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All Jane Client Plans

Prepared by Joe Advisor on the 14th Dec 2006

All Jane Client Plans Portfolio vs Fund Averages & Indices

	This	Portfolio's	Stats	Average	Portfolio's	Stats	Comparative	Indices'	Stats
Timespan	*3 year*	*5 year*	*10 year*	*3 year*	*5 year*	*10 year*	*3 year*	*5 year*	*10 year*
ROR	10.8%	8.9%	**7.7%**	11.9%	8.7%	7.9%	15.4%	11.5%	9.1%
StDev Monthly	1.8%	2.5%	**3.0%**	1.9%	2.2%	2.8%	2.3%	2.6%	3.7%
StDev Annually	6.2%	8.7%	**10.4%**	6.6%	7.6%	9.6%	7.8%	9.1%	12.7%

All Time Periods - Last 10 Years (120 mths ending 31st Oct 2006)

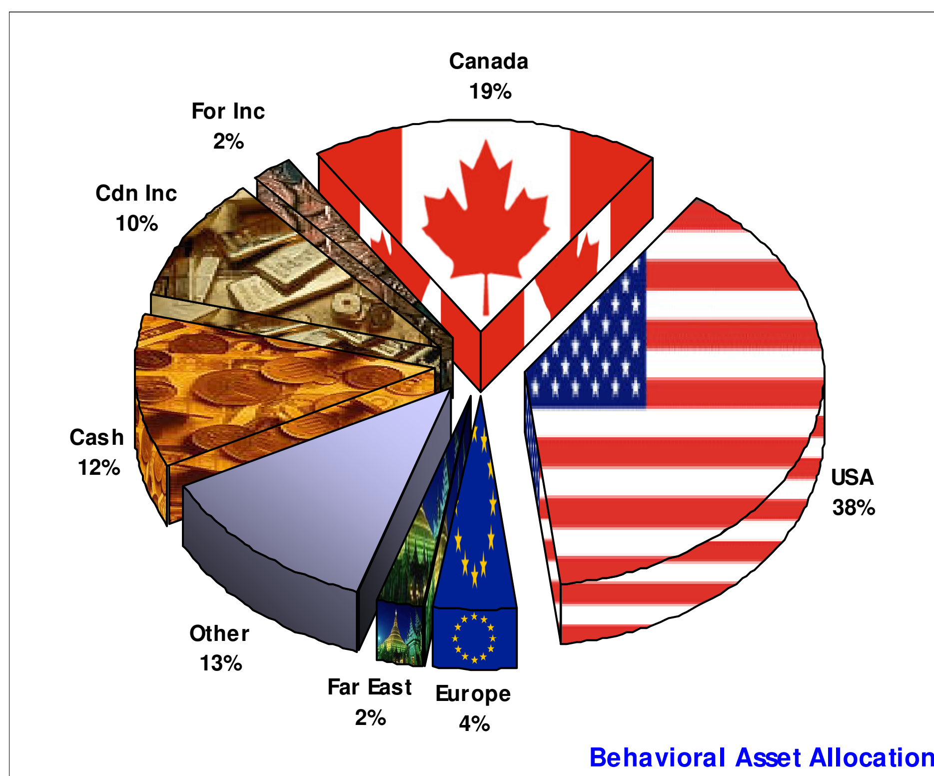
	1 Month	*3 Months*	*1 Year*	*3 Years*	*5 Years*
Worst Return	-13.3%	-17.9%	-15.7%	-0.3%	1.0%
Best Return	7.4%	11.1%	29.2%	14.9%	8.9%
Average Return	0.7%	1.9%	6.8%	6.7%	5.8%
% Chance of losing money	38%	31%	26%	1%	0%
Total Periods	120	118	109	85	61

This table breaks portfolio's performance down into discrete time periods. For example, there were 109 continuous 12 month periods in the last 120 months. During the worst of those periods, this portfolio would have returned -15.7%, while the best would have returned 29.2%. The average of those 109 one-year periods would have been 6.8%.

