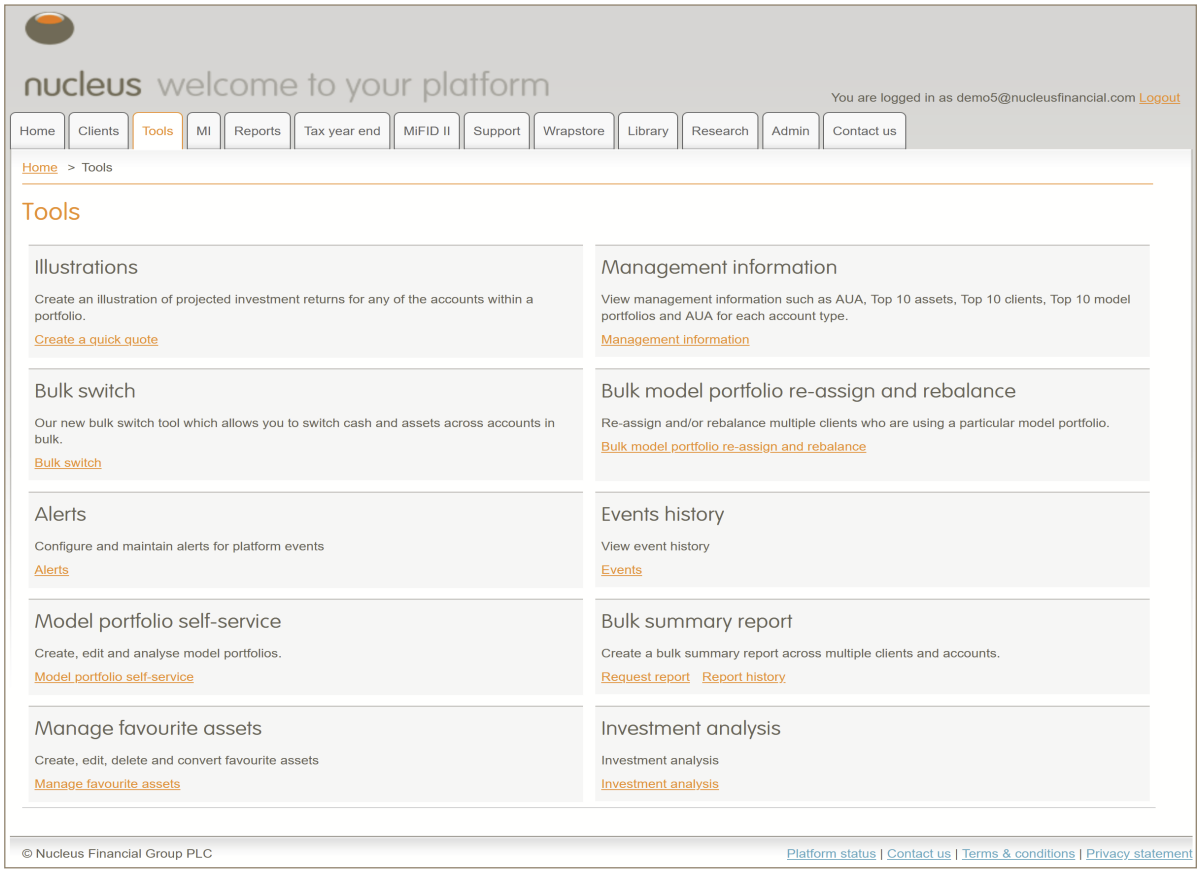
What is a model portfolio?

Model portfolios enable you to invest client funds against an investment profile containing a collection of weighted assets. Typically these investment profiles will correspond to a client's attitude to risk. They allow you to:

- Simplify the investment process by having client accounts associated with profiles of assets rather than individual assets.
- Simplify any changes to investments you wish to make by allowing changes to multiple client portfolios using a single instruction (by a bulk reassign and / or rebalance).
- Add greater value for your clients by rebalancing the current weightings of a model portfolio back to the initial investment direction specified.

How do you start?

To access the model portfolio self-service menu, click on 'model portfolio self-service' within the 'tools' tab on the platform.

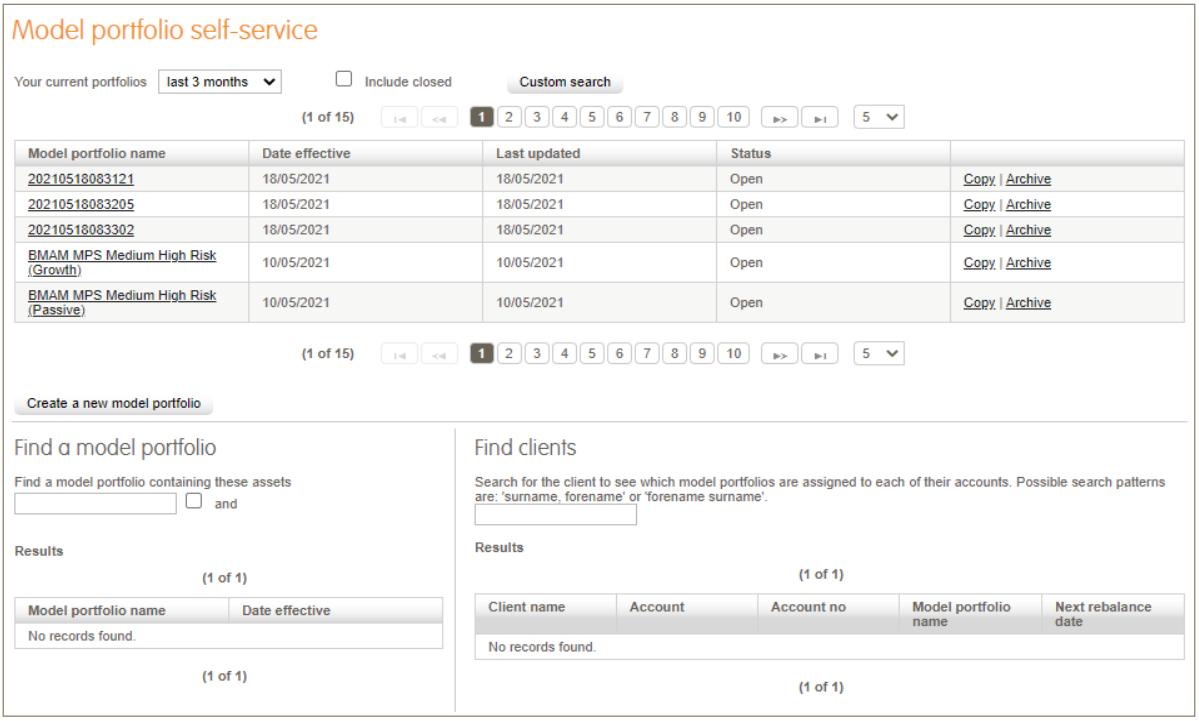


Introduction

Model portfolio self-service menu

The self-service menu shows a range of options for you to choose from. These include;

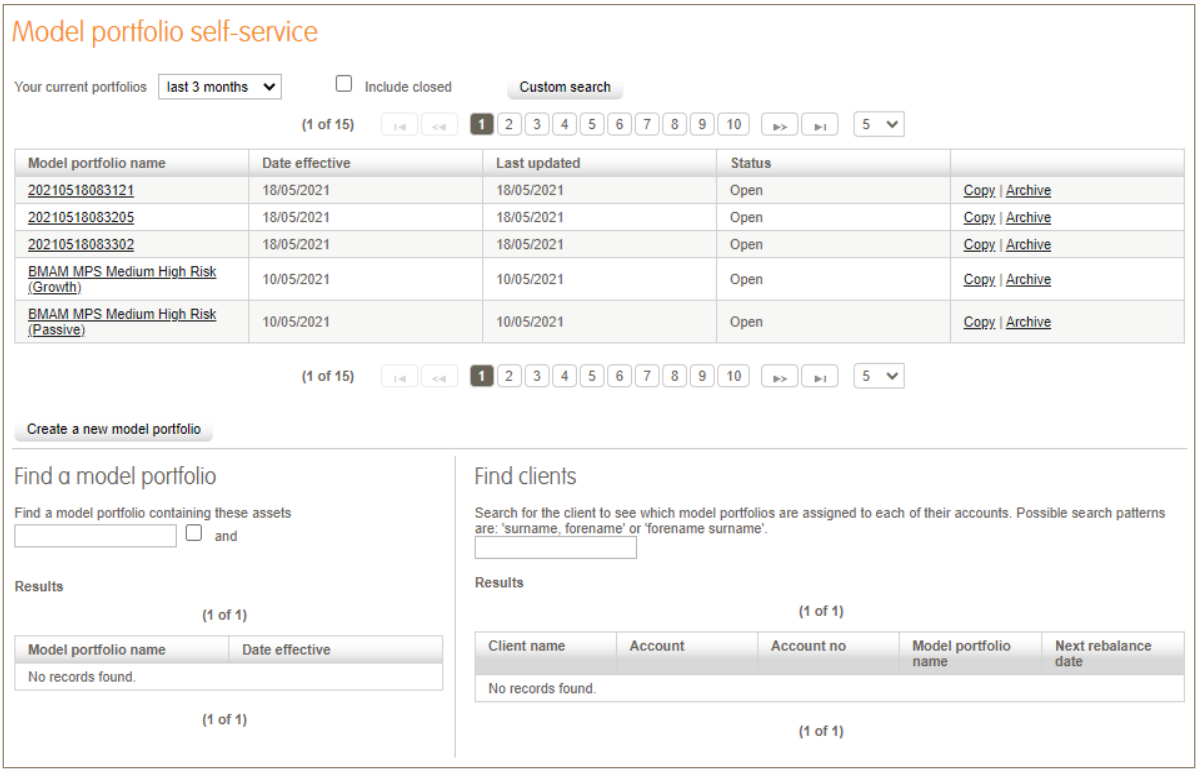
- A list of all existing model portfolios you have access to (click on the model portfolio name to access the model portfolio details).
- Custom search, where you can search for an existing model portfolio.
- The ability to create a model portfolio.
- Find a model portfolio, containing one or more particular assets.
- Find clients and identify the model portfolio aligned to their accounts.



Guide

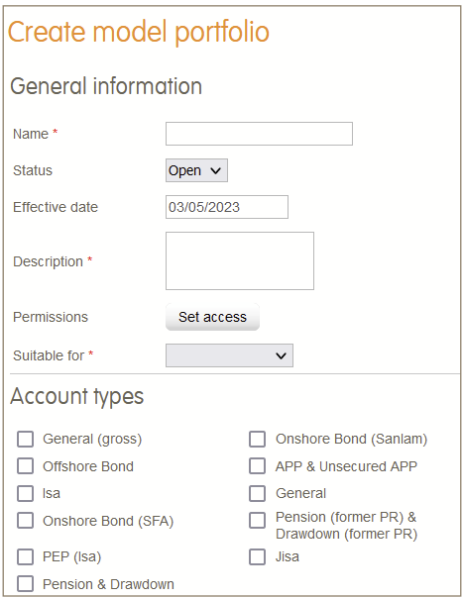
Chapter 1.0 – Create a new model portfolio

Click on 'create a new model portfolio' as shown below:



1.1 General information

Each of the following fields need to be completed:



1.1.1 Name

The name should be a description to allow easy identification when searching for a model portfolio.

This name will appear on the client's account summary and all associated paperwork (account summary pdfs, statements, application summary etc).

1.1.2 Status

This defaults to 'open' which means live, but can be set to 'trial'. A trial model portfolio cannot be aligned to an account but can be monitored for performance over a period of time before amending to 'open' and aligning to client accounts.

1.1.3 Effective date

The effective date defaults to today's date but can be forward dated if required.



The effective date cannot be in the past and it will not be possible to align the model portfolio to an account until the date is selected.

1.1.4 Description

Here you can provide further detail on the particular model portfolio. This does not appear on any documentation.

1.1.5 Suitable for

This field has two options available – 'all clients' and 'non-retail clients'. If a model is set to 'non-retail clients', you will not be able to align that model to a retail client.

1.2 Permissions

Setting the correct permissions is one of the most important aspects of creating a model portfolio. If the permissions are too restrictive you may not be able to access the model when the creator is unavailable and open permissions may not suit your firm's own process and controls.

1.2.1 Permissions options

A. Sole editor (named individual, no location set)

Only the named individual will be able to view, update, align, edit the model.

B. Multiple editors (multiple named individuals, location set)

All named individuals will be able to view, update, align, edit the model

C. Open to all (no named individuals, location only set)

Every user at the firm (location) will be able to view, update, align and edit the model

If you click on 'set access' you'll be able to view the permissions menu.

However we recommend at least two editors are added to each model created and we also suggest reviewing your model portfolios and permissions when you're aware staff members are due to leave your company.

