Model Manager

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1   What is Model Manager

- Model Manager will:
  - ➢ Allow partners to create models.
  - ➢ Enable partners to manage multiple end-client accounts simultaneously through a model strategy, by linking clients to models and rebalancing. This will enhance the proposition of scalability.
  - ➢ Support execution of end-client requests such as partial/full liquidation and cash withdrawal.

2   Create a new client/account

- Client/account creation is done through Saxo Bank systems.
- Once a client/account is created, it'll be available in SaxoPartnerConnect and can then be linked (connected) to Model portfolio.

3   Create a new Model

- 'Create model' tab in Model Manager enables you to create a new model.
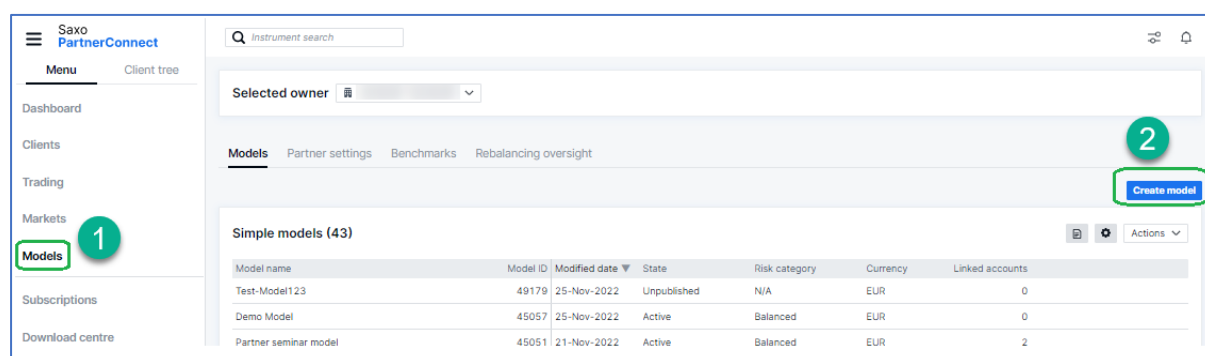
- The following general information need to be added to a new model:

  1) **Model title** (<u>mandatory field</u>) – should reflect the model in an appropriate manner.
  2) **Model description** (<u>mandatory field</u>) – the description will be presented to the advisor and the end-client.
  3) **Risk level** (optional field) - an indicative value that you can choose to assign to your model.
  4) **Benchmark** (optional field) - enables you to compare the model to the selected benchmark that is found most relevant for the comparable purpose. Benchmarks can be created manually in the 'Benchmarks' tab (please see Section 11 for more).
  5) **Management type** (<u>mandatory field</u>) - management type value selected in this field will be assigned to accounts linked to this model (for details of different management types and their implications, please see Section 14).

6) **Rebalancing frequency** (<u>mandatory field</u>) - enables you to set a schedule for automated rebalancing of all accounts linked to this model. '<u>Rebalancing day'</u> refers to the day of the week, month etc. You can also choose not to opt for automated rebalancing by selecting 'Manual' option in the dropdown (for more details on the rebalancing engine, please see Section 7).

7) **Minimum funding** (<u>mandatory field</u>) - Rebalancing will not start on accounts that have not been funded with the amount specified in this field.
It only affects initial rebalancing. If an account has been rebalanced once and the account value subsequently drops below the minimum funding amount, rebalancing will not be interrupted and will continue.
Please specify 0 in the field if you do not intend to use this feature.

8) **Maximum funding** (<u>mandatory field</u>) – it is an indicative field and has no impact on rebalancing. It must be greater than the minimum funding assigned to this model (defined in step 7).

9) **Currency** (<u>mandatory field</u>) – this field will define the currency of the model as well as the currency of the Min./Max. funding. It does not limit which instruments can be added to the model.

10) **Model image** (optional field) – an image can be added to the model which will be presented on the overview page.