This Portfolio's 10yr Maximum Drawdown would have been 19%, with a recovery of 16 months.

Portfolio Report Card (Moderate Risk Profile)		Remarks
ROR vs Indices	F	This portfolio would have yielded less than its Indices benchmark over the last 10 Years: 7.7% vs. 9.1%
ROR vs Peers	C	This portfolio has yielded poorer 10 Year returns than its peer group benchmark: 7.7% vs. 7.9%
Volatility vs Indices	A	You would have experienced 82% of the risk of being in the corresponding Indices: 10.4% vs. 12.7% StDev
Volatility vs Peers	D	You would have experienced 8% more risk than being invested in an average portfolio of peer funds: 10.4% vs. 9.6% annual StDev
RAR vs Peers	D	The combined Performance Rating of your managers over 5 years has been 45%, which is quite average
Asset Efficiency	C	Variations from a model portfolio: Cash 11.7%; Cdn Inc 9.5%; For Inc 2.2%; Canada 18.7%; USA 38.5%; Europe 4.4%; Far East 2.5%
Equity Style Diversification	B	42.4% of the equity in this portfolio is Value & GARP, while 57.6% is Growth
Correlation Effect	D	The Overall Risk Reduction from Correlation over the last 10 Years would have been 10%

Assets



- Asset breakdown according to 7 Classes: the income classes of **Cash, Cdn Inc, For Inc**; the regional equity classes of **Canada, USA, Europe, Far East**., which cover about 95% of the world stock markets; and the Special Asset classes: **Real Estate, Hedge**.

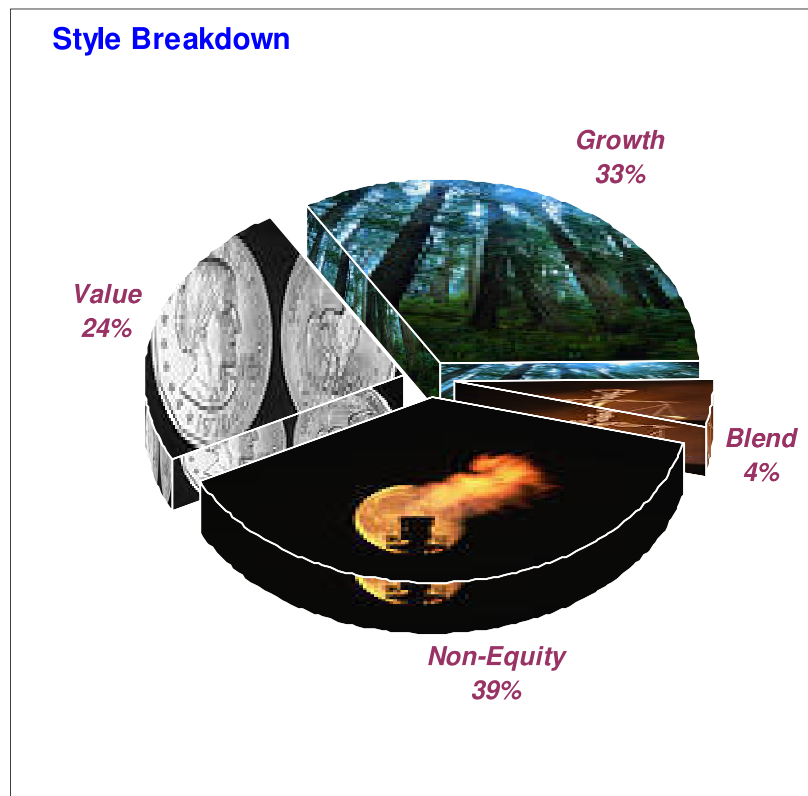
	Actual	Optimal Asset Mix	Difference
Cash	12%	0%	12%
Cdn Inc	10%	0%	10%
For Inc	2%	0%	2%
Canada	19%	0%	19%
USA	39%	0%	39%
Europe	4%	0%	4%
Far East	2%	0%	2%
Other	13%	N/A	
Hedge	0%	0%	0%

- The asset breakdown is taken from the closest point on an Optimal Asset Mix efficiency frontier to the 8.7% 5yr annual StDev of this portfolio.