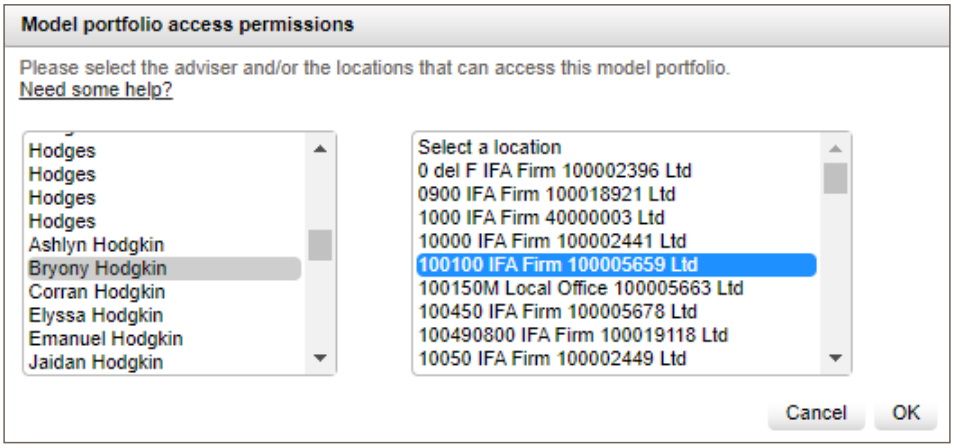
1.2.2 Select an adviser

Your name will automatically be selected as the creator but you can select multiple names which will allow each to be 'editors' of the model portfolio. See section 1.2.4

1.2.3 Select a location

The firm name (location) must be selected to make the model available to other firm users. If you do not update 'select a location' the creator will be the only user able to view and update the model and it cannot be linked to a client account. No location set also means that the model is not viewable by client relations which prevents your client relations manager from helping you with any issue regarding the model and linked clients.

The example below allows only Bryony Hodgkin to edit the model portfolio however everyone at 100100 IFA Firm 100005659 Ltd can view the details of the model.

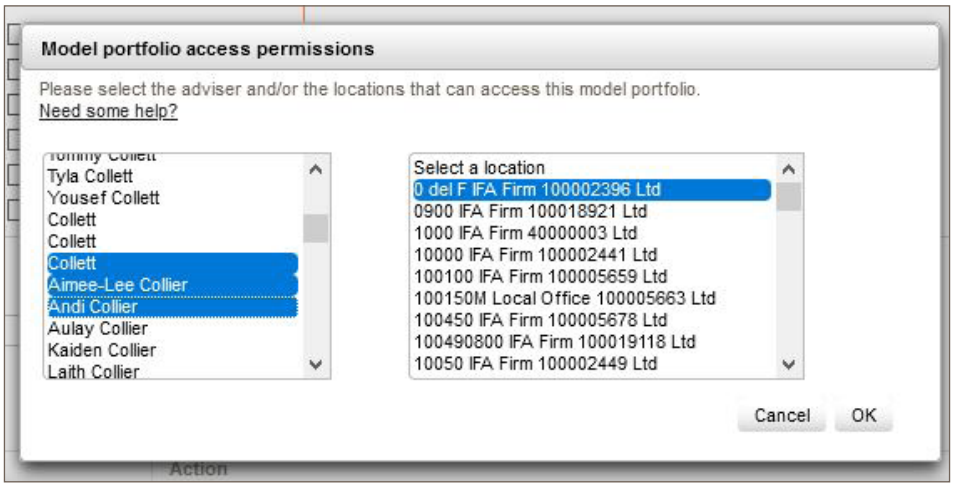


1.2.4 Multiple editing access

You may wish to set up an additional editing user. This can be done by highlighting the name of the additional user(s) from the menu (Ctrl, click). Please note that the name allocated to 'adviser-based restriction' is the only person who has permission to make changes to the model portfolio.

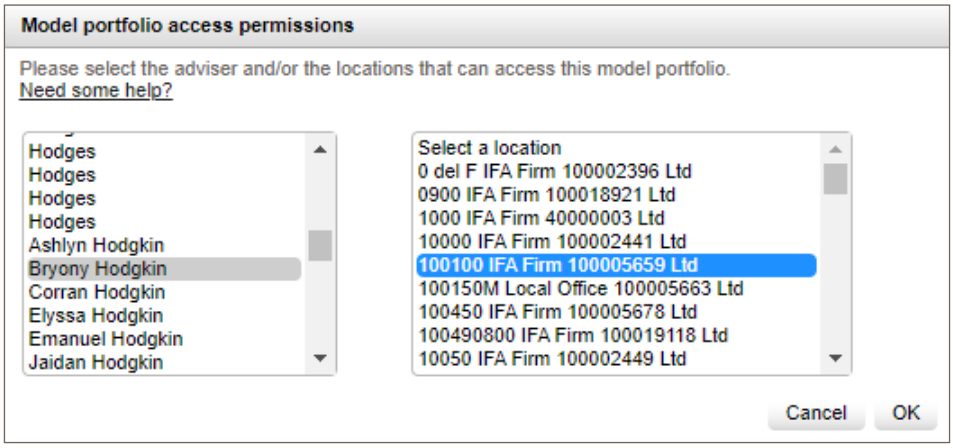
The example below allows Collett, Aime-Lee Collier and Andi Collier to edit the portfolio and all users at 0 Del F IFA Firm 10002396 Ltd to access the portfolio.

This is the most commonly used scenario as it doesn't ring fence a sole editor.



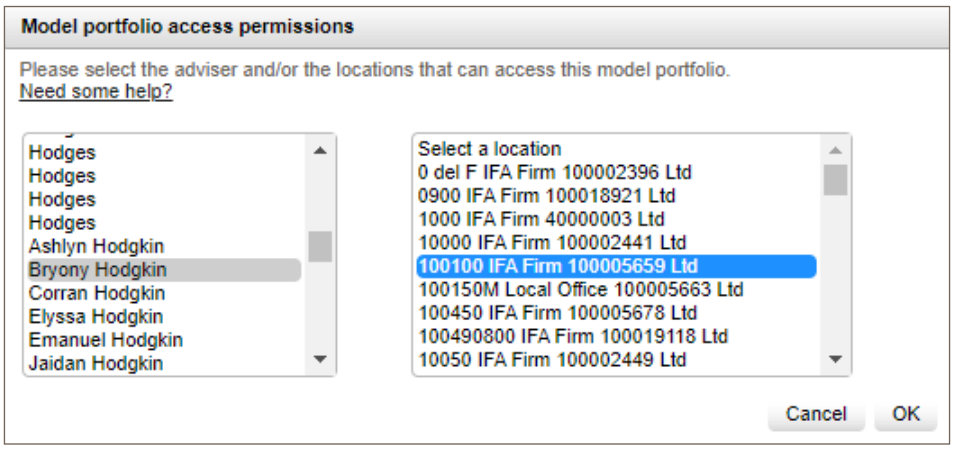
1.2.5 Open permission

Select the location allows every platform user at the firm full access to the model portfolio.



1.2.6 Save permissions

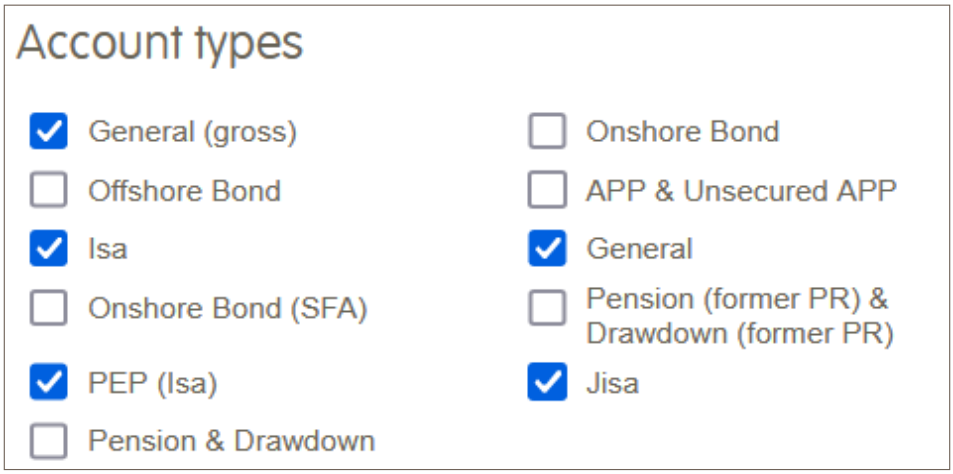
When you're happy with your permission choice, please click 'OK' (you may need to scroll to the end of the window to reach the 'OK' button).



1.3 Account types

Indicate the account type(s) for your new portfolio by ticking the relevant box.

Remember that not all funds are available across all wrappers, so selecting all wrappers may restrict the fund selection available.



1.4 Asset selection

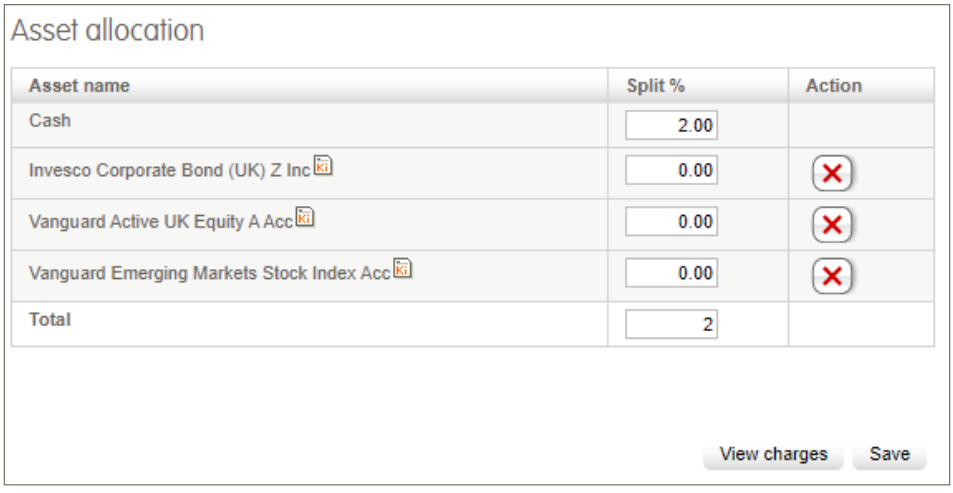
Search for the assets you wish to add to the model portfolio by entering the name or ISIN of the asset(s) you require.

The search results will indicate whether the asset is available for the required account types by displaying ✓

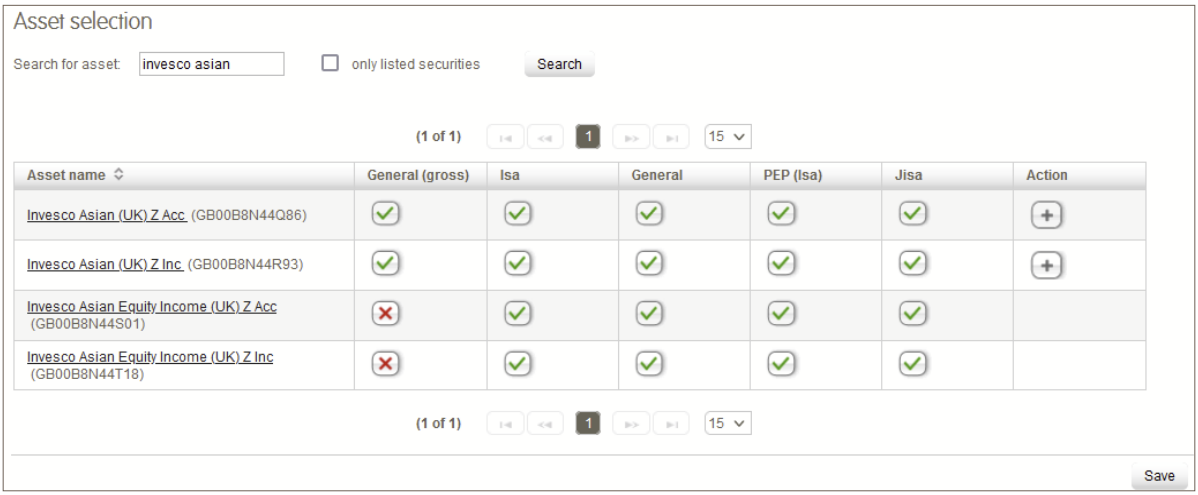
You'll only be able to select an asset if it's available for all account types you've selected.

You can add the asset to the model portfolio by clicking the + button in the 'action' column.