11) **Model attachments** (optional field) – further documents can be added to the model which allows Partners to attach certain files relevant for the trading model.

- Adding instrument allocation to a new model
  - ➢ Only Single Stocks, Funds, Mutual Funds, ETFs, ETNs, ETCs and Cash can be added to model allocation[1].
  - ➢ **Minimum**, **Target**, and **Maximum** allocation need to be specified for each instrument, including cash (please see section 7.2 for significance of these fields in rebalancing calculations).
  - ➢ Platform will only allow you to save model allocations when the total of target allocation % adds up to <u>100%.</u>
  - ➢ The cash allowance in the bottom of *instrument adding/allocation setup*, will have a specific acceptance range[2].

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[1] The Partner level product selector defining which types of instruments that can be added to models is configurable. Please contact Saxo Bank for changes to the allowed product types for models.
[2] The range is defined in the 'Partner settings' tab, and only values within the Partner defined range can be allocated to the model. Please contact Saxo Bank for changing the allowance cash range.

- 'Save' and 'Submit' your changes.
- **Tags** at the bottom of the 'New model' page are **ALL** optional. It allows you to categorize the models which will help the filtering process for finding models as you can look up specific "themes"/tags.

4 Update Model

- To update a model, you need to click on the model title in the model overview page and go to the 'Model details' section.
- 'Change' tab will appear besides 'General Information' and 'Instruments'. This tab will enable you to update all parameters of this model.

- Once all changes are done, please click on 'Save' and 'Submit' to make your changes active.

5 Linking account(s) to model

- Linking one account to a model
  1) Model linking can be done at account level. From 'Client tree', select the Client and underlying account that you want to link to a model.
  2) Under 'Model actions' tab, select 'Add simple model' and you'll be presented with the full list of models to select from.