- The optimal breakdown is meant to give an idea of which combination of the 7 major asset classes shown here (excluding Other) would have produced the most return for this risk level over the last 30 years. **NB** Mutual funds are usually quite complex, and are rarely 100% consistent in their asset makeup, eg. a Canadian equity fund is going to contain fluctuating levels of cash and foreign content, and will rarely or never be 100% Canadian Equity. This means **a portfolio's real asset makeup is always going to vary from an ideal model**, which should therefore only be used as a rough guide to efficiency.

- The **Other** illustrates how difficult it is to chop mutual funds nicely up into broad categories: it represents influences that don't fit into the above 7 components, like equity markets such as Latin America (0%), or special assets like Hedge and Real Estate (0%). With these qualifiers in mind, this portfolio *seems* to have **an efficient asset makeup**.

Management Style



- **Equity Management Style**: Value, Growth, Blend, and Non-Equity …

- **Value Style** Management concentrates on buying companies that seem to be cheaply or reasonably priced relative to similar companies. Value managers tend to be patient bargain-hunters who won't gamble too much for the chance of high returns. To reduce the chance of being over-valued, the companies they invest in tend to have a lower P/E (Price to Earnings) Ratio than Growth companies, and are generally less volatile. **42.4%** of the equity in this portfolio is Value & GARP.

- **GARP**, or Growth At a Reasonable Price, is a Value style variant which, while still focusing on undervalued stocks, will factor in a growth potential beyond a company's current intrinsic value. **NB** GARP content is included under the Value percentage on the chart.

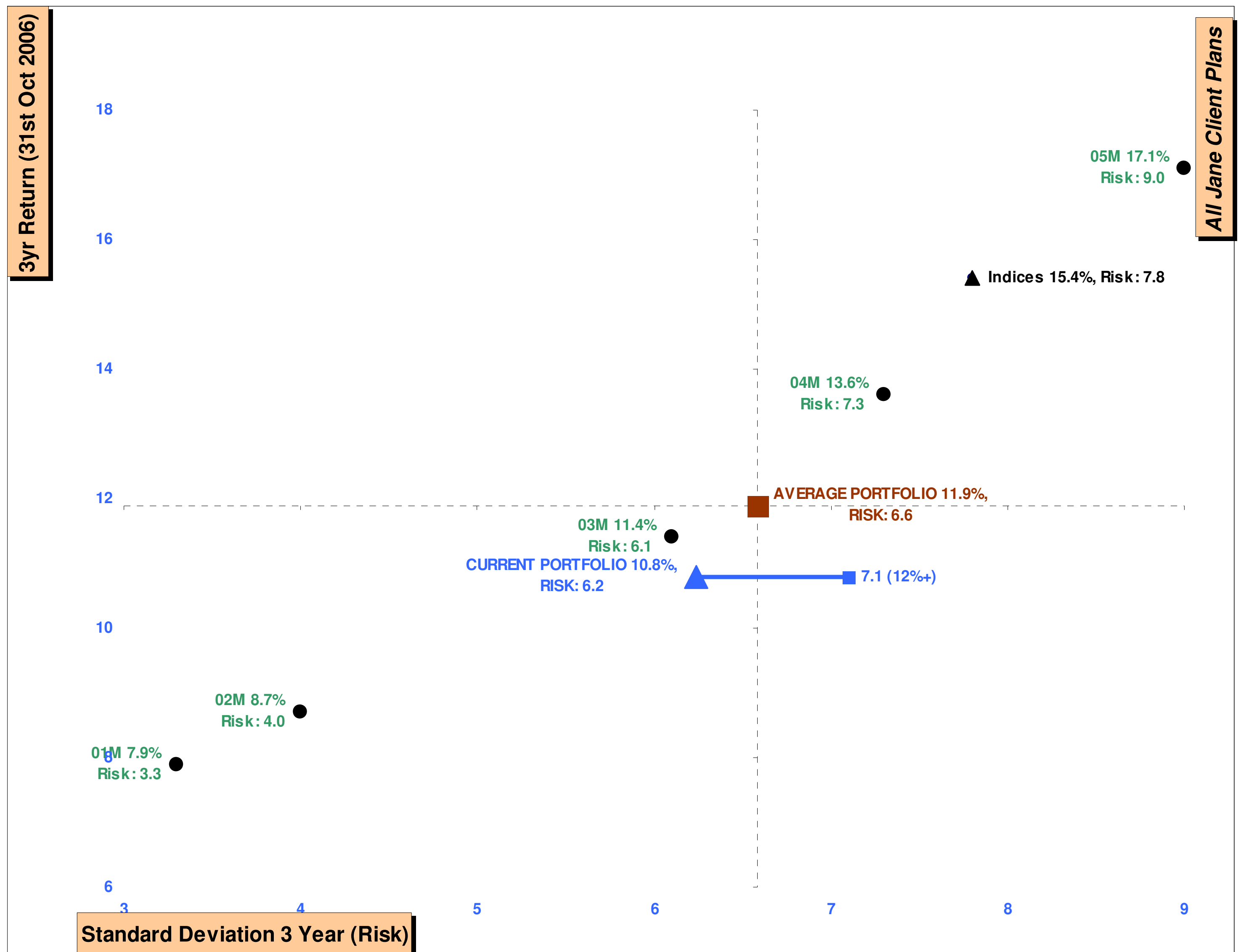
- **Growth Style** Management concentrates on buying companies that promise faster growth potential than Value companies, with greater shorter-term upside, hence the name. As the focus is on the expectations of revenue Growth, these companies may have a higher P/E Ratio than Value companies, and may also be more volatile. **57.6%** of the equity in this portfolio is managed under a Growth style.