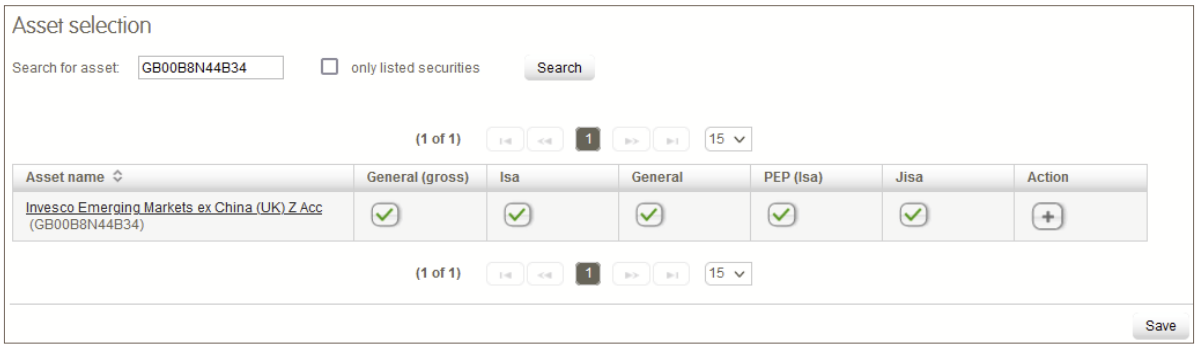
Once this is selected it will pop up in the asset allocation box in the top right of the page. If you wish to remove the asset before you save the model portfolio you can click on the ✕ button.

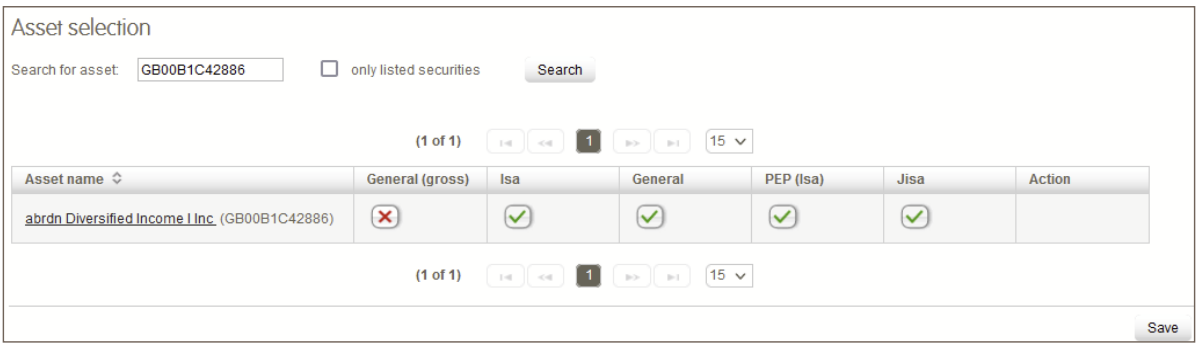


1.4.1 Searching by name



1.4.2 Searching by ISIN





1.4.3 Fund availability

If the fund you require is not available please raise a Jira with fund details (name, fund manager, ISIN, fund factsheet if available) and we shall review if this can be added to the platform.

You can also review fund availability by running the 'funds' report available on the platform.

1.4.4 Additional assets

It's possible to hold additional assets within a client account outside of the model portfolio, however these should be set to exclude from any rebalancing instruction to ensure they do not get swept up and sold. (See chapter two for more detail on rebalancing).

1.4.5 Suspended assets

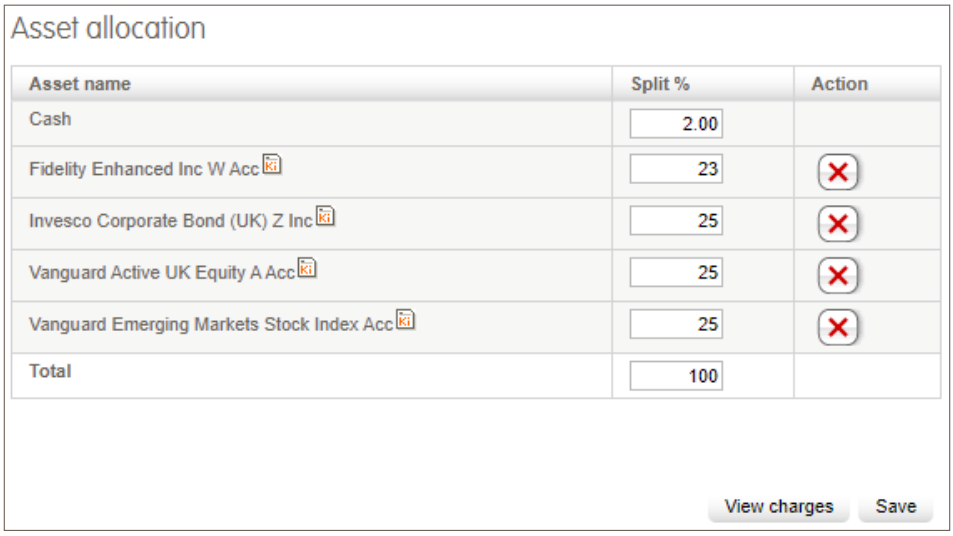
It's possible to hold suspended assets within a model portfolio, however as the asset cannot be traded this would prevent the account from rebalancing. Should you wish to rebalance during the suspension the asset should be removed from the model (see section 1.18 on how to edit a model) then excluded from the rebalance (see section 2.5 excluding assets).

It's not sufficient to change the asset allocation to 0% within the model, it must be removed to allow rebalancing on the account.

1.4.6 Setting the asset allocation

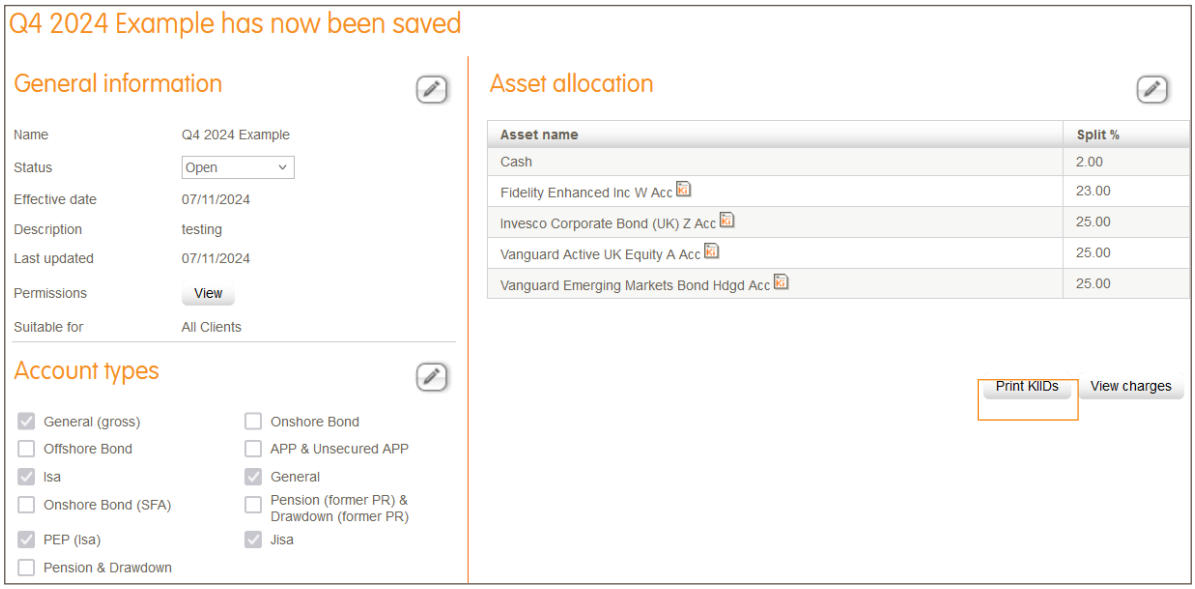
When you've selected the relevant assets, confirm the percentage split for each one. You'll note that cash defaults to 2%, however this can be amended to suit your portfolio.

When the percentage split totals 100%, click 'save'.



1.5 Newly created model portfolio

The newly created model portfolio will appear as follows.



1.5.1 Print KIIDs

Facility to print all KIID documents relevant to the assets included in the model portfolio.

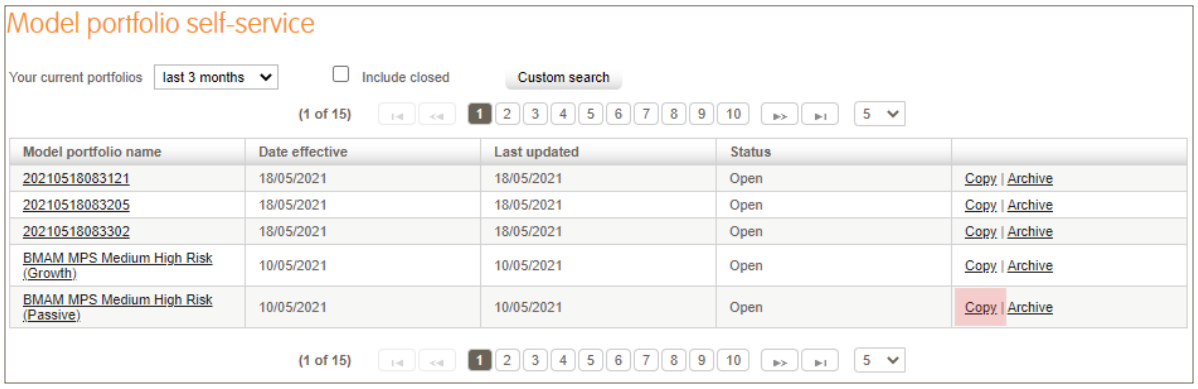
1.6 Creating a model portfolio by copying an existing model

To create a model portfolio which is similar to an existing model (for example creating a new version for a new quarter) you can also choose to 'copy' an existing portfolio rather than go through the create model portfolio process.

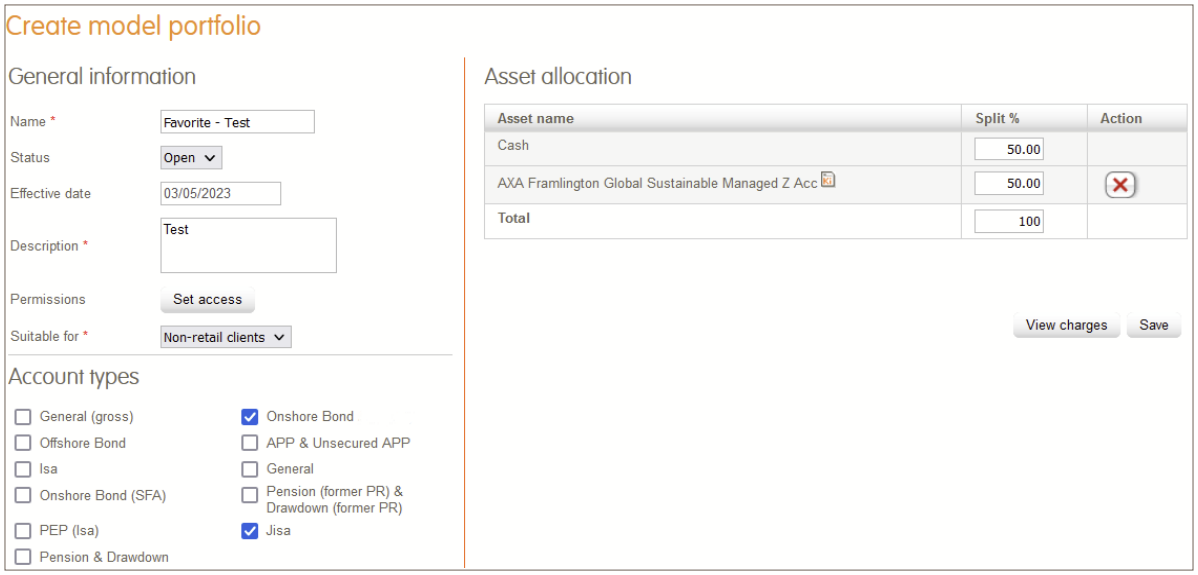
1.6.1 Access the model to be copied

Find the model to be copied in the model portfolio self-service list (see section 1.8 for guidance on searching for a model portfolio).

1.6.2 Copy



Click 'copy' to obtain an editable model portfolio details screen, equivalent to the model portfolio you are copying.



1.6.3 Change

Each field can be changed to reflect the new model you are creating. You can add and remove assets to suit the new model portfolio.

1.6.4 Save

Once you've changed all required fields click 'save' and you'll have a new portfolio. The copied model will remain intact.

1.7 Aligning a model portfolio to a client account

1.7.1 Multiple model portfolios

Only one model portfolio can be aligned to a client account at wrapper level. Please be aware that if you select a model portfolio when adding new money to the account, the existing model would be aligned to it.

