ARDAN
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Model Portfolio
User Guide

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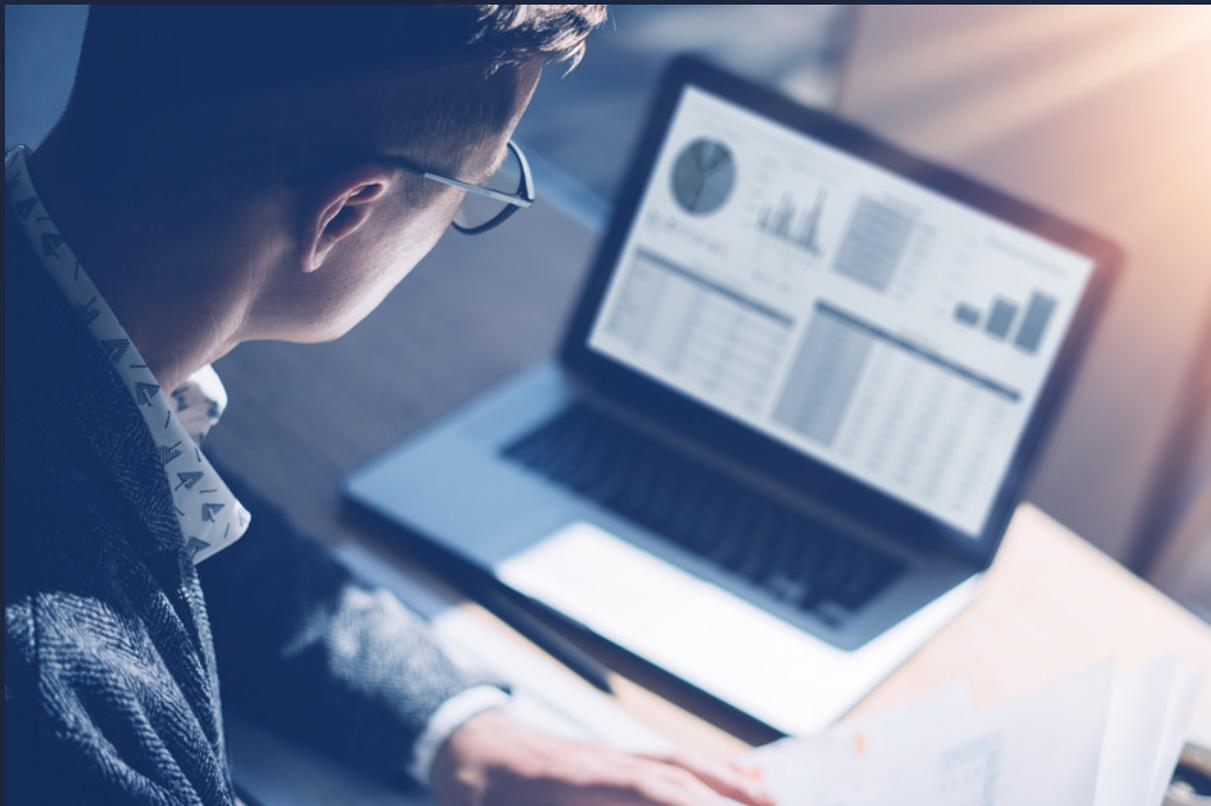
INTRODUCTION

This guide is designed to provide an overview of all features and aspects of the management of a model portfolio through the Ardan platform. It should also aid in the creation and maintenance of Model Portfolios.

Ardan's Model Portfolio Manager allows the creation and management of an unlimited number of model portfolios. Adviser firms can create their own model portfolios or outsource the management to specialist discretionary fund managers.

A model portfolio will provide automated monitoring and trading of a client's investments. The model portfolio will track the performance of each asset held within it and will automatically rebalance itself, according to predefined rules.

Groups of clients can be linked to model portfolios to achieve a more consistent and efficient investment management service.

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1. Glossary of terms

**Some of the terms used in this document are capitalised to highlight that they are defined terms.
Those definitions are listed below for ease of reference and are used throughout this guide.**