- **Blend Style** Management doesn't have a detectable bias towards either of the main two Styles, but will buy companies that seem to fit the criteria for either. For the purposes of this analysis any Blend components will be split 50-50 between Growth and Value.

- **Non-Equity** reflects the elements in this portfolio that aren't applicable for equity style analysis, such as Cash, Bonds and other Income products. This would also incorporate any so-called *hard assets* such as **Oil** and **Gold**. This will include not only the hard assets themselves, but also any companies whose share valuation is dependent upon the performance of hard assets. Oil and gold-mining companies are obvious examples, but the value of companies that supply mining or shipping equipment to oil companies would fluctuate in line with these hard assets, and would therefore be included in this category.

- There is a distinct Growth-Bias to the equity in this portfolio.

3yr Risk vs Return



- This portfolio's 6.2% Annual StDev could be considered suitable for a Moderately Conservative Portfolio. This risk level is similar to an Average Global Balanced Fund, which had an Annual StDev of 5.8%, and a 3yr annual ROR of 6.9%. The class breakdown for this Portfolio is:. These weightings are used to create **a unique benchmark** of fund class averages for this portfolio (shown by the cross-hairs).

- The **Risk Reduction Line** represents the **volatility dampening** the portfolio receives from correlation. The right side of the line is the weighted sum of all the individual funds' volatilities (measured in 3yr Standard Deviations), while the left hand side is the **real volatility** of the overall portfolio. The greater the difference between the two the lower the overall correlation of the portfolio, and therefore the more risk reduction you'd be benefiting from. For this Portfolio, the Overall Risk Reduction from Correlation over the last 3 Years would have been 12%.