  3) The model can either be attached in which the account will rebalance *with* the model at the next rebalancing scheduled in the specific model configuration, or the account can be attached and rebalanced instantly.
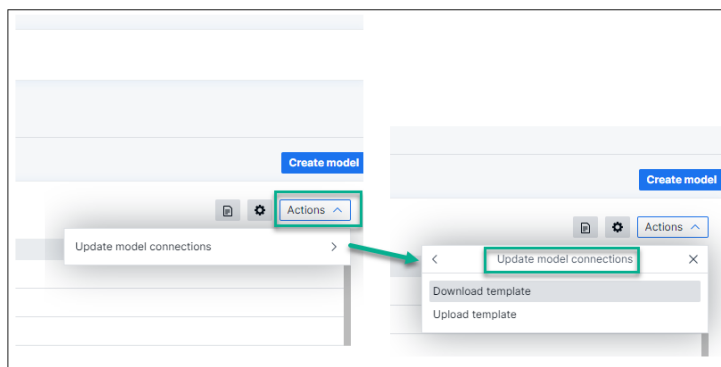
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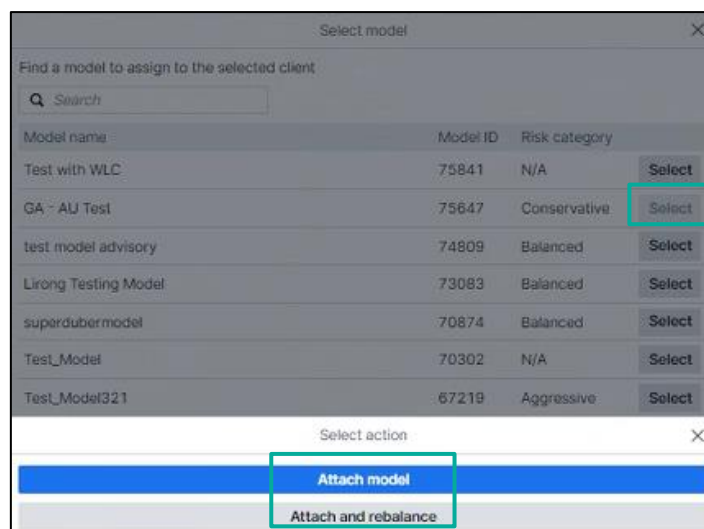
4) Once a model is linked to an account, model name will appear beside the account selector.
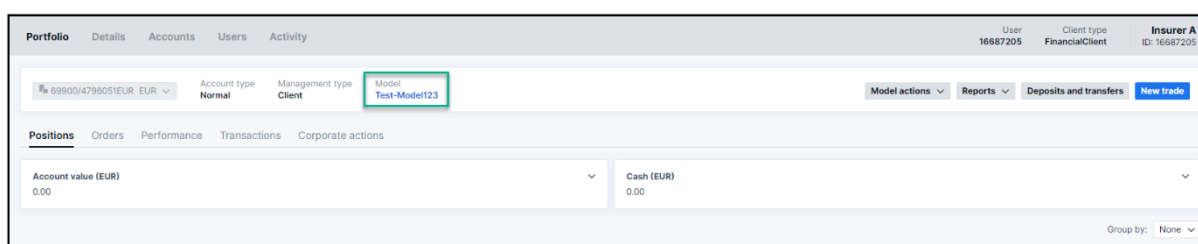
- Creating model-account linking in bulk
  1) 'Actions' tab in Model Manager enables you to create model-account linking in bulk.
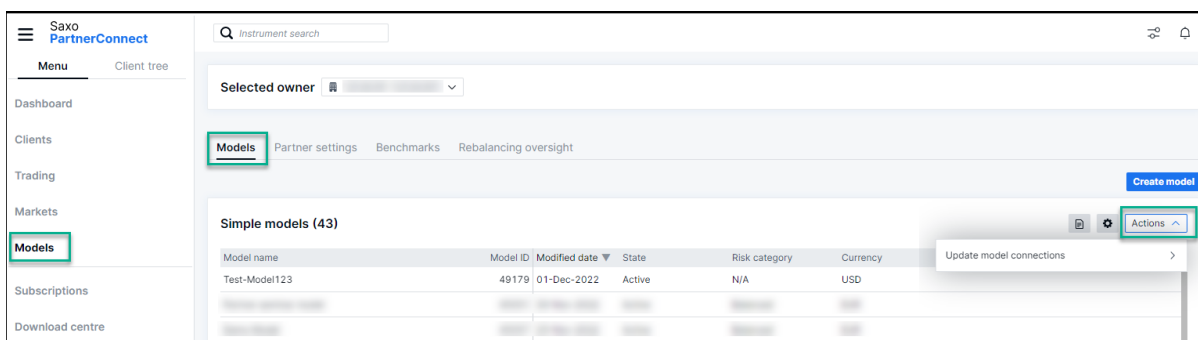
  2) Clicking on 'Update model connections' allows you to download a spreadsheet template.

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3) To execute account-model linking in bulk, you need to fill account ID and model ID in the template and upload it using 'Upload template' tab.

6 Rebalancing

6.1 Rebalancing Types

Rebalancing of account(s) can be of the following types:

- Scheduled rebalancing – This will trigger automatically on all accounts linked to a model based on rebalancing frequency defined on the model itself (Section 3, point 6). For e.g., if a Model is on 'Weekly'/'Day 1' frequency, every Monday rebalancing will automatically trigger on all accounts linked to this model.
  However, when a model is assigned 'Manual' frequency, no automated scheduled rebalancing will trigger on linked accounts. To rebalance accounts linked to these models (assigned 'Manual' frequency), you need to trigger ad-hoc rebalancing.

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- Cash breach rebalancing – You can also opt for an additional weekly automated rebalancing that will impact accounts linked to all models. If you are enabled for weekly Cash breach rebalancing (partner can specify which day of the week it should run) then on specific day of the week, rebalancing engine will pick all accounts (only model linked accounts) that are breaching on cash compared to linked model and will rebalance those accounts.

