GROUP NATALE
FIRM FINANCIAL & INSURANCE SERVICES

Gennaro Natale, B.A.Econ., Fin.Pl.
Financial Planner
Financial Security Advisor
Group Insurance and Group Plans Advisor

*WEALTH MANAGEMENT*

# Get your FREE Investment Portfolio Comparison Report Today

## Savings and Investments

We realized that Canadians were planning, and investing based on ***emotions*** and not on ***fundamentals.***

In an ever-changing and complex financial services world, we are committed to recommending high-quality investment products from the leading financial institutions that provide long-term value.

Our mission is clear. We help individuals to discover solutions to build, protect, preserve, enjoy their retirement, and transfer their hard-earned wealth to their loved ones since 1987.

We achieve this through the know-how of our people, resources and by contributing to the success of our clients through value-added services and by continuous investment in the improvement of our technical and managerial competence.

## Understanding your savings and investment options begins here. Ask yourself…

- When was the last time you reviewed your investment portfolio with your advisor?
- Are you satisfied with your current performance?
- Do you have your plan in place?
- Do you know your risk / return profile?
- Do you know which plan best suits your profile?
- Are you saving for and funding post-secondary education?
- Are you saving for a short-term project?
- Are you saving for retirement?
- What are the many ways to fund your retirement?
- What to do when you are ready for retirement?


- Did you know that **time** is your best ally?

Let us try to avoid retirement savings mistakes by building a strong advisor-investor partnership.

## Why work with a Financial Planner or Financial Security Advisor?

Managing your investments can be complicated. You may not be comfortable investing on your own. A Financial Planner or Financial Security Advisor can help.

A planner or advisor can create a detailed financial plan which involves:

- Assessing your current situation.
- Reviewing your current investment portfolio.
- Determining your present and future goals and needs.
- Giving expert advice on the financial products that are right for you.
- Working with the industry's leading portfolio managers with major asset under management firms.
- Building the optimal model investment portfolio that best matches your profile.
- Minimizing risk and maximizing your performance.
- Reviewing and updating your investments periodically.


Choosing the right Financial Planner or Financial Security Advisor depends on the type of assistance you need. If you need specialized advice, look for an advisor with expertise in that area.
Choose one that you are confident with and has the **experience** and **expertise** to help you reach your financial goals.

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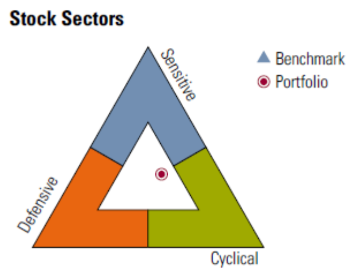
*Sample Analysis*
2020-04-29

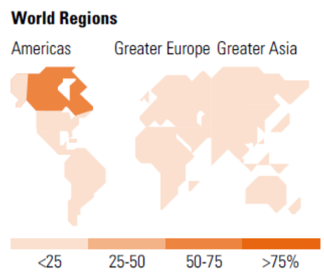
*WEALTH MANAGEMENT*

# Investment Portfolio Comparison Report

The Analyses of the current portfolio will consist of but not limited to:

- **Review of current the Asset Allocation by Asset Class vs. Proposed Model Portfolio** (Cash, Canadian Equities, US Equities, Fixed Income and other/Not Classified Assets).
- **Benchmark**
- **Stock Analysis**




- **Sector Weighting** (Cyclical, Sensitive and Defensive areas)

| Cyclical | Sensitive | Defensive |
|---|---|---|
| Basic Matls | Commun Svs | Consumer Def |
| Consumer Cycl | Energy | Healthcare |
| Financial Svs | Industrials | Utilities |
| Real Estate | Technology | |

- **Regional Exposure** (Americas, Greater Europe, and Greater Asia,)

| Americas | Greater Europe | Greater Asia |
|---|---|---|
| Canada | United Kingdom | Japan |
| United States | Europe-Developed | Australasia |
| Latin America | Europe-Emerging | Asia-Developed |
| | Africa/Middle East | Asia-Emerging |

- **Holdings**
- **Growth of $10,000**
- **Trailing Returns**
- **Annualized Returns** (Portfolio vs. Benchmark)
- **Calendar Returns**
- **Best/Worst Time Periods**
- **Risk/Reward Scatterplot**
- **Risk and Reward Statistics** over 1Yr, 3Yr, 5Yr, and 10Yr periods (Standard Deviation, Mean, Sharpe Ratio and Sortino Ratio)
- **Fundamental Analysis**
- **Performance History Graph**
- **MPT Statistics** (Alpha, Beta, R-Squared, Information Ratio and Tracking Error)
- **Portfolio Upside & Downside Capture Ratios**

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*Sample Analysis*

2020-04-29

## Analyses of current portfolio:

The current portfolio is based on the report provided by Mr. Client dated November 10,2020. We have identified that the current asset allocation is predominantly 75/25 (75% Equity and 25% Fixed Income).

The scope of this report is to analyze the current investment portfolio and compare it to our proposed model portfolio within the same asset allocation. (NB: The optimum portfolio should reflect the client's risk/return profile).