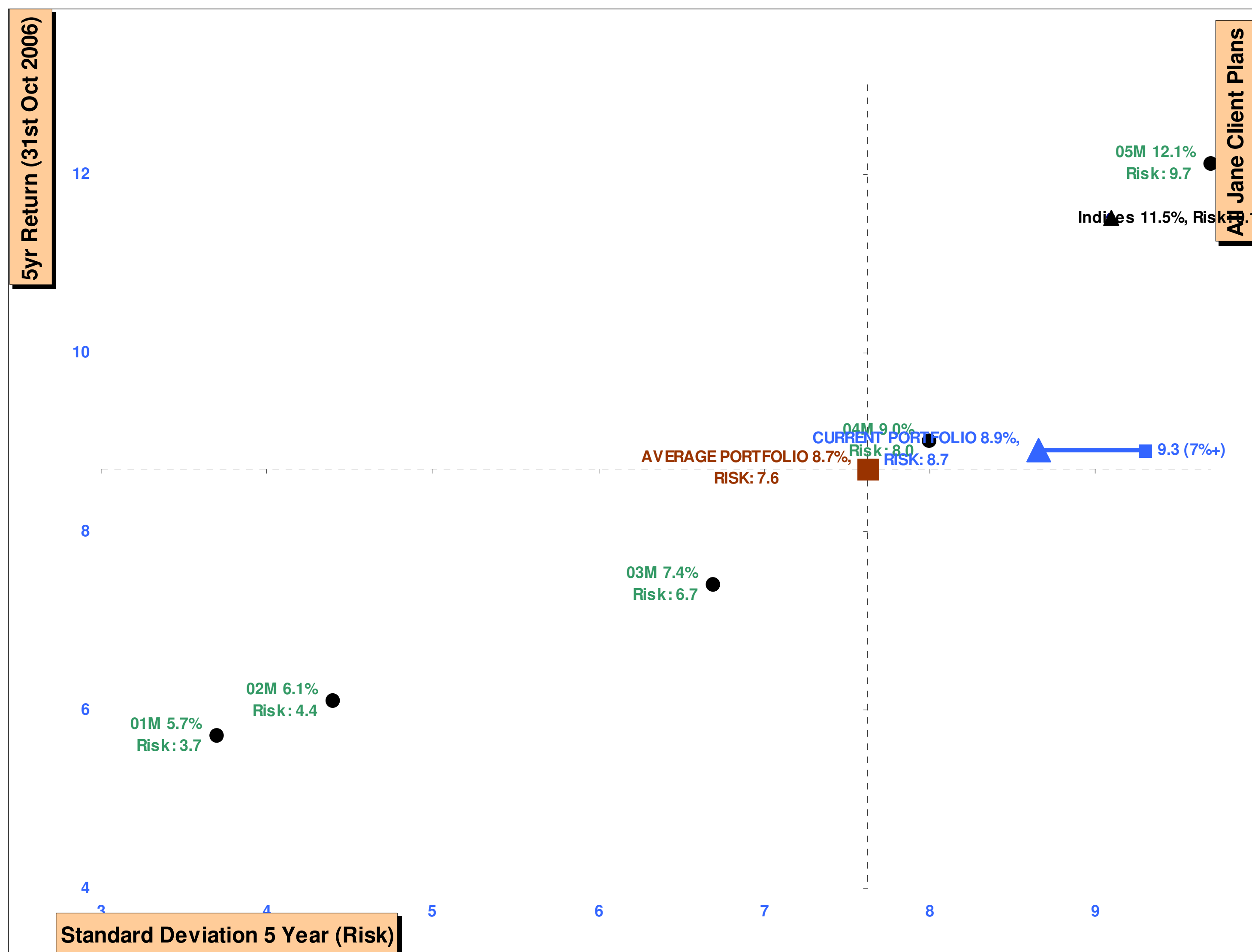
- (●) The size of the yellow circle surrounding each investment represents its relative size within the portfolio.

- (▲) Check the **Triangle** on the Risk vs. Return chart (which represents what this portfolio would have done over the past 3yrs) and then compare it to the **Square** of the cross-hairs, which represents the weighted average of the fund class risk (6.6%) and returns (11.9%) for the 3yr time period of this chart.

- (■) **You can see that this portfolio has yielded poorer 3 Year returns than its benchmark**, showing that these fund managers are NOT adding value relative to their peers.

- (▲) Having quality managers looking after assets is usually better than having the same assets out in the unprotected markets - you'd have had **80% of the risk** (6.2% vs. 7.8% annual StDev) of being invested directly in the Indices.