Ad hoc	A rebalance initiated outside of the parameters set by the model owner. Reasons may include, new money invested in to the portfolio, withdrawal of money from the portfolio or the rebalance model button is pressed.
Asset Selection	The assets selected to be invested into.
Investment Percentage	The percentage of the portfolio value that will be invested into a specific asset.
Model Portfolio	A pre-defined investment strategy.
Model Portfolio Fee	A fee set by the model owner. This is charged from the portfolio and paid to the model owner, for the management of the model portfolio.
Model Portfolio Name	The name attributed to the model portfolio.
Model Owner	The user who created and maintains the model portfolio.
Portfolio value	The total value of the portfolio.
Private model	A model portfolio created by a single user that they can view, amend and use.
Public model	A model portfolio created by a discretionary fund manager or financial adviser. Anyone can view and use these model portfolios. The portfolio can only be amended by the model owner.
Rebalance	The process of the model portfolio moving the positions held within it back in line with the original desired allocation.
Rebalance Tolerance	A percentage set by the model owner which determines how much an asset or portfolio value can deviate from the original selection, before it is automatically brought back to the original asset split.
Rebalance Base Date	The date the model portfolio was created.
Rebalance Anniversary	The date (based on the rebalance base date and rebalance frequency) when a model portfolio will automatically rebalance, regardless of any other factors.
Rebalance Frequency	An option set by the model owner in order to automate rebalances. This option will determine how often the model portfolio will rebalance.
Risk Category	The risk associated with the model portfolio, assigned by the model owner.
Shared model	A model portfolio created and shared with specific adviser firms. The portfolio can only be amended by the model owner.
Tolerance breach	A rebalance initiated by the value of one or more assets, within the asset selection or the portfolio value, moving by more than the rebalance tolerance.

2. Onboarding

An adviser firm, discretionary manager or company, who are not currently working with Ardan, will be required to contact our Servicing team, to complete the registration process. The team can be contacted by email at **servicing@ardan-international.com**. The Servicing team will guide them through the enrolment process.

An existing adviser firm, discretionary manager or company who has an existing relationship with Ardan can send an email to **servicing@ardan-international.com** to request the appropriate access.

All parties can specify the level of access they require to the Ardan Wealth Management Platform. In most circumstances, this would include the ability to view model portfolios, create model portfolios and link model portfolios.

3. Creating a model portfolio

Once logged into the Ardan Wealth Management Platform, a number of options are provided to the user in the banner at the top of the page.

To create a model portfolio, the model portfolio option should be selected followed by "create a new model".
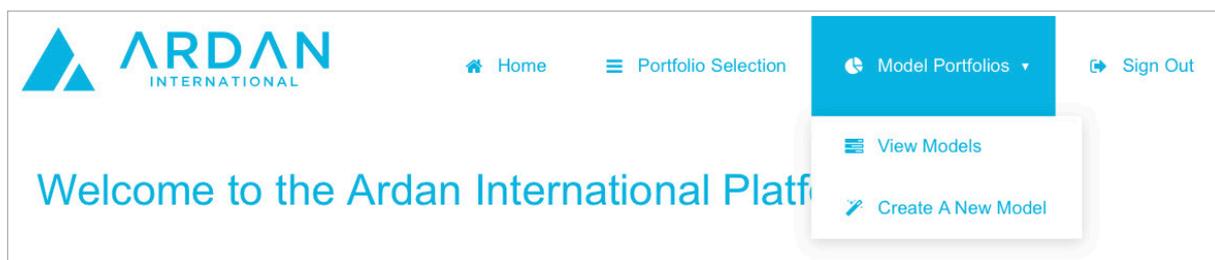
The options available to a user are to create a new model portfolio, or clone an existing model.
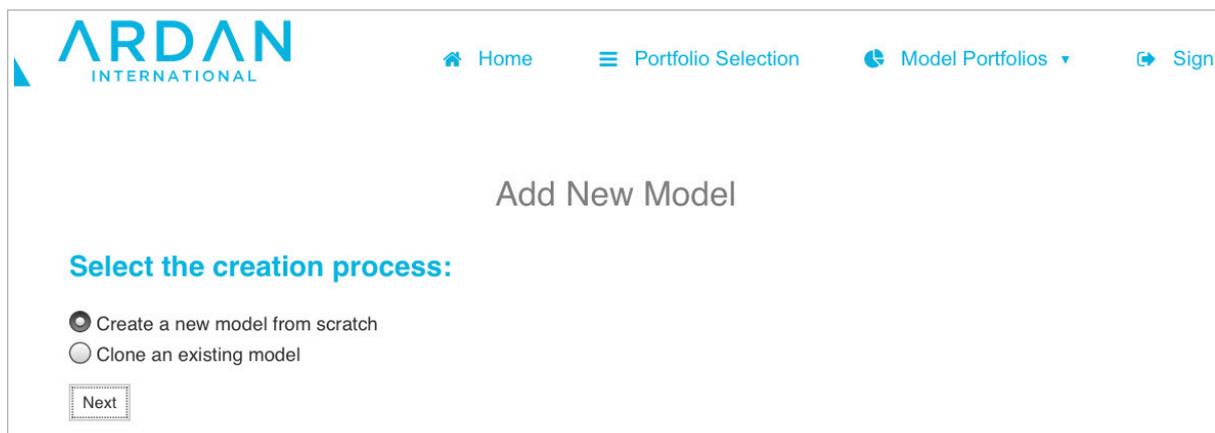
During the whole process the adviser firm has the opportunity to "save progress", allowing an adviser firm to store details mid-setup. Each subsequent section should be completed to set up the model portfolio.