## Technical Analyses of current portfolio:

| | **Current portfolio A** | **Proposed portfolio B** |
|---|---|---|
| Portfolio trailing returns | Fair | Superior / outperform |
| Vs / Benchmark trailing returns | Fair | Outperform |
| Calendar returns | Extremely poor<br>Negative 7 years / 10 years<br>30% pass grade | Superior<br>Negative 0 year / 10 years<br>100% pass grade |
| Best / Worst Time Periods % | Fair | Outperform |
| Worst % | Poor | Outperform |
| Risk / Reward Scatterplot | Extremely poor | Superior |
| Standard Deviation (Risk/Return Statistics) | Extremely poor | Excellent / superior |
| Sharpe ratio (Risk/Return Statistics) | -0 to -1/3 | + 2X Superior |
| Alpha | Extremely poor | Superior |
| Beta | Good | Good |
| Upside / Downside Capture Ratio | Neutral | Outperform Up and Down |
| Investment Growth forecast based on initial **$667,393.00** (average aggregate) | **$1,010,000.00** | **$1,880,000.00** |
| Potential VARIANCE | | **+ $870,000.00** |

***Performance Disclosure***

*The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus, an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please visit http://advisor.morningstar.com/familyinfo.asp.*

*Source:*



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# Glossary

### What Is the **Risk/Reward Ratio?**
The risk/reward ratio marks the prospective reward an investor can earn for every dollar they risk on an investment. Many investors use risk/reward ratios to compare the expected returns of an investment with the amount of risk they must undertake to earn these returns. Consider the following example: an investment with a risk-reward ratio of 1:7 suggests that an investor is willing to risk $1, for the prospect of earning $7. Alternatively, a risk/reward ratio of 1:3 signals that an investor should expect to invest $1, for the prospect of earning $3 on their investment.

Traders often use this approach to plan which trades to take, and the ratio is calculated by dividing the amount a trader stands to lose if the price of an asset moves in an unexpected direction (the risk) by the amount of profit the trader expects to have made when the position is closed (the reward).

### What is **Alpha**
Alpha (α) is a term used in investing to describe an investment strategy's ability to beat the market, or it's "edge." Alpha is thus also often referred to as “excess return” or “abnormal rate of return,” which refers to the idea that markets are efficient, and so there is no way to systematically earn returns that exceed the broad market as a whole. Alpha is often used in conjunction with beta (the Greek letter β), which measures the broad market's overall volatility or risk, known as systematic market risk.

Alpha is used in finance as a measure of performance, indicating when a strategy, trader, or portfolio manager has managed to beat the market return over some period. Alpha, often considered the active return on an investment, gauges the performance of an investment against a market index or benchmark that is considered to represent the market’s movement as a whole. The excess return of an investment relative to the return of a benchmark index is the investment’s alpha. Alpha may be positive or negative and is the result of active investing. Beta, on the other hand, can be earned through passive index investing.

### Understanding the **Standard Deviation**
Standard deviation is a statistical measurement in finance that, when applied to the annual rate of return of an investment, sheds light on that investment's historical volatility. The greater the standard deviation of securities, the greater the variance between each price and the mean, which shows a larger price range. For example, a volatile stock has a high standard deviation, while the deviation of a stable blue-chip stock is usually rather low.

### What Does **R-Squared** Tell You?
R-squared values range from 0 to 1 and are commonly stated as percentages from 0% to 100%. An R-squared of 100% means that all movements of a security (or another dependent variable) are completely explained by movements in the index (or the independent variable(s) you are interested in).

In investing, a high R-squared, between 85% and 100%, indicates the stock or fund's performance moves relatively in line with the index. A fund with a low R-squared, at 70% or less, indicates the security does not generally follow the movements of the index. A higher R-squared value will indicate a more useful beta figure. For example, if a stock or fund has an R-squared value of close to 100%, but has a beta below 1, it is most likely offering higher risk-adjusted returns.

### What Is the **Sharpe Ratio**?
The Sharpe ratio was developed by Nobel laureate William F. Sharpe and is used to help investors understand the return of an investment compared to its risk.[1] [2] The ratio is the average return earned in excess of the risk-free rate per unit of volatility or total risk. Volatility is a measure of the price fluctuations of an asset or portfolio.

Subtracting the risk-free rate from the mean return allows an investor to better isolate the profits associated with risk-taking activities. The risk-free rate of return is the return on an investment with zero risk, meaning it's the return investors could expect for taking no risk. The yield for a U.S. Treasury bond, for example, could be used as the risk-free rate.

Generally, the greater the value of the Sharpe ratio, the more attractive the risk-adjusted return.

### What Is **Beta**?
Beta is a measure of the volatility—or systematic risk—of a security or portfolio compared to the market as a whole. Beta is used in the capital asset pricing model (CAPM), which describes the relationship between systematic risk and expected return for assets (usually stocks). CAPM is widely used as a method for pricing risky securities and for generating estimates of the expected returns of assets, considering both the risk of those assets and the cost of capital.

Beta Value Less Than One
A beta value that is less than 1.0 means that the security is theoretically less volatile than the market. Including this stock in a portfolio makes it less risky than the same portfolio without the stock. For example, utility stocks often have low betas because they tend to move more slowly than market averages.

Beta Value Greater Than One
A beta that is greater than 1.0 indicates that the security's price is theoretically more volatile than the market. For example, if a stock's beta is 1.2, it is assumed to be 20% more volatile than the market. Technology stocks and small cap stocks tend to have higher betas than the market benchmark. This indicates that adding the stock to a portfolio will increase the portfolio’s risk but may also increase its expected return.

### What Is **Upside/Downside Capture Ratio**?
An upside capture ratio over 100 indicates a fund has generally outperformed the benchmark during periods of positive returns for the benchmark. Meanwhile, a downside capture ratio of less than 100 indicates that a fund has lost less than its benchmark in periods when the benchmark has been in the red.

Source: Investopedia, Morningstar Inc.