5yr Risk vs Return



- This portfolio's 8.7% Annual StDev could be considered suitable for a Balanced Portfolio. This risk level is similar to an Average Global Balanced - Equity Focus Fund, which had an Annual StDev of 8.6%, and a 5yr Annual ROR of 4.1%. The class breakdown for this Portfolio is:. These weightings are used to create **a unique benchmark** of fund class averages for this portfolio (shown by the cross-hairs).

- The **Risk Reduction Line** represents the **volatility dampening** the portfolio receives from correlation. The right side of the line is the weighted sum of all the individual funds' volatilities (measured in 5yr Standard Deviations), while the left hand side is the **real volatility** of the overall portfolio. The greater the difference between the two the lower the overall correlation of the portfolio, and therefore the more risk reduction you'd be benefiting from. For this Portfolio, **the Overall Risk Reduction from Correlation over the last 5 Years would have been 7%**

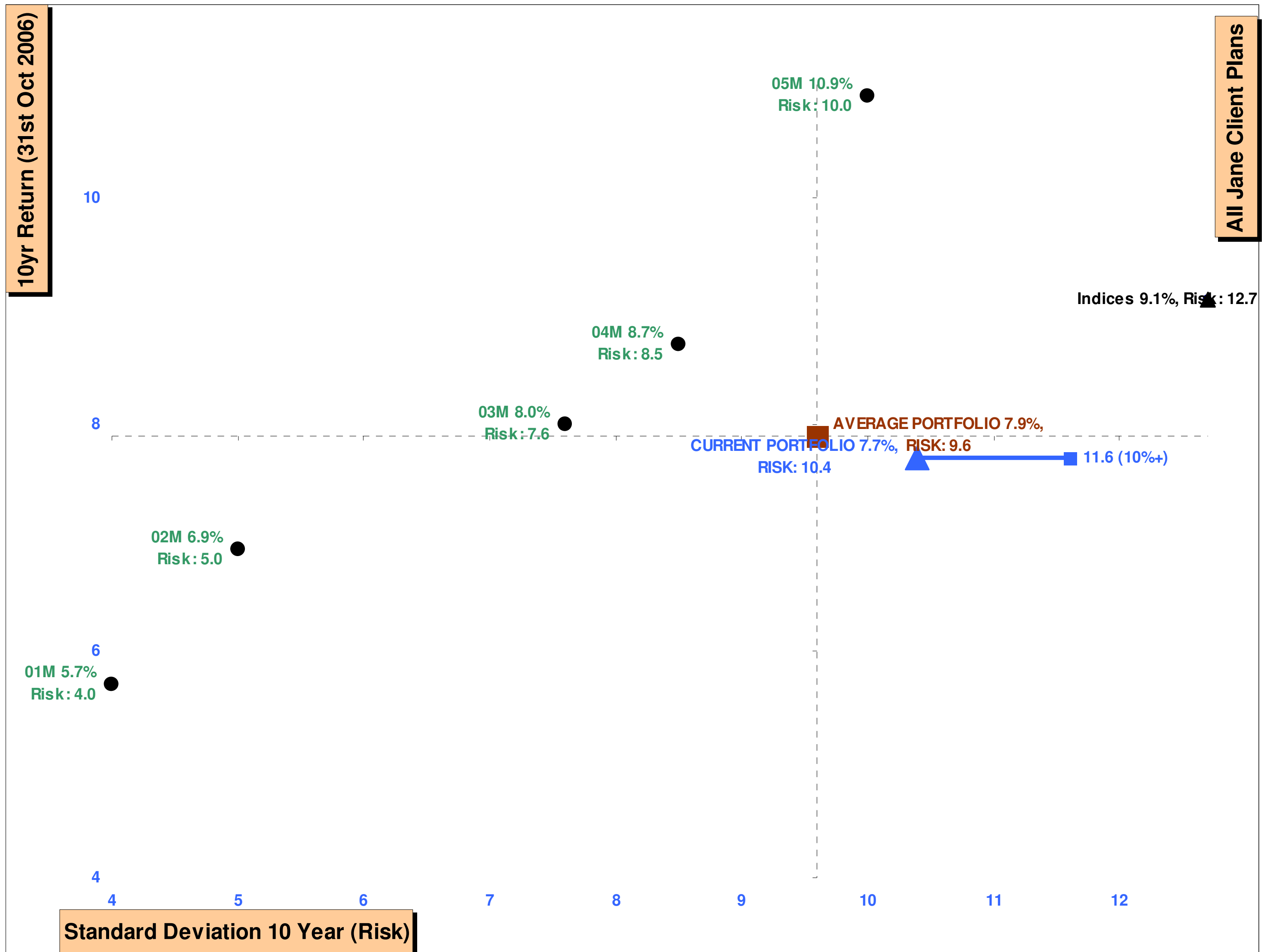
- (●) The size of the yellow circle surrounding each investment represents its relative size within the portfolio.