3. Creating a model portfolio (continued)

a. General details

Name	Name given to the model portfolio
Description	A description of the model
Access	Selecting the access level "Private", "Public", "Shared"
Company	Selecting your company (only relevant to shared model portfolios)
Risk Category	Choose from "Very Low Risk" to "Very High Risk"
Fee (%)	The fee charged by the model portfolio manager to investments made into their model portfolio
General contact	An email address (preferably a group email address) should Ardan need to contact the adviser firm regarding the model portfolio.

⬆ General Details

Name

Ardan Cautious GBP

Description

Ardan Cautious GBP Medium Risk (2%)

Access:

◉ Private   ○ Public   ○ Shared

Company:

No Company Selected ▾

Risk Category

4 - Medium Risk ▾

Fee (%)

2

General Contact

Demo@ardan-international.com

3. Creating a model portfolio (continued)

b. Asset Selection

Please select which assets you would like to include within the model portfolio. Assets denominated in different currencies may also be included. Filters within the table allow the user to refine their requirements, enabling the user to find assets in a particular currency or asset type.

Each asset is selected by ticking the box on the left of the table.

⬆ Asset Selection

	Asset Name	Sedol Code	Ticker Code	ISIN Code	Currency	Security Category	Minimum Deal Amount
☐	Boeing Company	0108625	BOE LN Equity	US0970231058	USD	US Equities	0.01
☐	Volkswagen AG	5497102	VOW GR Equity	DE0007664005	EUR	International Equiti...	0.01
☐	JPMorgan Emergin...	0341895	XXJMG LN Eq...	GB0003418950	GBP	UK Equities	0.01
☐	F&C Investment Tr...	0346607	FCIT LN Equity	GB0003466074	GBP	UK Equities	0.01
☐	Standard Chartere...	0408284	STAN LN Equity	GB0004082847	GBP	UK Equities	0.01
☐	Kerry Group PLC Cl...	0490656	KYGA LN Equity	IE0004906560	EUR	International Equiti...	0.01
☐	iShares Core FTSE ...	0504245	ISF LN Equity	IE0005042456	GBP	ETF (Exchange Tra...	0.01
☐	Meggitt PLC	0575809	MGGT LN Equ...	GB0005758098	GBP	UK Equities	0.01
☐	Northern Venture ...	0645070	NVT LN Equity	GB0006450703	GBP	UK Equities	0.01
☐	RIT Capital Partner...	0736639	RCP LN Equity	GB0007366395	GBP	UK Equities	0.01

c. Model distribution

The percentage distribution of assets is controlled in this section. It allows the user to define the percentage splits for each selected asset. An asset can be removed from the selection by selecting the trash can button. The system will not allow a portfolio, which does not total 100%.

⬆ Model Distribution

Description	%	
Baillie Gifford Managed B Acc	40	🗑
AXA Framlington Global Technology R Acc	40	🗑
Rathbone Multi Asset Total Return S Acc	20	🗑
Total	100	

3. Creating a model portfolio (continued)

d. Rebalancing

Three options are provided; frequency, base date for anniversary rebalancing and rebalance tolerance.

/ Frequency determines how often the portfolios linked to the model are rebalanced.

/ Base date for anniversary rebalancing dictates the date the frequency will be calculated from.

/ Rebalance tolerance determines how much an asset or portfolio value may drift, before the portfolio is rebalanced.

Example

In this example, the frequency is set as quarterly with a base date anniversary of 30th September 2021. All portfolios linked to the model will rebalance on the 30th September 2021 and quarterly thereafter.

The rebalance is set as 10%. Any asset or portfolio value can move up to 10% (up or down) without triggering a rebalance. This is a cumulative figure. If an asset starts with a percentage holding of 20%, this must subsequently move to below 10% or above 30% of the total asset selection to trigger a rebalance.

A client originally invests 40% into Baillie Gifford, 40% into Axa Framlington and 20% into Rathbone. If the split then moved Baillie Gifford 44%, Axa Framlington 44% and Rathbone 12%, this would not cause a rebalance to take place.

If the split moved Baillie Gifford 46%, Axa Framlington 46% and Rathbone 8%, a rebalance would take place, due to the movement of Rathbone.