Please note: As of now scheduled rebalancing and cash breach rebalancing calculations get triggered at 08:30 GMT and orders are placed in market on the same business day. The timing of this run is subject to change in future.

*No rebalancing (both automated and ad-hoc) will be triggered on account(s) with open orders.*

6.2   Rebalancing Orders
- During all rebalancing events, algorithm will calculate order size for both 'Buy' and 'Sell' orders.
- 'Buy' orders will be created for instruments where position weight in account breaches the '*Minimum allocation %*' specified in the linked model. Rebalancing engine will create 'Buy' orders for amount/units so that post-rebalancing position weight of these instruments are close to '*Target allocation %*' and as a minimum above the Minimum allocation.
- Similarly, 'Sell' orders will be created for instruments where position weight in account breaches the '*Maximum Allocation %*' specified in the linked model. Rebalancing engine will create 'Sell' orders so that post-rebalancing position weight of these instruments are close to '*Target allocation %*' and as a minimum below the Maximum allocation.
- Cash breaches (when cash weight in account is below 'Minimum allocation %' or above 'Maximum allocation %') will also result in rebalancing orders getting created.
- Once orders are created, they will get automatically routed as 'Market Orders'. Currently there is no possibility of amending any order parameter on orders created by rebalancing engine.
- All orders created by rebalancing engine are block orders. Even when a single account is participating in rebalancing exercise, the order will get created and routed using block trading account.
- The way rebalancing order routing works is -> 'Sell' orders will go to the market first and if account(s) has sufficient buying power then 'Buy' orders will also get routed as well. If one or more account(s) participating in a 'Buy' order do not have sufficient buying power, then 'Buy' order will be held back till the time 'Sells' get executed and all participating accounts have sufficient buying power.

7   Change model on account(s)
- Change model on a single account.
  1) Model changing for a single account is done at account level, so from 'Client Tree', select the Client and underlying account that you want to switch model on.

2) Under 'Model actions' tab, select 'Change model' and you'll be presented with the full list of models to select from.
   2.1) As when linking an account to a model, the account can either change to another model and rebalance immediately or be rebalanced when the next rebalancing is scheduled for the model.
   2.2) The account can either be changed to another model that takes the generic simple format, or the model can be customized to the specific account (please see Section 6 for more information).
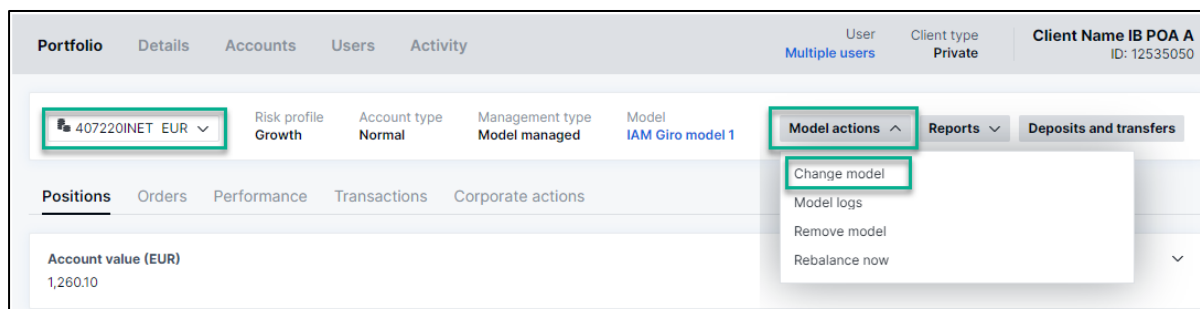
- Changing model in bulk
  1) 'Actions' tab in Model Manager enables you to switch models in bulk.
  2) Clicking on 'Update model connections' allows you to download a spreadsheet template.
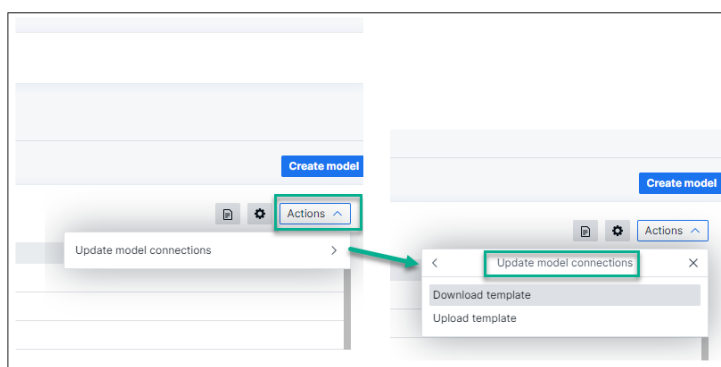
  3) To switch model in bulk, you need to fill account ID and model ID in the template and upload it using 'Upload template' tab.