- (▲) Check the **Triangle** on the Risk vs. Return chart (which represents what this portfolio would have done over the past 5yrs) and then compare it to the **Square** of the cross-hairs, which represents the weighted average of the fund class risk (7.6%) and returns (8.7%) for the 5yr time period of this chart.

- (■) You can see that this portfolio has yielded greater 5 Year returns than its benchmark, showing that these fund managers are adding value relative to their peers.

- (▲) Having quality managers looking after assets is usually better than having the same assets out in the unprotected markets - you'd have had **95% of the risk** (8.7% vs. 9.1% annual StDev) of being invested directly in the Indices.

10yr Risk vs Return



- This portfolio's 10.4% Annual StDev could be considered suitable for a Balanced Growth Portfolio. This risk level is similar to an Average Canadian Dividend Fund, which had an 10yr Annual StDev of 10.1%, and a 10yr Annual ROR of 11.0%. The class breakdown for this Portfolio is:. These weightings are used to create **a unique benchmark** of fund class averages for this portfolio (shown by the cross-hairs).

- The **Risk Reduction Line** represents the **volatility dampening** the portfolio receives from correlation. The right side of the line is the weighted sum of all the individual funds' volatilities (measured in 10yr Standard Deviations), while the left hand side is the **real volatility** of the overall portfolio. The greater the difference between the two the lower the overall correlation of the portfolio, and therefore the more risk reduction you'd be benefiting from. For this Portfolio, the Overall Risk Reduction from Correlation over the last 10 Years would have been 10%.

- (●) The size of the yellow circle surrounding each investment represents its relative size within the portfolio.

- (▲) Check the **Triangle** on the Risk vs. Return chart (which represents what this portfolio would have done over the past 10yrs) and then compare it to the **Square** of the cross-hairs, which represents the weighted average of the fund class risk (9.6%) and returns (7.9%) for the 10yr time period of this chart.

- (■) **You can see that this portfolio has yielded poorer 10 Year returns than its benchmark**, showing that these fund managers are not adding value relative to their peers.

- (▲) Having quality managers looking after assets is usually better than having the same assets out in the unprotected markets - you'd have had **82% of the risk** (10.4% vs. 12.7% annual StDev) of being invested directly in the Indices.

Correlation Grid

Fund Correlation for All Jane Client Plans (0 Fund)

Shaded squares indicate high correlation between the two intersecting funds (0.85 or higher)
The range is from a perfect correlation of 1, down to -1. Bolded numbers indicate low correlation (0.4 or lower)
Italicized numbers indicate that less than 60 months of data was available for correlation (check parentheses after fund name)

	1	2	3
1.) Current Portfolio	1.00	0.92	0.86
2.) Average Portfolio		1.00	0.93
3.) Indices			1.00

- Each number in the grid shows how the two intersecting funds correlate with each other. The range is from a perfect correlation of 1, down to -1. If the number is negative, it means that each month of the last 5 years the two intersecting assets would have moved in opposite directions more often than not: so when one of them went up in value, the other would likely have gone down in value.

- The closer the number is to -1, the more likely they would move in opposite directions, until, if the number is -1, it would mean that when one of these two assets went up, the other always went down! However perfect negative correlation (-1) almost never happens in reality over an extended period of time.

