

Understanding Rebalancing



WRAP Quick Guide

For adviser use only.

What is the purpose of a rebalance?

Rebalancing is used to bring a client back in line with their set target allocation. This means the platform will sell units in funds that are over their allocation and buy funds that are under their allocation according to the client target allocation.

How do I set up Target Allocation?

Individual Rebalancing

New Clients/New Business

Target Allocation is set via the investment selection on New Business Process.

Existing Clients

You can amend the Target Allocation via:

Clients > Menu System > Target Allocation

Bulk Rebalancing

Existing Clients

You can do this via:

Business Management > Menu System > Model Portfolios > Attach /Remove Clients

How do I view Target Allocation?

- Clients > Menu System > Investments > Target Allocation
- Clients > Menu System > Investments > Rebalance > Step 2
- Client Review Report – include target
- For Model Portfolios only – Business Management > Menu System > Investments > Model Portfolios > Attach / Remove Clients

How long does a Rebalance take?

Once you place a rebalance, the buy and sell deals are placed at the next available valuation point for each fund (please refer to our T&Cs for more information).

Deals are carried out simultaneously to reduce time out of the market.

Note – simultaneous trading can be subject to market movements resulting in higher or lower cash allocation. To manage any negative/surplus cash, please refer to our [Managing Cash on Wrap guide](#).

As buy and sell trades still need to settle, the total time for a Rebalance to complete can be up to 10 working days.

To check when this will complete go to:

Rebalance in Clients > Menu > Deals/Switches and search for the deal.

Once the deals are set to "complete", we have finalised the fund pricing point and the resulting trades will complete 2-3 working days thereafter.

You can also check the **Contract Notes** in clients documents.

Individual vs Bulk Rebalance?

With bulk rebalancing you have the option to rebalance more than one client at one time. The key differences are:

Feature	Individual	Bulk
Exclude product(s)	Yes	Yes
Exclude fund(s)	Yes	No
Include stocks, shares, equities & gilts	Yes	No
Redirection of regular premiums ¹	No	Yes
Access to a full review report	Yes	Yes
Resumable In Progress process	Yes	No

¹ Multiple regular payments into a product will not be updated by the bulk rebalance process e.g. Individual and Employer.

Note – If you have clients with holdings that need to be managed holistically, it's best practice to use the individual rebalancing tool.

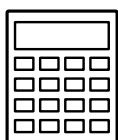
Understanding Rebalancing

How do I process an Individual Rebalance?

There are several options that give you flexibility on managing different client scenarios. You can use one or a combination of these options to suit your client needs.

Check and set the target allocation you wish to rebalance to:

- **Clients > Menu System > Investments > Target Allocation**
- The current target allocation for each product will be displayed
- This may not include any re-registered holdings or fund changes done outwith a new business wizards (e.g. buy/sell/switch deal) so factor these in to the target allocation either by adding them here or excluding them in the rebalance step itself
- Click Edit to then refresh/amend the target allocation for each product
- Click save to confirm changes
- Go to **Clients > Menu System > Investments > Rebalance**

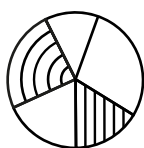


Step 1: Review External Assets

Update values of any external products you've added to the platform for reporting purposes.

These will be included in the client review report at the end.

Address any open orders, non-tradeable funds and/or negative balances



Step 2: Rebalance

- All products appear along the top.
- Check selected model portfolio name appears under each product if applicable
- All current and new funds appear down the left hand side
- Exclude any product(s) or holding(s) if required then click 'recalculate'.

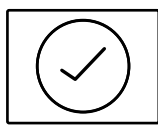


Step 3: Review

Check recommended transactions for each product and ensure any exclusions have pulled through.

Generate 'Client Review Report' for your required date range.

Save and Exit pending client authority to proceed.



Step 4: Implement

Once authority has been received, go to **Clients > Activity** and resume the rebalance process.