You can hold additional assets in the wrapper outside the model, however you must remember to exclude them from rebalancing otherwise they will be sold. See 2.6.2 Assets held outside the model for more details.

If the client requires more than one model portfolio you may be able to set up an additional wrapper and align your second model portfolio here. For example the client will be invested in 'Q2 Balanced' in Isa account N123456 and 'Q2 Adventurous' in Isa account N654321.

1.7.2 Restrictions on setting up multiple wrappers

Nucleus Offshore and Onshore Bond accounts have a minimum investment, which should be considered before setting up a second account. Each account must hold at least the minimum investment i.e. this cannot be split across multiple accounts.

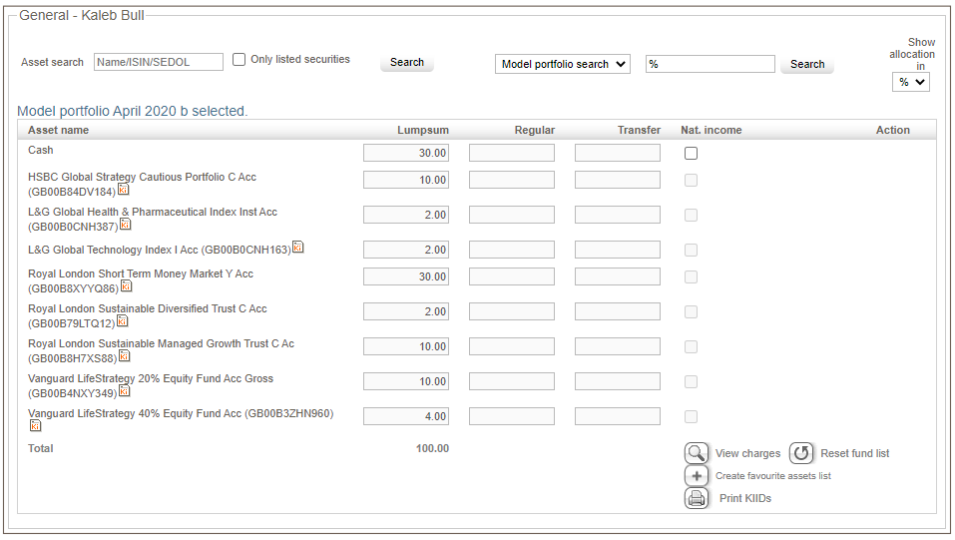
If your client is in an existing drawdown account it is not possible to add a second drawdown to add a further model portfolio.

1.7.3 When can I align a model portfolio to an account?

A client account can be aligned to a model portfolio during a new business application or at any point during the account lifetime by editing the account. Please note that selecting a new model portfolio in this account would also affect any existing model currently in place.

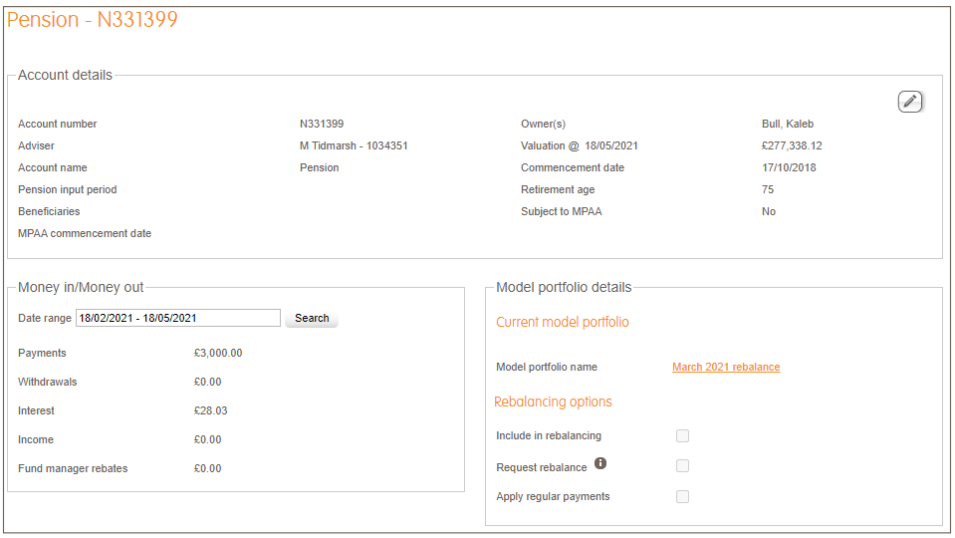
1.7.4 New business application

If you type in the model portfolio name (or part of) in the model portfolio search field on the asset selection page, any matching model portfolios will appear, enabling you to pick the appropriate model portfolio to associate with the account.



1.7.5 Adding a model to an existing account

When the account has been established, you can check it has a model portfolio aligned by reviewing the client account summary page. The model portfolio will be shown in the model portfolio details section.



1.7.6 Edit

By clicking on the icon you can:

- Add a model for the first time
- Change to a new model
- Remove a model
- Search for your model by clicking 'can't see your model portfolio?'

1.7.7 Permissions / available models

Only model portfolios you've been given permission to view will be reflected in the dropdown menu. If the required model isn't in the list please check the permissions with the model creator. Permissions can be updated by the model creator if appropriate.

1.7.8 Rebalance after alignment / realignment

If you add or change the model aligned to the account this does not automatically rebalance the account. To schedule a rebalance you should either tick the 'request rebalance' box or select 'include in rebalancing' and select the date the rebalance should take place and the frequency of future rebalances. (see chapter two for more detail on rebalancing).

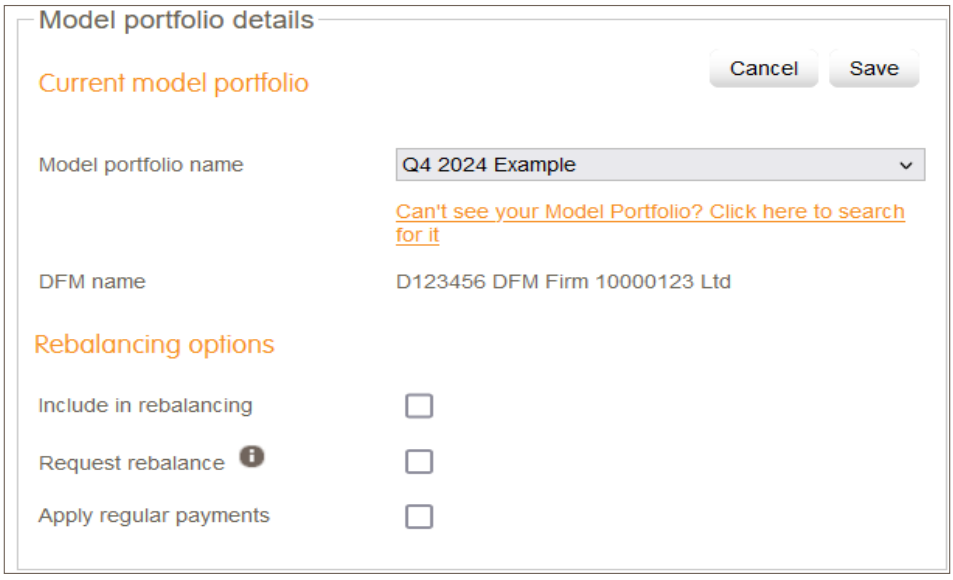
1.7.9 Managing income when using a DFM model portfolio

When a DFM is aligned to the account, they will conduct rebalances on either an agreed frequency basis, or ad hoc. Because of this you need to ensure your clients accounts are set up to ensure there is either a sufficient cash.

1.7.10 Removing a model portfolio

If you wish to remove the model completely please scroll to the top of the drop down menu until you reach the blank field. Click on this to remove the existing model then click 'save'.

If the account is attached to a discretionary fund manager (DFM) service and you remove the model portfolio only, the link to the DFM service will remain and any fees applicable will continue until we are informed that the client has asked you to remove them.



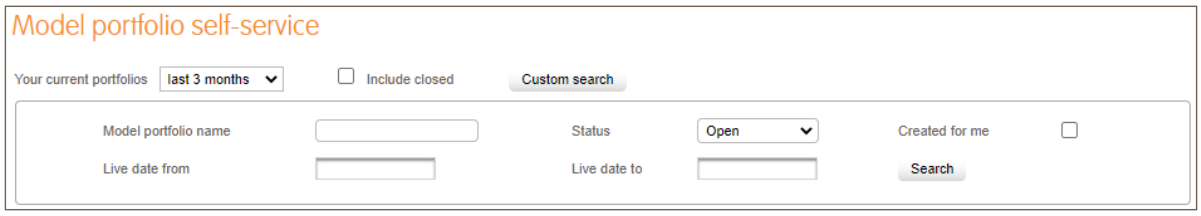
1.8 Finding a model portfolio

1.8.1 Custom search

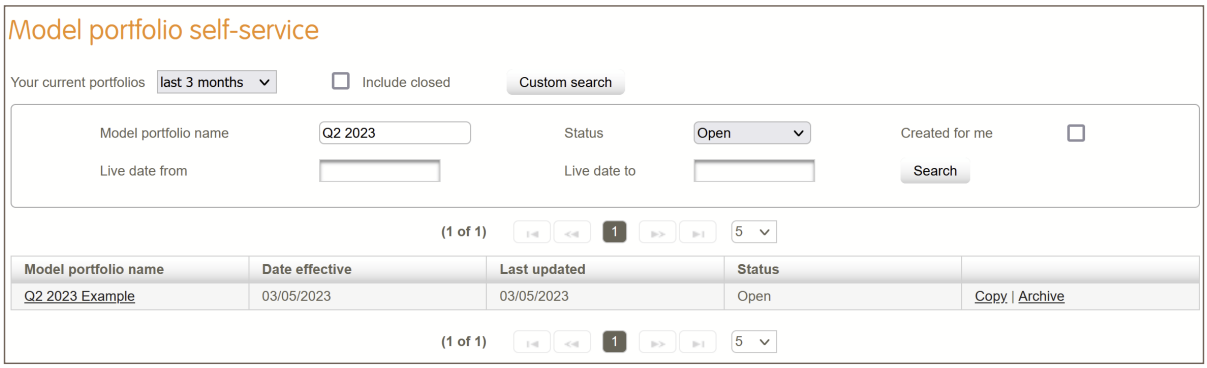
This allows you to search for a particular model portfolio, by clicking on 'custom search' and entering your search criteria in 'model portfolio name'.

Please note that only the criteria entered will be searched for and the more specific your search criteria is, the narrower the search returns will be.

Using '%' as a wildcard will search for all model portfolio names including your specified search criteria.

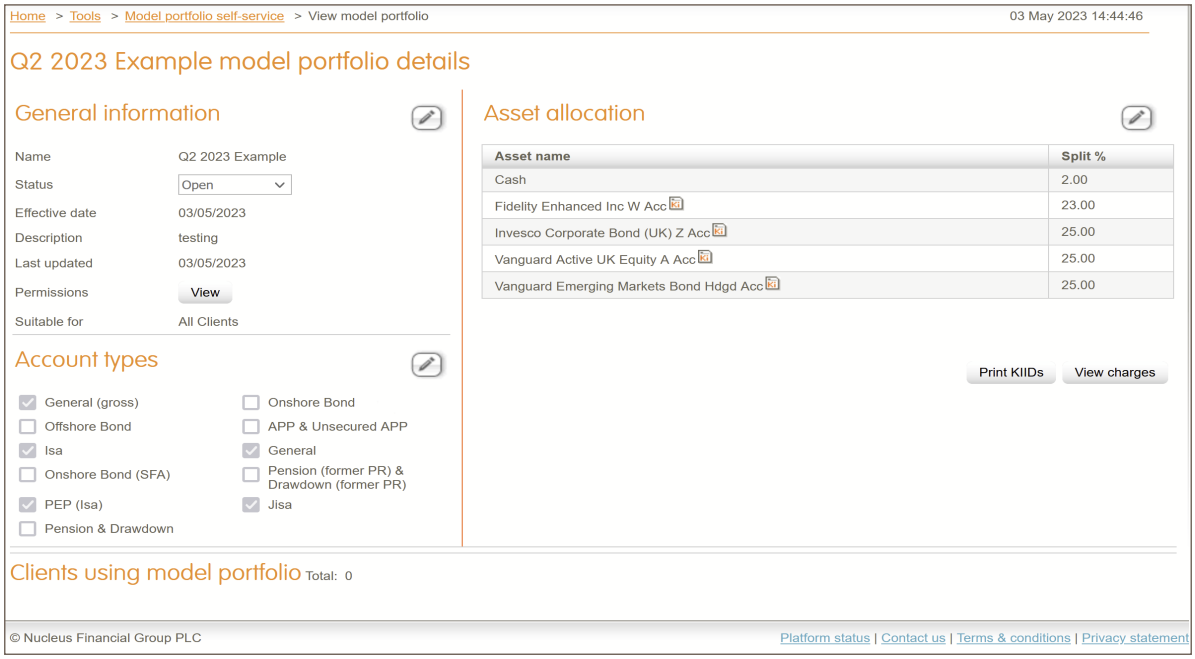


To view the model details click on the 'model portfolio name' in the search results.



