

Portfolio Diagnostic Report

Client Name: _____ Account Number: _____

Date: _____ Investment Objective: _____

Registration: _____ Risk Tolerance: _____

Time Horizon: _____

Analyst Observations:

The portfolio has been reviewed by the analyst for:

- Individual Funds Allocations Objectives Risk Parameters Expenses

Summary: _____

Recommendations:

- Hold existing positions as allocations are within desired parameters. Funds are performing well relative to their respective categories and market conditions.
- Reallocate - Sell/Buy/Exchange

Notes: _____

Disclosure: The figures and time frames referred to in this portfolio diagnostic refer to the last 10 years as provided by Morningstar Advisor Workstation's software program. Although these figures and parameters apply to the portfolio you may currently own, you most likely did not own the same funds and/or allocations for the full 10 years. Therefore, this report gives us research data for a better prospect for planning purposes only. Historical data, standards and performance are no guarantee of future positions, parameters or performance.

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Benchmark Index: NYSE Composite PR, Bloomberg Barclays Capital US Aggregate Bond TR USD

Current Portfolio Details:

Overall Portfolio Allocations:

Cash	<input type="text"/>	%	US Stocks	<input type="text"/>	%	Non-US Stocks	<input type="text"/>	%	Bonds	<input type="text"/>	%	Others	<input type="text"/>	%
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Total securities in the portfolio	<input type="text"/>	Total holdings	<input type="text"/>	Total fund companies	<input type="text"/>
(We prefer to have a minimum of 5 different fund companies in a portfolio)					

Top five holdings with percentage allocation (Generally, we suggest an upper limit of 25% allocation to a particular fund):	
1) _____	_____ %
2) _____	_____ %
3) _____	_____ %
4) _____	_____ %
5) _____	_____ %

Combined Portfolio Yield % (Yield represents the annual percentage measure of income (dividends and interest) earned for the most recent 12 months. Does not include capital gains distribution or capital appreciation. This figure is net of fund's expenses).

Average net portfolio expenses (The expense ratio refers to the fees charged by mutual fund companies to operate a mutual fund. Client's total expense includes the above expense ratio plus the investment management fee charged by the advisor).

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Risk/Return Statistics:

<u>Standard Deviation:</u>	Portfolio	3yrs	<input style="width: 80%;" type="text"/>	5yrs	<input style="width: 80%;" type="text"/>	10 yrs	<input style="width: 80%;" type="text"/>
	Benchmark	3yrs	<input style="width: 80%;" type="text"/>	5yrs	<input style="width: 80%;" type="text"/>	10 yrs	<input style="width: 80%;" type="text"/>

(Standard Deviation measures the volatility of an investment's return for a certain period of time. A high standard deviation implies high fluctuations in returns over a time period while a low standard deviation implies more consistent returns over the time period)
 We prefer the standard deviation to be less than 9. (This is relative pattern of risk and fluctuation over the prior years).

Risk Tolerance:

Conservative (SD < 5)	Moderately Aggressive (SD 11-15)
Moderately Conservative (SD 5-8)	Aggressive (SD > 15)
Moderate (SD 8-11)	

If the portfolio standard deviation value lies outside the range by 1 point or less, we do not recommend any reallocations.

<u>Beta:</u>	Portfolio	3yrs	<input style="width: 80%;" type="text"/>	5yrs	<input style="width: 80%;" type="text"/>	10yrs	<input style="width: 80%;" type="text"/>
	Benchmark	3yrs	<input style="width: 80%; text-align: center; font-weight: bold;" type="text" value="1.0"/>	5yrs	<input style="width: 80%; text-align: center; font-weight: bold;" type="text" value="1.0"/>	10yrs	<input style="width: 80%; text-align: center; font-weight: bold;" type="text" value="1.0"/>

(Beta is a measure of risk arising from market movements. The beta of the market is 1 by definition. A beta greater than 1 indicates that the investment is riskier than the market while a beta less than 1 indicates that an investment's market related risk is low. Beta is a useful measure only when the portfolio has high correlation with the benchmark, i.e, the portfolio has a high R squared value when compared to the benchmark).
 We prefer the portfolio beta to be less than 1. A lower number tells us that the risk is lower than that of the market.

<u>Alpha:</u>	Portfolio	3yrs	<input style="width: 80%;" type="text"/>	5yrs	<input style="width: 80%;" type="text"/>	10yrs	<input style="width: 80%;" type="text"/>
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(Alpha is often considered to represent the value that a portfolio manager adds to or subtracts from a fund's return. A positive alpha of 1.0 means the fund has outperformed its benchmark index by 1% while a similar negative alpha would indicate an underperformance of 1%. Again, alpha is a useful measure only when the portfolio has high correlation with the benchmark, i.e, the portfolio has a high R squared value when compared to the benchmark).
 Value greater than 0 is always desired.

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Sharpe Ratio:

Portfolio

3yrs

5yrs

10yrs

(Sharpe ratio measures the portfolio's risk adjusted performance, meaning, the ratio describes the excess return earned for the additional risk taken).

Higher the sharpe ratio of an investment, better it is.

R Squared:

Portfolio

3yrs

5yrs

10yrs

(R squared measures the percentage of the portfolio's performance explained by the movements in the Benchmark Index. It is measured on a scale of 0 to 100. 100 indicates that the portfolio's movement is completely determined by the movement in the Benchmark Index while 0 indicates no correlation).

We do not prefer the portfolio to be highly correlated with the market.

Largest Bond Holdings:

AAA

AA

A

BBB

BB

B

Below B

Not Rated

(Higher rating indicates high quality investment grade bonds that have low risk of default. AAA and AA are considered high credit quality, A and BBB are medium credit quality and the bonds below these designations are low credit quality or junk bonds).

We prefer at least 50% of the bonds to be rated BBB or above.

Average Effective Duration

Average Effective Bond Maturities

Total Bond Market Avg Duration

Total Bond Market Avg Maturity

(Duration measures the change in the value of a bond for a 1% change in interest rates. When interest rates rise, bonds will fall in value and when interest rates fall, bond value increases. The lower/shorter the duration/maturities, lower the risk of price decline).

We prefer the duration to be less than 5.

Recommendations made by: _____
(Senior Portfolio Analyst)

Date _____

Recommendations made by: _____
(Senior Advisor)

Date _____