

Model Portfolio Guide

Ardan's Model Portfolio Manager allows an adviser firm to create and manage an unlimited number of Model Portfolios. They can also access a number of public Model Portfolios created by Discretionary Fund Managers.

Advisers can link their clients to these Model Portfolios to achieve a more consistent and efficient investment management service. In this guide we answer the commonly asked questions about creating and managing Model Portfolios.



Q. WHO CAN CREATE AND MANAGE A MODEL PORTFOLIO?

Model Portfolios can only be created and managed by the authorised Model Portfolio user within your adviser firm.

Q. WHAT TYPE OF ASSETS CAN BE HELD IN A MODEL PORTFOLIO?

Mutual Funds, ETF's and Equities that meet Ardan's investment criteria can be used within a Model Portfolio.

Q. IS THERE A CASH RETENTION FOR A MODEL PORTFOLIO?

No, each client portfolio already has a standard retention of 3%, any additional cash that may wish to be held can be added to the Model Portfolio using a unitised cash fund.

Q. WHAT IS THE DIFFERENCE BETWEEN MY MODELS PUBLIC MODELS?

My Models are created and managed within a single login. Only one user can view and manage these models.

Public Models are created and managed within a single login. They can be viewed by all platform users with the access rights to view models.

Q. WHO CAN LINK/DE-LINK A CLIENT TO A MODEL PORTFOLIO?

Firstly, the user must have the appropriate user rights to do so, and this must include trading rights. Before you can link a portfolio to a Model Portfolio, you must ensure that the portfolio must not have:

- any unsettled trades in progress
- any saved trades or trades awaiting settlement
- any cash held in the portfolio not in the base currency of the portfolio.

My Models - these can be linked/de-linked by a single user only, this user must have access to the portfolio within the IFA company hierarchy.

Public Models - these can be linked/de-linked by any user with the appropriate linking rights.

Q. WHAT IS THE PROCESS WHEN A PORTFOLIO IS LINKED/DE-LINKED?

Once the relevant user has linked a portfolio to a Model Portfolio, the portfolio will instantly show as linked and no individual trades can be placed going forward. On the next working day at 10am UK Time, trades will be placed to purchase the relevant assets within the Model Portfolio.

When a portfolio is de-linked the assets held will remain invested and the portfolio will become available to trade on.

Q. WHAT IS REBALANCING?

Every working day at 10am UK Time the system will check all portfolios linked to a Model Portfolio to see if either of the two rebalancing options have occurred, and place trades on the appropriate portfolios. The portfolio manager has the ability to build in two rebalancing options:

- **Forced Rebalance:** This forces all portfolios linked to the Model Portfolio to rebalance irrespective of their drifted position. This can be done automatically weekly, monthly, quarterly or annually from a chosen date.
- **Tolerance:** When creating a Model Portfolio the user has the ability to build in a tolerance of between 0%-100%. If any asset within a linked portfolio breaches the tolerance the portfolio will rebalance to bring it back in line with the model.



Q. WHAT HAPPENS TO NEW MONEY ADDED TO A PORTFOLIO LINKED TO A MODEL PORTFOLIO?

Client funds added to the portfolio will be applied to the Model Portfolio on the next working day at 10am UK Time. It's important to note that this creates a rebalance of the whole portfolio to bring it back in line with the original model split. New money entering the portfolio must be in the currency of the model.

Q. IS A PORTFOLIO LOCKED DOWN IF THERE ARE TRADES IN PROGRESS?

No, the system will not lock down the model if:

- a model manager is changing a model
- new money is entering the portfolio
- a portfolio is rebalancing.

Therefore additional trades can run alongside ongoing trades.

Q. ARE THERE ANY MINIMUM TRADE LEVELS?

There are no minimum trade levels, however any minimum investment levels for the chosen asset will apply to the linked portfolio. Note a minimum investment for an asset may prevent a rebalance on a portfolio.

Q. WHAT ARE THE COSTS OF MODEL PORTFOLIOS?

The Model Portfolio manager may charge a fee for managing the portfolio. Standard dealing fees as detailed on the Pricing Schedule are applicable to all trades.

 If you have any questions about Model Portfolios, please contact sales@ardan-international.com