1.8.2 Model portfolio details

The model portfolio details will then be displayed.



The Investment analysis tool can also be used for more detailed analysis and to compare models to other models or individual assets. Please see our Investment analysis tool user guide (0408) in the platform library.

1.8.3 General information

Name	Name as set out at creation or later edit update
Status	Open – available to align to a client account Trial – allows you to create a model portfolio and monitor its performance before making 'open' and aligning to client accounts Closed – archived, no longer available to align to an account (a model cannot be archived if still aligned to any client accounts)
Date model was opened or last updated	Date model was opened
Description	Free text field to allow you to add any further narrative description you require
Last updated	Date of last change
Permissions	Who has access to view and edit the model portfolio (see section 5.2 for more detail on setting permissions)
Account types	A tick in the account type indicates the model portfolio has been made available for that account
Clients using model portfolios	The number of clients using the model will be displayed here, individual name, account number, type of account and next rebalance date are displayed
Asset allocation	Breakdown of assets and % split across the model portfolio
View charges	Allows you to view the charges for each asset and the entire model portfolio which can be downloaded in pdf format

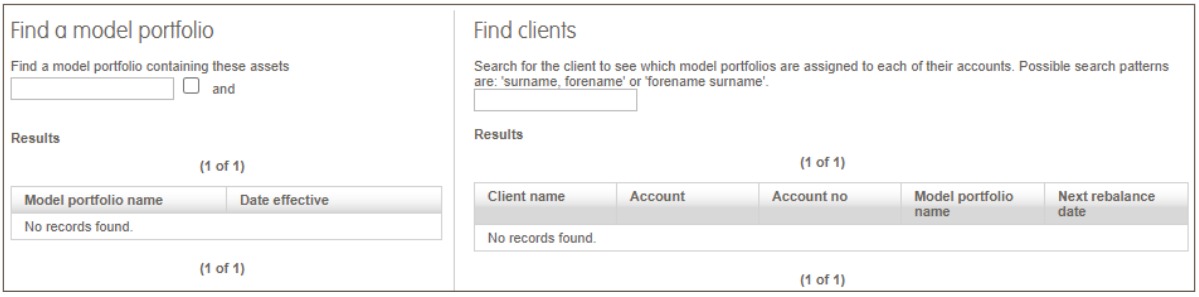
View asset charges

Asset name	Split %	Entry charge	Exit charge	Ongoing charge	Transaction charge	Incidental charge
Cash	2.00	0.0000	0.0000	0.0000	0.0000	0.0000
Fidelity Enhanced Inc W Acc (GB00B7W94N47)	23.00	0.0000	0.0000	0.8500	0.2234	0.0000
Invesco Corporate Bond (UK) Z Acc (GB00B8N44Z77)	25.00	0.0000	0.0000	0.5500	0.0500	0.0000
Vanguard Active UK Equity A Acc (GB00BK1XRK60)	25.00	0.0000	0.0000	0.4516	0.0334	0.0000
Vanguard Emerging Markets Bond Hdgd Acc (IE00BKLWXP06)	25.00	0.0000	0.0000	0.6022	0.8808	0.0000
Totals	100.00	0.0000	0.0000	0.5965	0.2924	0.0000

Download as PDF Close

1.8.4 Other search options

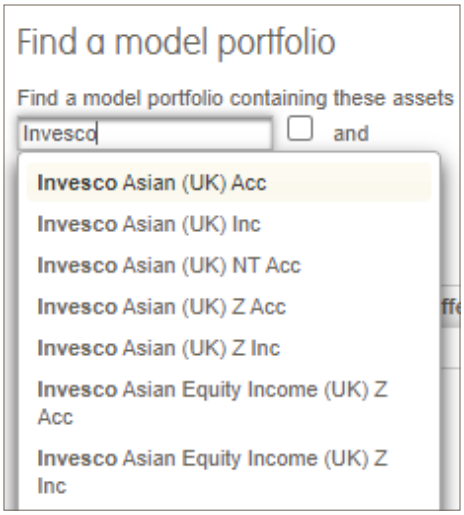
You can search for a model portfolio containing certain assets (find a model portfolio) or individual clients to establish which portfolios are linked to their account(s) (find clients).



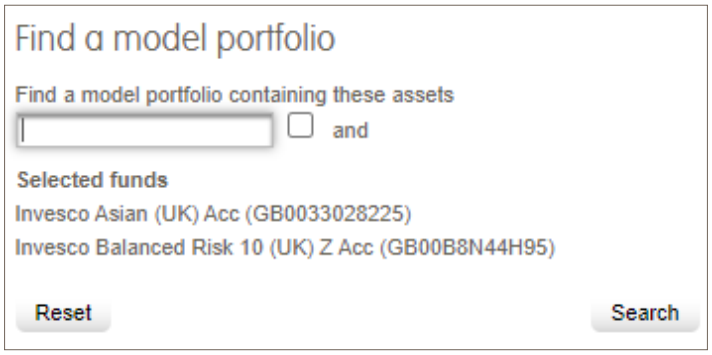
1.8.5 Find a model portfolio

Enter your search criteria in 'find a model portfolio containing these assets'.

You can search by fund manager, fund name or ISIN then select by clicking on the required fund from the results.

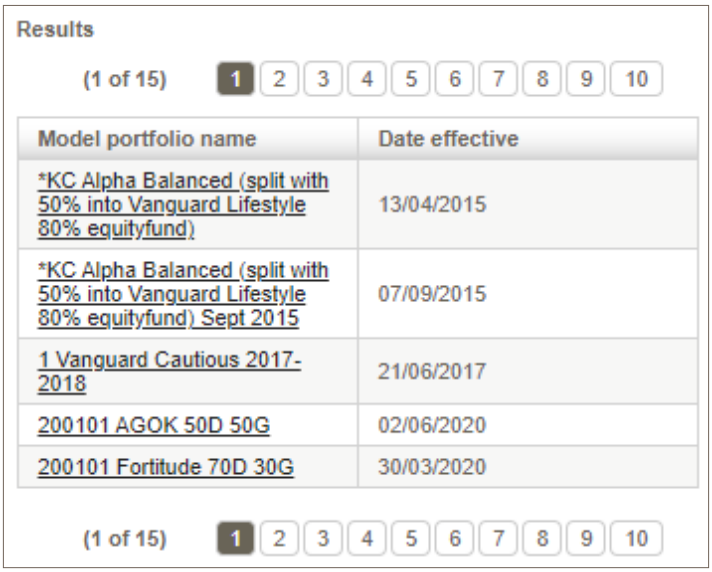


You can select more than one asset per search.



When you've selected all funds you wish to search for click on 'search' and your results will be displayed in 'results' section below.

Clicking 'reset' allows you to start another search.

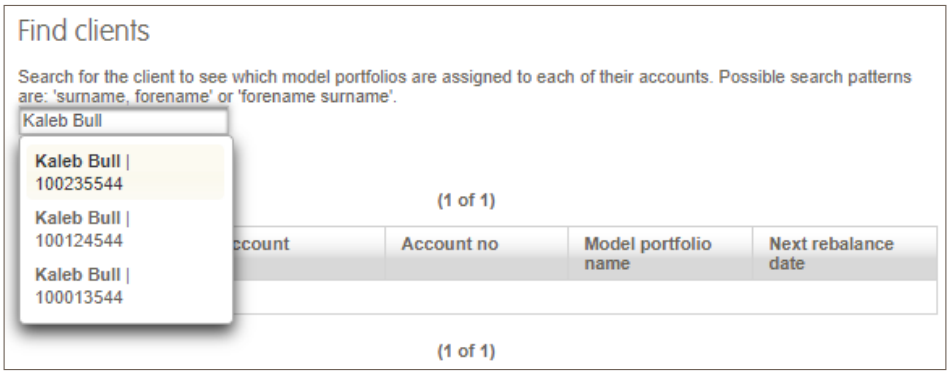


Click on the 'model portfolio name' to take you into the model portfolio details screen.

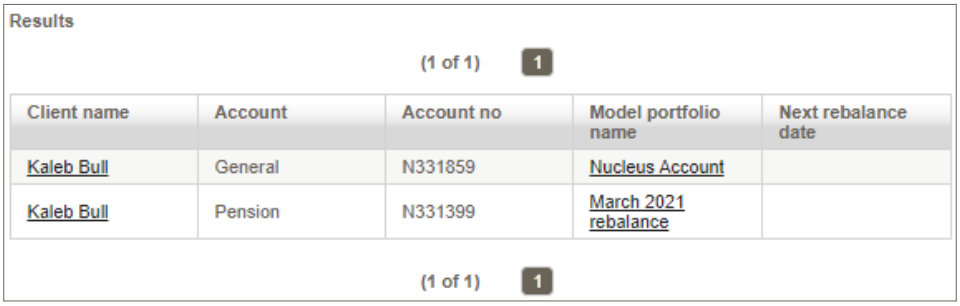
1.8.6 Find clients

Enter your search criteria in 'search for the client'.

Your client's name must be entered in the format 'surname, first name' or 'first name, surname' or 'surname,' (always include the comma or nil results will be returned).



When you've found the specific client click on the client name and the search results will be displayed in the 'results' section.



Click on the client name which takes you into the client's account. If you'd like to view the model portfolio details, click on model portfolio name (see section 1.8.2).

1.9 Editing an existing model portfolio

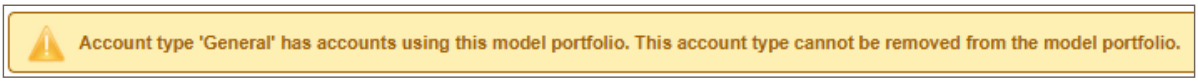
1.9.1 Make changes

You can edit a model portfolio by clicking on in the model portfolio details screen (see section 1.8.2).

The number of accounts currently aligned to that model will be highlighted.



Name	Change name as required, this will now be reflected on all aligned accounts
Status	Open - can now be aligned to client accounts. Trial - can't be aligned to any client account. Closed to new - will remain aligned to existing aligned accounts, cannot be aligned to further accounts. Closed - can no longer be used, will not appear in searches unless include closed status, cannot be closed if aligned to an active client account
Effective date	Cannot be changed to a date in the past, can be today's date, if future date it cannot be aligned to any client account until that date and will not appear in your list of available models until that date
Description	Update as required, immediate change
Permissions	Update as required, immediate change
Suitable for	Update as required, cannot be changed if any client aligned does not fit the suitable criteria
Account types	Account type cannot be removed if clients of that type are using the model



Asset allocation	Change % split as required
Remove assets	Remove assets by clicking
Add assets	Add new assets by searching in the 'asset selection' section

1.9.2 Save details

When you're happy with the new details click 'save'.

1.9.3 Instruct rebalance

The assets in the client's account will remain as per the previous version of the model portfolio until a rebalance is undertaken (see chapter two for more details on rebalancing).

1.10 Managing income and cash balances when using a DFM model portfolio

When a DFM is aligned to the account, they will conduct rebalances on either an agreed frequency basis, or ad hoc. Because of this you need to ensure your clients' accounts are set up so that income payments won't be delayed due to insufficient cash.

Hints and tips for managing cash for income and withdrawals

- You can arrange for available cash to be moved into 'Cash Deposit, this appears as an asset and is excluded from any rebalancing.
  - When you buy into cash deposit this is an instant move, the same applies when sold, it goes back into available cash instantly.
- Change auto-sell down from 'Pro-rata' to 'Custom' and select it to only sell 'Cash Deposit', this will then ignore all other assets that are invested and will only sell from cash deposit which won't be impacted by a rebalance.
  - Remember to monitor the balance held in 'Cash Deposit' to ensure it doesn't drop below the amount needed to cover regular income.