8   Delinking account from model

- Select client and underlying account that you want to delink model from.
- Under 'Model Actions' tab, select 'Change model' and you'll be presented with the full list of models to select from.
- You'll be presented with the option to delink or trigger full liquidation after delinking.

o If you choose to liquidate all positions following de-linking, then the rebalancing engine will pick up this account on the same night and will route sell orders the next business day to sell off all positions.

o If you choose to delink, the account will keep all the instruments but will no longer be rebalanced nor follow the model, thus be completely separated.

9 Cash withdrawal from model linked account*

1) Cash withdrawal from a model linked account can be triggered from 'Deposits and transfers' button on single client view.

2) Select 'Withdraw funds' tab, fill in the amount you want to withdraw from account and hit on 'Transfer' button.

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* The cash withdrawal feature is not available to WLCs/IMAs

3) Once you click on 'Transfer', rebalancing engine will pick the request on the same night and if account does not have sufficient cash, then 'Sell' orders will be created and routed to market the next business day. Once sell orders get executed, rebalancing engine will trigger a movement of cash to external account belonging to this client (external account details can be verified in 'Deposits and transfers' tab).

10 Benchmarking

- You can create benchmarks by combining different indices and assigning weights to each.

- A benchmark can then be linked to a model using 'General Information' amend module on model details screen.

11 Monitoring

You can view rebalancing orders and their execution status in Order Status tab under Rebalancing oversight module.

12 Archiving Models

- Models can be archived, as an alternative to being deleted. For a model to be archived, it is required that the model:
  1) Is delinked from **all** accounts and mixed models.
  2) Has the status of being '**Active**'.

- Select 'Confirm' and the model is archived. It is now stored in the system and can be found and re-published from the 'Archived models' tab.

13 Management Types

Below are the management types available:

- Model Managed – Neither end-client nor partner users can place single/block orders on Model Managed accounts. These accounts can only be rebalanced.
- Discretionary – End-clients cannot trade but partner users are able to place single/block orders on accounts with this management type. These accounts can be linked to a model and rebalanced.

Account Management Type	End-client users		Partner users	
	Can Trade	Will receive In-Platform trade notifications	Can Trade (single and block orders)	Rebalancing
Model Managed	No	No	No	Yes
Discretionary	No	No	Yes	Yes

14 Partial Liquidation*

- *: This feature will be available to all partners in Q3
- This feature will enable users to partially liquidate their model linked accounts. Users will be able to specify the amount that they want to liquidate. Rebalancing engine will create 'Sell' orders to make specified cash amount available in the account and will also ensure that account is aligned to model.

15 Roles

- The following roles will be applicable in the Model Manager flow. Separating the role accesses will allow for increased compliance and control.

Role	ID	Description
UserRole. + Model&BenchmarkView	502	Gives access to view Models & Benchmarks
UserRole. + ModelManager	489	Gives access to create and amend Models
UserRole. + BenchmarkManager	490	Gives access to create and amend Benchmarks
UserRole. + ModelLinker	491	Gives access to link accounts to Models