

# Using Octopus Portfolio Manager with the Dynamic Planner Risk Profiler provided by Distribution Technology

For professional advisers only and not to be relied on by retail investors.

## Overview

The objective of this document is to provide a comparison between the risk grades resulting from the Dynamic Planner risk questionnaire provided by Distribution Technology, and the Octopus Portfolio Manager Investment Profiles.

The results of mapping the risk grades to the Octopus Portfolio Manager Investment Profiles are shown on page 3. However, you should read this document fully to understand the key risks associated with our methodology.

If you have any questions about this document, or if you'd like to know more about Octopus Portfolio Manager, you can contact us directly on **0800 316 2295**.

## Step one: Octopus supply data to Distribution Technology

Octopus has a commercial relationship with Distribution Technology, which does the risk profile mapping. The first step in the process is for Octopus to provide data to Distribution Technology. There are three sets of data that Octopus supplies:

- 1 The proportion of each Octopus Portfolio Manager Investment Profile that is invested in each Foundation Fund. We call this the 'strategic asset allocation'.
- 2 The details of each Foundation Fund, including names of the funds that are held within each Foundation Fund, and what proportion of each Foundation Fund each fund represents. We call this the 'fund holdings data'.
- 3 The historical performance of the Octopus Portfolio Manager Investment Profiles.

Note that the Foundation Funds are six multi manager funds, managed by Octopus. These six funds, alongside cash, make up the investments within each Octopus Portfolio Manager Investment Profile. See the product brochure for more details. This is available at [octopusinvestments.com](https://www.octopusinvestments.com).

## Step two: Distribution Technology perform the analysis

Distribution Technology performs analysis on the above data.

The strategic asset allocation and fund holdings data enables Distribution Technology to assess the asset allocation of the Octopus Portfolio Manager Investment Profiles. Distribution Technology use their own asset class categorisation.

Distribution Technology applies their proprietary assumptions to those asset class categories. This means they use their own data and forecasts to form a view of the risk and return of each of the Octopus Portfolio Manager Investment Profiles.

## Step three: Distribution Technology create the risk profile mapping

Distribution Technology compares the forecast risk and return of each Octopus Portfolio Manager Investment Profile to the risk and return profile they intend each Dynamic Planner risk profile to have. This produces a mapping of each Octopus Portfolio Manager Investment Profile to a Dynamic Planner risk profile.

The historical performance of the Octopus Portfolio Manager Investment Profiles is then used by Distribution Technology to verify this mapping.

Distribution Technology supplies Octopus with a report that indicates the mapping of the Dynamic Planner risk profiles to the Octopus Portfolio Manager Investment Profiles.

## Results

Distribution Technology has mapped the Dynamic Planner risk profiles to the Octopus Portfolio Manager Investment Profiles as follows:

Risk Profile	Octopus Portfolio Manager Investment Profile
1	1 Cash
2	2 Cash Plus
3	3 Defensive Capital Growth
	4 Conservative Capital Growth
4	5 Moderate Capital Growth
5	6 Progressive Capital Growth
6	7 Managed Equity Growth
	8 Advanced Equity Growth
7	9 Global Equity Opportunities
8	10 International Equity Focus

Dynamic Planner Risk grades 3 and 6 (shaded in dark blue above) may be compared to either of two Octopus Portfolio Manager Investment Profiles. In such cases, the investor's personal circumstances are important in identifying which Octopus Portfolio Manager Investment Profile is right for them. The information contained in the Important Points to Remember on the Process and Further Considerations sections below may have more of an influence.



Dynamic Planner risk profiles 9 and 10 do not have an Octopus Portfolio Manager Investment Profile that maps to them.

### Important Points to Remember on the Process

There are risks that are inherent within the methodology. The comparison procedure is based on the information that we have supplied and analysis conducted by Distribution Technology.

- Octopus has not been involved in the design of the risk questionnaire used by Dynamic Planner, so cannot verify its appropriateness or accuracy. FCA guidance recommends that risk profiling incorporates an assessment of both a client's willingness and ability to take on investment risk. If the risk questionnaire does not take both of these factors into account, the results may not be an accurate reflection of your client's risk tolerance and an inappropriate Octopus Portfolio Manager Investment Profile may be selected.
- Octopus does not know how the Distribution Technology decided on specific asset allocations for each risk profile. As we cannot examine this methodology, we cannot take a view on whether the Distribution Technology asset allocations are appropriate for the Dynamic Planner risk profile given by the risk questionnaire.
- Octopus is relying on analysis conducted by Distribution Technology, including for the assumptions of risk and return for the asset classes used in the analysis. While the risk mapping of the Dynamic Planner risk profiles to the Octopus Portfolio Manager Investment Profiles is in line with our expectations, Octopus cannot verify the accuracy or quality of analysis conducted by Distribution Technology.
- This document is correct at November 2017, but Distribution Technology reviews its assumptions on a quarterly basis. This review can lead to changes in the asset allocations used to represent the risk profiles, which will mean that the mapping of the risk profiles may require updating.

## Further Considerations

It is important that you understand what is and is not considered by any risk profiling process you use. Understanding these limitations and taking into account each investor's personal circumstances may lead to you recommending different investment outcomes to those suggested by the risk profiling process. You may also deem it appropriate to adjust the comparison results in light of the key risks outlined above.

Further information on all of the Octopus Portfolio Manager Investment Profiles is available at [octopusinvestments.com](https://www.octopusinvestments.com).

You should consider how an Octopus Portfolio Manager Investment Profile may create a different portfolio of investments from the one that you may typically recommend for your other clients with the same risk profile.

The value of an investment, and any income from it, can fall as well as rise. Investors may not get back the full amount they invest. Investors should read the Octopus Portfolio Manager product brochure before deciding to invest. This is available at [octopusinvestments.com](https://www.octopusinvestments.com).



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## Important information

Octopus does not offer investment or tax advice. The responsibility for determining which Octopus Portfolio Manager Investment Profile is most suitable for a client lies with the financial adviser. These products are not suitable for everyone. Any recommendation should be based on a holistic review of your client's financial situation, objectives and needs. Octopus accepts no responsibility for investment recommendations made as a result of the contents of this document. The information in this document was captured in November 2017 and therefore may not be current. Issued by Octopus Investments Limited, which is authorised and regulated in the UK by the Financial Conduct Authority. Registered in England and Wales No. 03942880. VAT No. 766 0776 96. We record telephone calls.

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