- Set up to receive 'Alerts' to notify you of the need for cash
  - Auto sell down: Sell down is required – this is issued the day after a regular withdrawal is created but there is insufficient available cash to cover it.
  - Cash balance: will notify you where cash balances fall below 1 or 2% (you need to switch on both 'cash balance below 2%' then 'below 1%' to receive all notifications).
  - Failed disinvestment: this is issued where auto disinvestment fails to generate trades when switched on for regular withdrawals.
- Under the 'Reports' tab you can download a 'Client cash balance' report,the report includes details of regular withdrawals against each account and calculates the level of disinvestment required to ensure upcoming regular withdrawals are paid if the cash value is lower than the upcoming withdrawal. Alternatively, if no regular withdrawal is set the report will calculate the level of disinvestment required to ensure a 2% cash balance is maintained.
- If you notice there won't be enough cash for income, and auto disinvestment has failed, we recommend keying a one-off sell as soon as possible to help reduce the delay to client income.
- Where disinvestment fails to cover pending fees on the platform, you can choose to key a one-off sell to generate cash to allow these to be paid or wait for any pending trades to confirm and allow auto-disinvestment to pick up at the next available point.
- If you know a rebalance is approaching and you need to key a sell to cover a withdrawal, you can remove the model portfolio via the clients account summary page, once the withdrawal has been processed the model can be linked to the account again.
  - By unlinking the model this will prevent the rebalance picking up and re-investing the cash.
  - We also recommend doing this where you have instructed a client's pension to be crystallised. Once this has been processed, you can then link the model back onto the pension (if still open) and the new drawdown account.
- Good communication with your DFM's is key to understanding when rebalances are happening.

1.11 Archiving a model portfolio



Selecting archive will permanently close a model portfolio. You're unable to archive where client accounts are aligned to that model. Once archived, the model will have a 'closed' status and will not appear in searches unless you select 'include closed'.



Only the model portfolio creator can archive that model.

Chapter 2.0 Rebalancing

2.1 What is a rebalance

Over time, market movements will change the asset allocation across the client's investment. Rebalancing realigns the weightings of the asset portfolio into the original allocation.

The rebalance will buy and sell assets from the current portfolio weightings to bring the portfolio back in line with the original investment direction specified.

2.1.1 Tolerance

There's no tolerance level set, assets will be bought and sold assuming there's sufficient cash to purchase at least one unit.

2.2 When can a rebalance be instructed?

You may instruct a rebalance to be performed on a specific date and frequency. This can be a one-off rebalance or a rebalance at regular frequencies. Please refer to section 2.5.2 for more detail.

2.3 Additional assets

The rebalance will include all assets (including available cash) within the client account. If the account includes assets that sit outside the model portfolio you're keeping, you can exclude these from rebalancing (see section 3.3.2).

2.4 When will a rebalance take place

The rebalance 'batch job' is an overnight run after the rebalance has been set up on the account, or on the night before the due date if set to a regular frequency, for example:

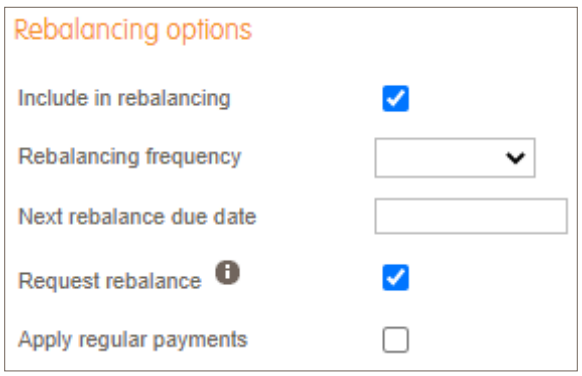
Adhoc rebalance applied to account	Monday 3 October
Overnight run	Overnight 3 / 4 October
Trades pick up	Tuesday 4 October

Quarterly rebalance due	Tuesday 4 October
Overnight run	Overnight 3 / 4 October
Trades pick up	Tuesday 4 October

The rebalance will not pick up if there's any pending transactions on the account (see section 2.9.2 for more details). The instruction will be included in each overnight run until the account is clear of pending transactions and the rebalance can take place. This is automated and can only be stopped by manually removing the rebalance instruction from the account (see section 2.6.3).

2.5 How to set up a rebalance

You can update the account rebalancing options from the account summary screen. This can't be carried out at wrap summary level.



2.5.1 Include in rebalancing

Ticking this will bring up the rebalancing frequency and next rebalance due date fields, allowing you to set up an automated regular rebalance.

2.5.2 Frequency

Annual, half yearly, quarterly, monthly, weekly options are available.

Please consider the trading criteria of each of your funds before selecting the regular frequency. For example, a monthly rebalance will not work with a portfolio containing monthly trade funds as the account will be stuck with pending transactions disallowing any other trading on the account during this time.

2.5.3 Next rebalance due date

Trades will pick up for investment on that day. If the rebalance date is on a non-business day (weekend, bank holiday) it will pick up on the next business day.

2.5.4 Request rebalance

This is an ad hoc rebalance. The instruction will pick up overnight after the option has been selected and trades placed at the next dealing point (i.e. request rebalance ticked Friday 16 September, trades pick up Monday 19 September; request rebalance ticked Monday 5 September, trades pick up Tuesday 6 September).



You may wish to set up an ad hoc rebalance after you've changed the model aligned to the client account to ensure the assets are switched at the first opportunity rather than wait for the next regular rebalance date.

2.5.5 Apply regular payments

Future regular contributions will be invested as per the model portfolio asset split.

Please remember that the contribution will be split across all assets. If an asset has a minimum trade level, this may not be reached with a small contribution and the trade will remain awaiting order until this is reached. This may prevent you from placing other trades and also delay a rebalance.

If you change a model portfolio on an account, and it is receiving regular contributions, make sure the 'Apply regular payments' box is ticked, otherwise contributions may be directed to cash or a previous investment profile.

2.6 Excluding assets from the rebalance

2.6.1 Model assets

You cannot exclude assets that are held within the model portfolio.

If you did wish a rebalance to progress without one or more of the assets in the portfolio you should create a new model or copy the existing model and make appropriate changes, align this to the client account, exclude the required assets and set up the rebalance. This may be useful if there is a suspended fund held within a model.

2.6.2 Assets held outside the model

If you wish to exclude the non-model portfolio assets from the rebalance, this can be done from the account summary page, investments section. This functionality is intended to enable you to hold additional assets in the client account that are not appropriate for a rebalance (for example, holding additional equities in a General account).

Click  to select the assets you wish to exclude from rebalancing from the 'Excl rebal' column then click 'save'.

The tick will now appear greyed out. Please remember to check this is the case for all required assets before setting the rebalance.

Investments

Asset name (Expand all)	Total cost	Quantity	Last price	Value	% of holding	Excl rebal
Cash account				£70,156.07	25.30	
Aviva Inv Multi-asset Plus II 2 Acc (GB00B7JRQQ84)	£10,983.87	6,764.299000	£1.655400	£11,197.62	4.04	☐
AXA Framlington Biotech Z Acc (GB00B784NS11)	£2,899.25	617.033000	£4.287000	£2,645.22	0.95	☐
AXA Framlington Financial Z Acc (GB00B5BHKC62)	£2,805.24	861.014000	£3.153000	£2,714.78	0.98	☐
Baillie Gifford Managed B Acc (GB0006010168)	£12,648.99	878.184000	£15.620000	£13,717.23	4.95	☐
Baillie Gifford UK Equity Focus B Acc (GB00BZ3G2696)	£2,750.09	1,978.482000	£1.406000	£2,781.75	1.00	☐
BMO Sustainable Universal MAP Cautious C Acc (GB00BKV44647)	£11,201.48	19,555.670000	£0.567600	£11,099.80	4.00	☐
Fidelity Special Sits W Acc (GB00B88V3X40)	£2,745.73	72.180000	£39.970000	£2,885.03	1.04	☐
Guinness Sustainable Energy Y Acc (IE00BFYV9L73)	£2,860.54	131.310000	£20.281000	£2,663.10	0.96	☐
HSBC Global Strategy Conservative Portfolio C Acc (GB00BYVXBK29)	£16,527.48	13,859.350000	£1.203000	£16,672.80	6.01	☐
JPM Asia Growth C Acc (GB00B235GR40)	£4,983.50	1,638.642000	£3.238000	£5,305.92	1.91	☐
JPM Multi-Asset Income C Acc (GB00B4N20M25)	£5,491.94	3,387.995000	£1.659000	£5,620.68	2.03	☐
L&G Multi-Index 3 I Acc (GB00B9751744)	£16,462.12	22,534.702000	£0.737300	£16,614.84	5.99	☐

2.6.3 Removing the exclusion

The asset will remain excluded until you deselect this by the same edit, select, save process.

2.7 The impact of trade-on-trade on rebalancing

The only change is the ability to place a sell over an existing rebalance. A rebalance can't be placed over pending trades on assets involved on the rebalance instruction, other than annual management charge unit rebates. Trades on assets that are not involved in the rebalance will continue to have no impact on the rebalance instruction.

Please see https://nucleusfinancial.com/trade-on-trade for more details on our trade on trade functionality.

2.8 Cash management

The client's cash balance is included in a rebalance. Therefore, if the available cash at rebalance due date is in excess of the model portfolio asset split the excess will be included in the rebalance to buy into the model portfolio assets.

2.8.1 Reserving cash for a monetary event

Should the client have an upcoming monetary event (PCLS payment, regular or one off withdrawal for example) you have two options to preserve the cash for this event:

- Exclude cash from rebalance
- Remove the rebalance from the account

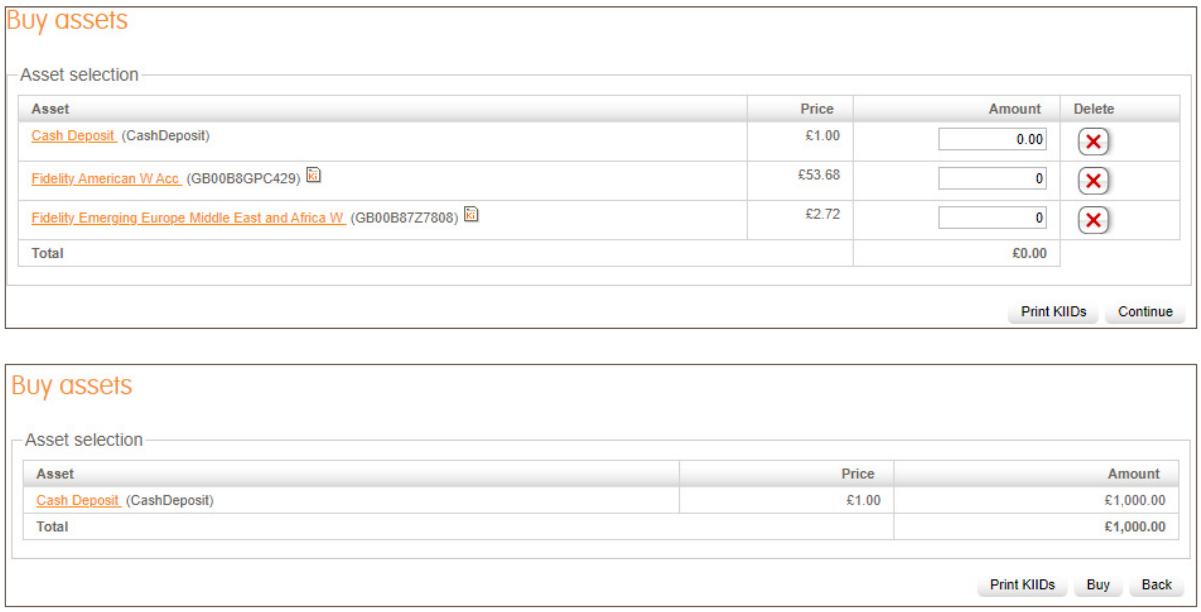
2.8.2 Exclude cash from rebalance

You can exclude cash from a rebalance by ring-fencing the required cash amount into 'cash deposit'.

On the buy page, select 'cash deposit' and buy the amount of cash to be excluded.

This is not an asset so should transfer to cash deposit immediately.

Cash deposit is only ring fenced from rebalances. If an account has 'pro-rata' selected on the auto sell down profile, cashdeposit will be included in any auto sell down trades triggered for regular withdrawals or fees.



2.8.3 Excluding cash deposit from rebalancing

Cash deposit is automatically excluded from rebalances so there is no need to select this on the exclude page however there is no ill effect if you do this.

Remember to sell from cash deposit once the rebalance has picked up to move the cash back to 'available' and ready to use for any future monetary event.

2.8.4 Remove the rebalance from the account

If you have sold assets to create available cash and there is a rebalance due around the settlement date there will be a limited window between settlement (cash now available) and the automatic rebalance being initiated. This may not leave sufficient time for processing of the monetary event.

To ensure that the available cash is not swept up in the rebalance you may wish to remove the rebalance instruction completely to ensure that cash is preserved for the client's monetary event.