Click through each step to the review and execute page. Check.

Tick final declaration(s) and implement.

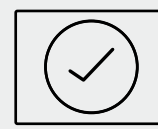
Update any regular instructions in line with the new target allocation:

SIPP

- Go to **Clients > Summary > Product > Regular Payment In** to cancel regular payments and/or withdrawals
- Using the details from the cancelled regular instruction, set regular payments back up through **Clients > Menu System > Product > Payments > Existing Client New Business**

ISA/PP

- To cancel any other regular buy or sell deals
 - go to **Clients > Product > Quick Actions > Edit Regular Payment**



Understanding Rebalancing

How do I process a Bulk Rebalance?

Step 1:

Check and set the target allocation you wish to rebalance to:

- You can do this client by client via the **Clients > Menu System > Investments > Target Allocation** or
- You can do this by bulk via the **Business Management > Menu System > Investments > Model Portfolio > Attach / Remove Clients**

Attaching new clients:

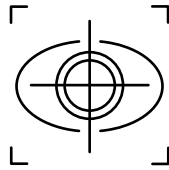
- Under **Business Management > Menu System > Investments > Model Portfolio > Attach / Remove Clients**, search for the Portfolio you want to rebalance
- Select "unattached to portfolio" to give a list of all clients not attached to that portfolio.
- To attach clients to this portfolio, choose "attached" for each client and then Continue and Confirm the changes.

Select the clients you wish to rebalance: **Business Management > Menu System > Bulk > Rebalance**

- The Bulk Rebalance tool allows you to transact on every client relating to a particular adviser in your firm. If your firm has multiple advisers, this process will need to be repeated
- The tool also allows you to filter based on model portfolio, product and advice type.

Tip – Clients with a negative cash balance cannot be rebalanced.

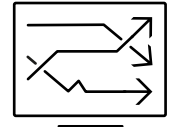
Tip – Click on Print to obtain an excel spreadsheet detailing the clients listed on the page then use the data from the following steps to build an audit trail of your bulk rebalance instruction.



Step 2: Regular Investments

The Bulk Rebalance tool allows you to update any regular buy deals for your selected clients. You must decide whether you:

- Leave the existing regular instructions in the original fund; or
- Update per the model portfolio



Step 3: Open Orders

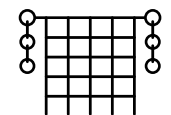
Any client with in progress deals (open orders) will be listed here.

You must choose whether you include or exclude these clients.



Step 4: Non Tradable Funds

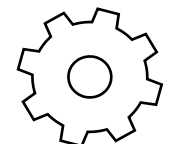
We can only rebalance on fully tradable funds. You must choose whether to include or exclude these clients.



Step 5: Rebalance

This is where the rebalance tool calculates the deals necessary to bring the client's actual allocation into line with the target that has been set for them.

Click "detail" to see the calculated deals for each client.



Step 6: Confirm

The final screen allows you to review the selections made, generate the review documents and implement the rebalance. These are available in each individual client's document library.



Example rebalance checklist

Individual Rebalancing

Client

Adviser

	Notes/actions	Initial
Date review due		
How should client be invested? (Consider investment selection and reconfirm target allocation per product wrapper)		
Any re-registered/switched funds to be excluded/ factored in?		
Any negative cash balances on the client's tax wrapper? Negative balances will need correcting before rebalancing can proceed.		
Is there a healthy cash balance for charges? (Consider charges, income from drawdown)		
Any outstanding deals, contributions or transfers that may impact on the rebalance?		
Any regular contributions/withdrawals for client? (including income drawdown)? Consider the timing of the rebalance to ensure minimal disruption.		
Generate report (run review report and issue to client)		
Confirm and submit rebalance instruction (individual or bulk) when client authority received.		
One week post rebalance check completed? Ensure you rectify any surplus cash or negative balances caused by market movements.		
Date completed		

For more information visit abrdn.com/adviser

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