⬆ Rebalancing

Frequency

| Quarterly | ⊗ ▾ |

Rebalances quarterly on the base date anniversary

Base Date for Anniversary Rebalancing

| 2021-09-30 | ⊗ ▾ |

Rebalance Tolerance (%)

| 10 |

| Save Progress | Save & Commit | Cancel |

Once the selection is complete, "Save & Commit" allows the model portfolio to be used with any of the investment firm's clients.

Asset volatility should be considered when creating a model portfolio.

For example: If the rebalance tolerance is set at 2% and the asset moves by 5%, this will trigger a portfolio rebalance. If the asset moves by a further 3% the next day, a further rebalance will take place. The rebalance is conducted at portfolio level and a trade will be placed for each asset in the asset selection and will incur standard dealing charges.

4. Editing a model portfolio

Following the creation of a model portfolio, the model can be edited by selecting the "My models" tab.

The button above will direct the user to the "Edit Model" screen where general details, asset selection, model distribution and rebalancing rules can be amended.

5. Linking a portfolio to a model portfolio

Following the creation of the model portfolio, clients may now be linked to it. Within the model portfolio home page you can select your chosen model under the "My models" tab.
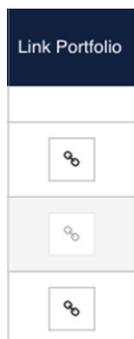
The button above will direct the user to the link portfolio to model screen. From here, the user will be able to "Select Portfolio".

If the portfolio is active and contains holdings, a warning message will be displayed stating

> *"This portfolio has existing holdings. These holdings will be automatically sold if this portfolio is linked to a model"*

If the user wishes to proceed, they must then select the "Link" button.

A further authentication will then take place. The user is unable to complete the linking to a model portfolio if:

1. There are unsettled trades in progress within the portfolio

2. There are trades saved in the portfolio "trade basket"

3. Any cash held in the account is not that of the portfolio currency.

6.   Delinking a portfolio

A user can view "current linked portfolios" by selecting this option from the main menu. These can be deleted at any time by selecting the trash can button.

Notes

A private model portfolio can only be deleted, if there are no investment portfolios linked to it. If the user wishes to temporarily disable the portfolio they can do this via de-activate and it can be re-activated again at a later date.

A rebalance can be forced at any time on a private model portfolio. Within the model portfolio homepage there is a "rebalance model" button. This will trigger a rebalance on the next UK business day.

Within the main page, and "My models" tab, there is an option to "Download AUM report". This is used to show how many portfolios are linked to a model and the assets under management for each model portfolio.

A model portfolio can be edited at any time. This will trigger an automatic rebalance of each portfolio linked to that model portfolio.

7. Other information

a. Ad hoc rebalance

If a portfolio is linked to a model portfolio, it can be rebalanced outside the set rebalance frequency. This may be due to assets drifting, but that have not breached the set tolerance level. The tolerance level maybe set high and intervention at this stage may be preferable, before they drift further away from the desired allocation.

Within the portfolio, there is a box in the top right hand side displaying the model portfolio name and a "view button". By selecting the "view button", a page showing the details of the model portfolio and further information will be displayed.

At the bottom of this page there will be a button titled "Rebalance Model". This will rebalance this specific portfolio on the next UK working day.

b. Cash balances

In order to link a portfolio to a model portfolio, all available cash must be in the base currency of the portfolio. Model portfolios are not currency specific. Within the foreign exchange (FX) trade section of the portfolio, the available cash will be displayed. By selecting the "Sell All" button next to the cash currency, the portfolio will FX all cash into the portfolio base currency.

A cash balance must be retained on all portfolios. The minimum cash holding required is 1.5%. This means that 98.5% of the portfolio value is invested in assets, and 1.5% held back in cash.

Should the portfolio be rebalanced, the minimum cash holding is also taken into account and will be replenished accordingly. If a portfolio holder wishes to keep more than 1.5% in cash, then a cash liquidity fund can be added to the asset selection.

c. Withdrawals

Withdrawals are conducted differently when a client portfolio is linked to a model portfolio. An investment instruction is not required to sell assets to fund the withdrawal. The assets within the portfolio will be sold proportionately in line with the model, enabling the asset holdings to remain as intended, within the portfolio.

d. Rebalances on weekend and bank holidays

Model portfolio rebalances will only take place on UK business days. If a portfolio is linked to a model portfolio over a UK weekend or UK bank holiday, the rebalance will not take place until the next available UK business day.

e. Asset restrictions

If an asset imposes a minimum investment level, all trades must meet this minimum level. A fund manager may reject a trade due to a below minimum investment level.

The asset must be removed from the model, as the trade will be re-attempted the following day and subsequently rejected.

Structured notes are not permitted within model portfolios.

f. Model portfolio fees

Model portfolio fees are accrued daily and deducted from the portfolio at the end of the month.

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