As an example, If the rebalance picks up before the withdrawal payment is processed, the account will be tied up for another trading cycle (sells and buys) and the client will not receive their money for some time. For example:

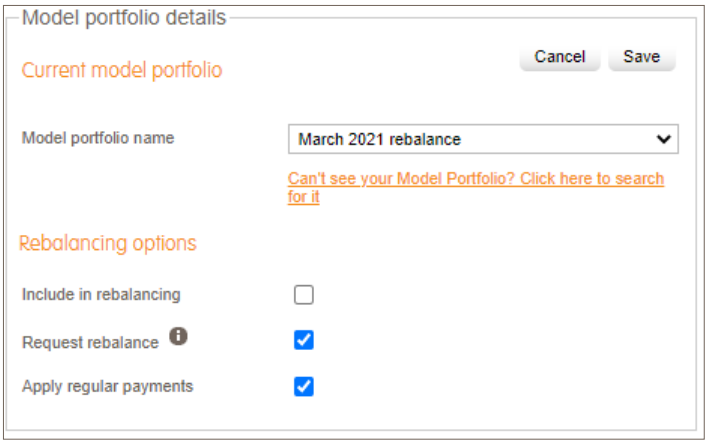
- Rebalance due 4 October
- Settlement of sell trades complete 3 October
- Pension commencement lump sum (PCLS) processing due by close on 5 October

When the administrator picked up the PCLS request on 4 October the rebalance had picked up overnight (the previous night) and switch outs ordered that morning which included the settled available cash.

In this example the PCLS could not be paid out until the rebalance had fully settled and further trades placed to release cash which could take a further nine business days, five days for trade and settlement, two days for PCLS processing,and one to two days for next day faster payment clearance.

Edit the client's rebalancing options from the account summary screen.

Click on in model portfolio details and remove the tick from 'include in rebalancing' then click 'save'.



2.8.5 Resetting the rebalance

Remember to reset the rebalance instruction once the event has taken place to ensure that future rebalances take place as expected.

2.9 Why would a rebalance not take place?

2.9.1 No rebalance instruction set

There may be a number of reasons for this, such as:

- Was there a valid rebalance instruction on the client account?
- Was 'request rebalance' ticked?
- Is there a regular rebalance instruction on the account?
- Was the rebalance reset after removing it temporarily to preserve cash?

2.9.2 Pending transactions

If there's even one unpriced transaction on an asset in the account this will affect the rebalance.

1. If an account has no outstanding trades then the whole account will be rebalanced as per the model portfolio weightings
2. If an account has an unpriced transaction the rebalance will not pick up and instead keep trying each day until the trades are priced
3. If an account has priced transactions but they have not fully settled the rebalance will pick up but will use only the fully settled units in the rebalance trades (i.e. exclude priced but unsettled assets)

For example an account has a value of £100,000, but there is a sell trade at a 'confirmed' status for £20,000 (this has not yet settled). The fully settled portion of the client account will be included in the rebalance (£80,000). If the cash allocation is 2%, the cash value in the account will be £1,600 after the rebalance. When the pending sell of £20,000 settles this will increase the cash value to £21,600 which is in excess of the 2% weighting. A further rebalance would be required to return the account to the correct weightings.

To avoid scenario 3 ensure that the rebalance due date is considered before placing any trades. As above the rebalance instruction can be removed or the asset excluded (if outside the model) to allow the rebalance to pick up on the due date (see section 2.5).

2.9.3 Suspended / ineligible assets

If one or more assets in the model portfolio are suspended then trading activity cannot take place on those assets, therefore a rebalance cannot take place until the asset is unsuspended or removed from the model portfolio.

Cash deposit is included as an asset in the model portfolio. This is designed to be excluded from a rebalance meaning the account will fail to trigger a rebalance until it has been removed from the model portfolio.

2.10 Monitoring rebalance instructions

2.10.1 Reports

In addition to the search options within the model portfolio self-service we have a number of reports allowing you to manage model portfolios within your firm.

Each report can be run at adviser and firm (location) level and is downloaded into excel allowing you to filter the report as required.

Available reports and their contents

Model portfolio asset allocation – provides the allocation of assets held within existing model portfolios

Model portfolio name	Status
Fund name	ISIN
Fund split percentage	Fund status

Model portfolio valuations – provides the current valuation for each asset held within a model portfolio for your clients' accounts

DFM (if applicable) name	DFM (if applicable) company
Model portfolio name	Status
Account number	Account type
Client reference	Client name
Asset name	ISIN
Asset value	Excluded from rebalance Y/N

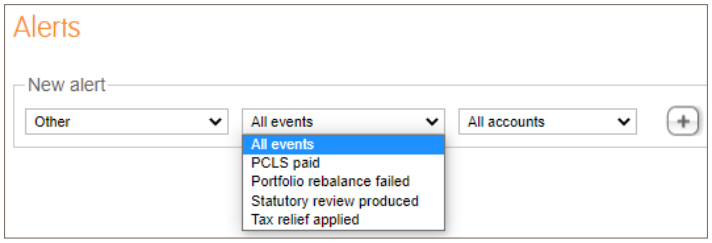
Model portfolios and accounts – a list of your clients' accounts that are using a model portfolio including details of the model portfolio linked to the account

Client reference	Client name
Account number	Account type
Account value	Account status
Model portfolio name	Status
Included in rebalance Y/N	Rebalance frequency
Next rebalance date	Date of first investment into model portfolio
Rebalance immediately Y/N	Date opened

There's also a 'trades outstanding' report to monitor the status of pending trades.

2.10.2 Alerts

You can set up alerts from the tools menu for progress of trades and/or an alert to notify you the day following a failed rebalance.



Chapter 3.0 – Bulk model portfolio reassign and rebalance

3.1 Introduction

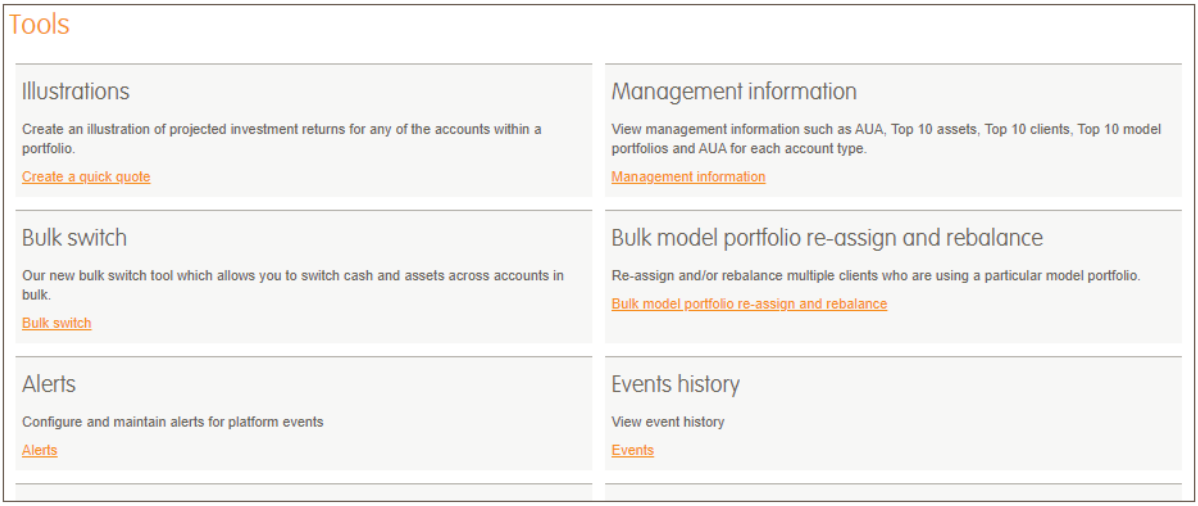
This tool enables you to change the model portfolio linked to multiple accounts, and / or rebalance multiple accounts. You can:

- Reassign a model portfolio and rebalance across multiple accounts as a single instruction.
- Reassign a model portfolio across multiple accounts as a single transaction.
- Rebalance across multiple advisers and multiple accounts as a single instruction.

This guide demonstrates how to reassign and rebalance as a single transaction. Should you wish to carry out either a reassign or a rebalance on its own it's simple to remove the relevant step.

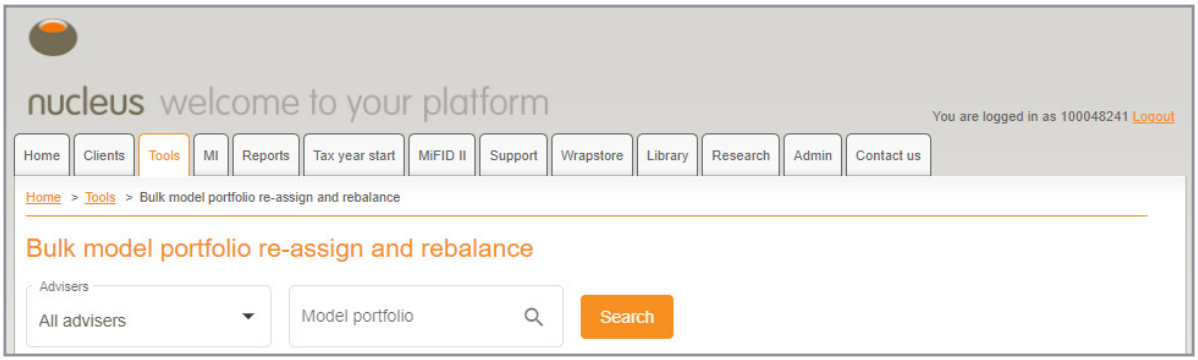
3.2 Getting started

To use this functionality, select 'bulk model portfolio reassign and rebalance' from the tools section.



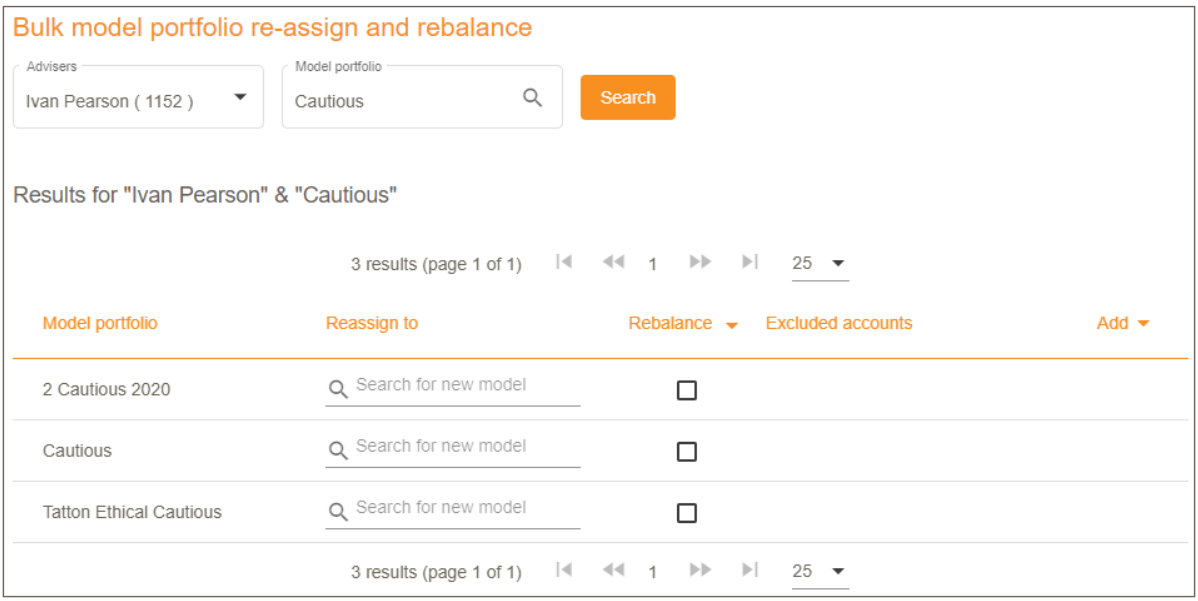
3.2.1 Selecting the adviser and model portfolio

You can select 'all advisers' or a named individual from the drop down menu. Input the model portfolio name in the search field and click 'search'.



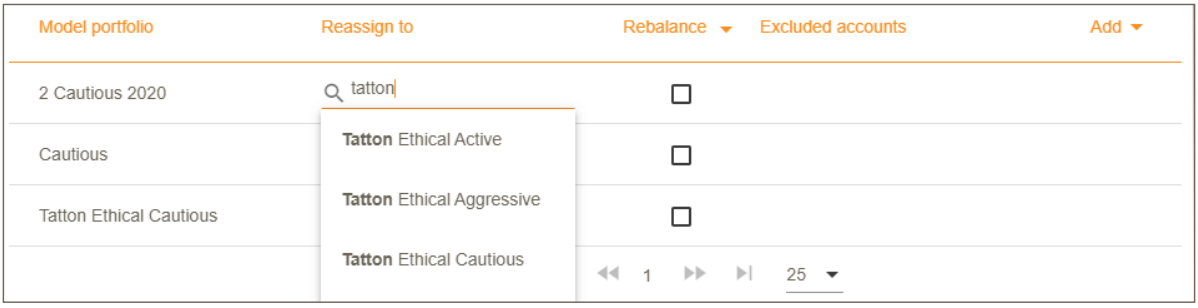
The search field will return results as soon as three characters are entered - these can be from anywhere within a model portfolio name.

Using the example below, 'cautious' has brought up a list of portfolios, with the word appearing at various stages of the name:



3.2.2 Selecting the new model portfolio

Once the appropriate portfolio is shown, you can select the new portfolio for clients to be re-assigned to. Click on the line under the 'reassign to' column and enter your search term. Once you see the model you wish to reassign the clients to, select it from the list.

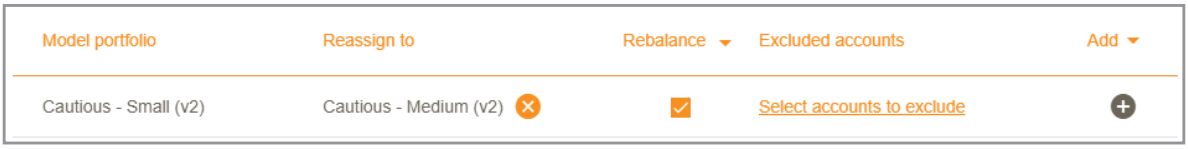


As you can see from the above, the tool now shows the portfolios you wish to move the clients out of and the new portfolios you're moving the clients into.

3.3 Rebalance

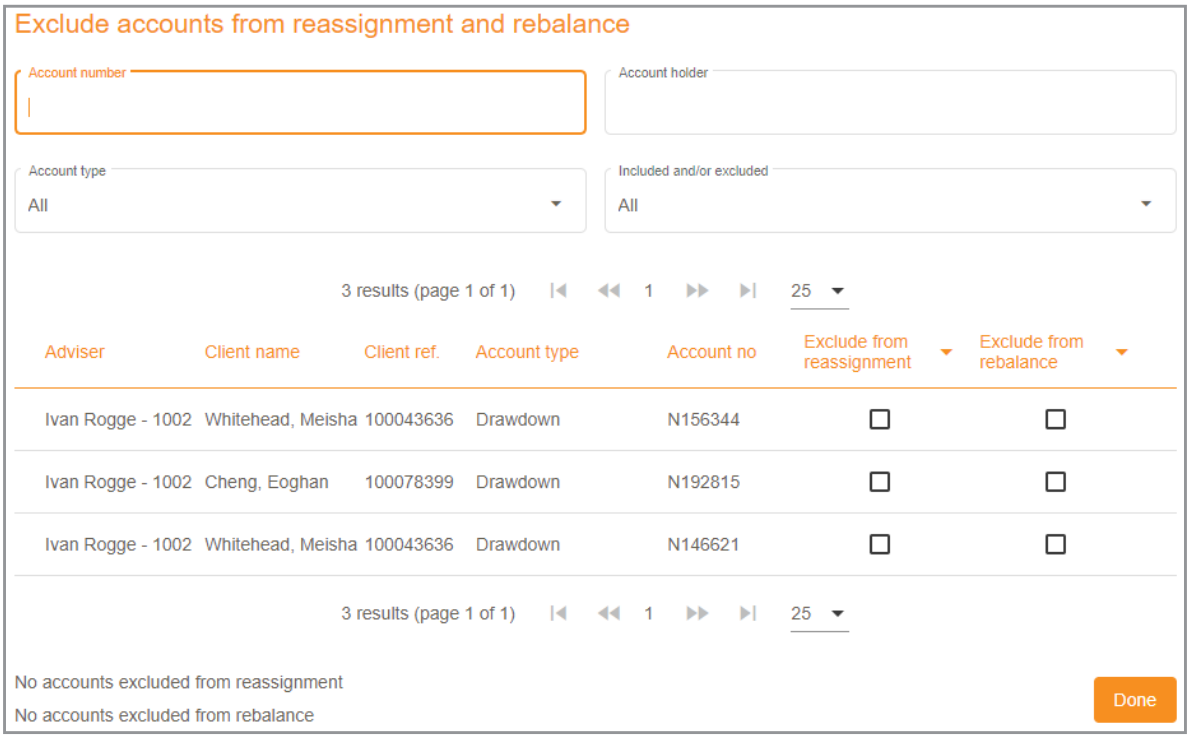
3.3.1 Setting the rebalance

Linking a new model portfolio to clients' accounts this way will not automatically set a rebalance in motion. If you also want the assets to rebalance into the new model portfolio, select the 'rebalance' checkbox. This will instruct your rebalance switches for the next business day. If you choose not to select the 'rebalance' checkbox, no trading activity will take place, however the new model portfolio will be linked to the account.

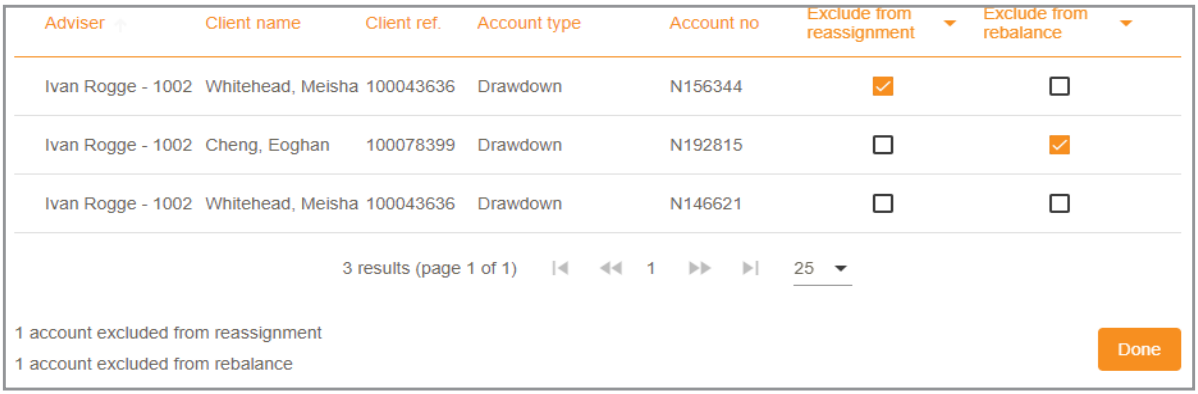


3.3.2 Excluding clients from reassign and rebalance

The system assumes that all client accounts will be included in the bulk reassign and rebalance (if you selected to rebalance). To exclude any clients you need to click on the button under 'accounts to exclude' to show the following menu:

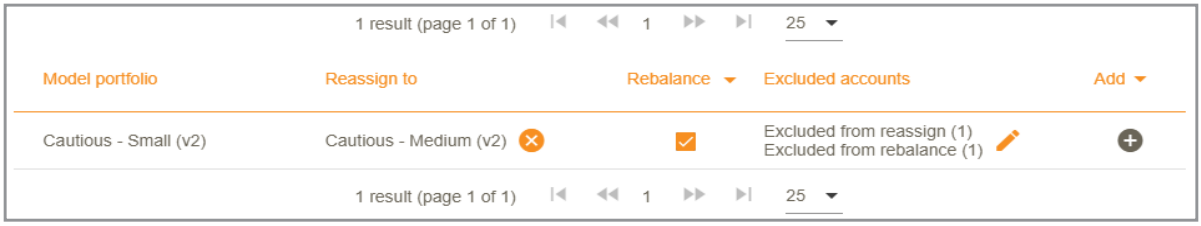


Once you've found the client(s) you want to exclude, tick the box for the exclusion you need i.e. exclude from reassignment or exclude from rebalance, or both:



3.3.3 Reviewing and confirming the reassign and rebalance instruction

With everything now selected, you can click the '+' icon in the end 'add' column to move the request into the lower panel of the screen, ready to be submitted:

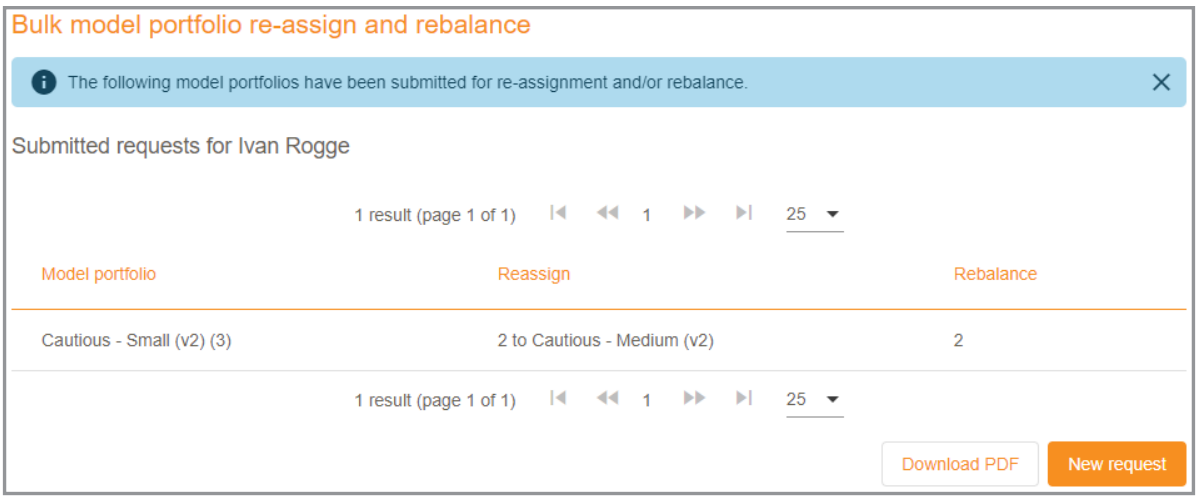


You'll now be able to review:

- the model portfolio clients are moving from
- the model portfolio they are moving to
- that a rebalance has been instructed
- details of any clients who have been excluded from the instruction.

3.3.4 Submitting the reassign and rebalance instruction

Once submitted, your final screen will look like this:



Download/print

You can download or print a pdf of the instruction screen for your records, if required.

3.3.5 Timescales

The reassigned model portfolio name will show on the client account as soon as you submit the instruction.

The rebalance will be applied to the account overnight and trades will order at the next dealing point (assuming all trade criteria is met and there's no pending transactions on the account).

Chapter 4 – Frequently asked questions

How many model portfolios can I set up per account?

Only one. However it may be possible to create a second wrapper type for the client – Isa, General, General (gross), Pension only (see section 1.7.1).

Can I hold assets outside of the model portfolio?

Yes this is possible but remember to make sure the assets are excluded from the rebalance (see section 1.4.4).

How does a rebalance work?

A rebalance is a switch instruction that sells and buys assets to return the account to the prescribed model weightings (see section 2.1).

How long does a rebalance take to fully settle?

Generally, a rebalance will take between eight and ten working days to settle as a rebalance follows the sell and buy cycle. Dependent on the type of asset allocation, this will most likely be T + 5 working days to switch out and T + 4 working days to switch in. The switch out will fully settle before the buys can be initiated (unless they're all available on switch on confirm basis). Assets that are daily traded are often switched using a 'switch on confirm' process. The 'switch in' part of the transaction is ordered once the 'switch out' transaction is confirmed by the fund manager. This reduces the settlement time for the transaction to complete.

What if I want to exclude assets within a model portfolio from a rebalance?

Only assets outside a model can be excluded from a rebalance. Create another model removing the assets(s) you wish to exclude then realign and rebalance (see section 2.5).

How do I rebalance immediately?

On the account summary page you have the 'request rebalance' option. This will get picked up overnight and be included in the next available dealing point assuming there are no pending transactions on the client account (see section 2.4).

When will a rebalance happen if I set it up to occur on a scheduled date?

The rebalance will pick up on the morning of the scheduled date unless that is a weekend or a public holiday. This will pick up in the next available dealing point assuming there are no pending transactions on the client account (see section 2.4).

Why would a rebalance fail?

If there's any pending transactions on the account this will delay the rebalance (see section 2.8).

I sold assets to release cash for my client's PCLS but the cash has been included in a rebalance?

The settlement of assets may have clashed with the due date of the rebalance and the switch out trades being ordered before the PCLS had been processed (see section 2.6).

There is a suspended asset in the model portfolio – how does this affect rebalancing?

Rebalancing will not take place while an asset is suspended. Should you wish to rebalance you can remove the suspended asset from the model, exclude this asset now it sits outside the model and proceed with rebalance. The asset can be returned to the model once the suspension is lifted. Please note that the asset must be removed from the model, it is not sufficient to change the allocation to 0%.

Support

Should you have any questions on model portfolios self-service, rebalancing or bulk reassign and rebalance please contact the client relations team who will be delighted to help.

For literature in alternative formats, such as Braille, large print, audio or E-text, please call us on 0131 226 9535, or via the Relay UK service on 18001 0131 226 9535.

0131 226 9535 client.relations@nucleusfinancial.com nucleusfinancial.com

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