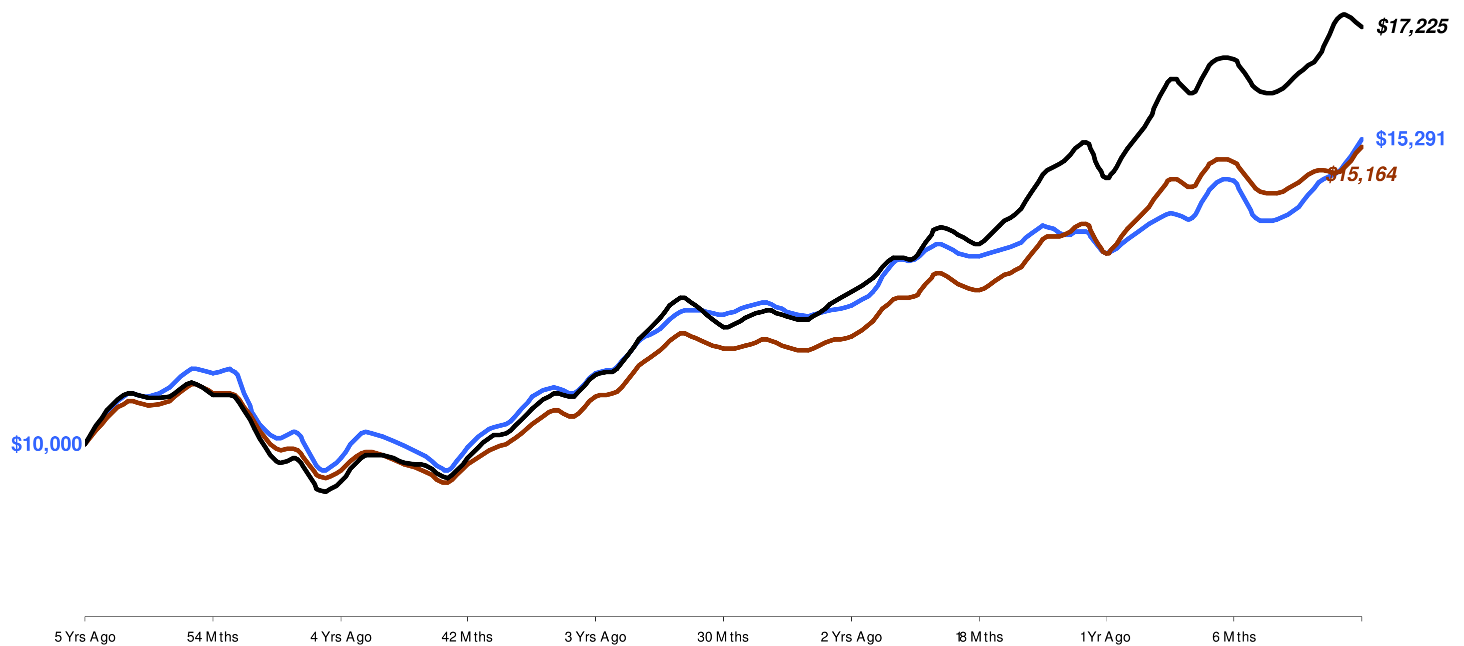
- Of course the reverse is true on the positive scale: the closer the correlation number is to 1, the more often the returns of the funds move in the same direction each month

- Being closer to 1 indicates HIGH correlation, and being closer to ZERO indicates LOW correlation. Zero itself represents NO correlation - this means statistics can't find any coherent relationship between the returns of the two funds!

- **Why is Correlation important?** Correlation measures the diversification of your portfolio in hard numbers. It doesn't care about the names of the funds, or what their managers and companies say about them - it simply asks how often two funds zig and zag together as the markets go up and down. If funds go up and down together most of the time, they are not well diversified from each other. This is why **we need a degree of Low Correlation in a well-constructed portfolio**.

- For this Portfolio, the Overall Risk Reduction from Correlation over the last 5 Years would have been 7%

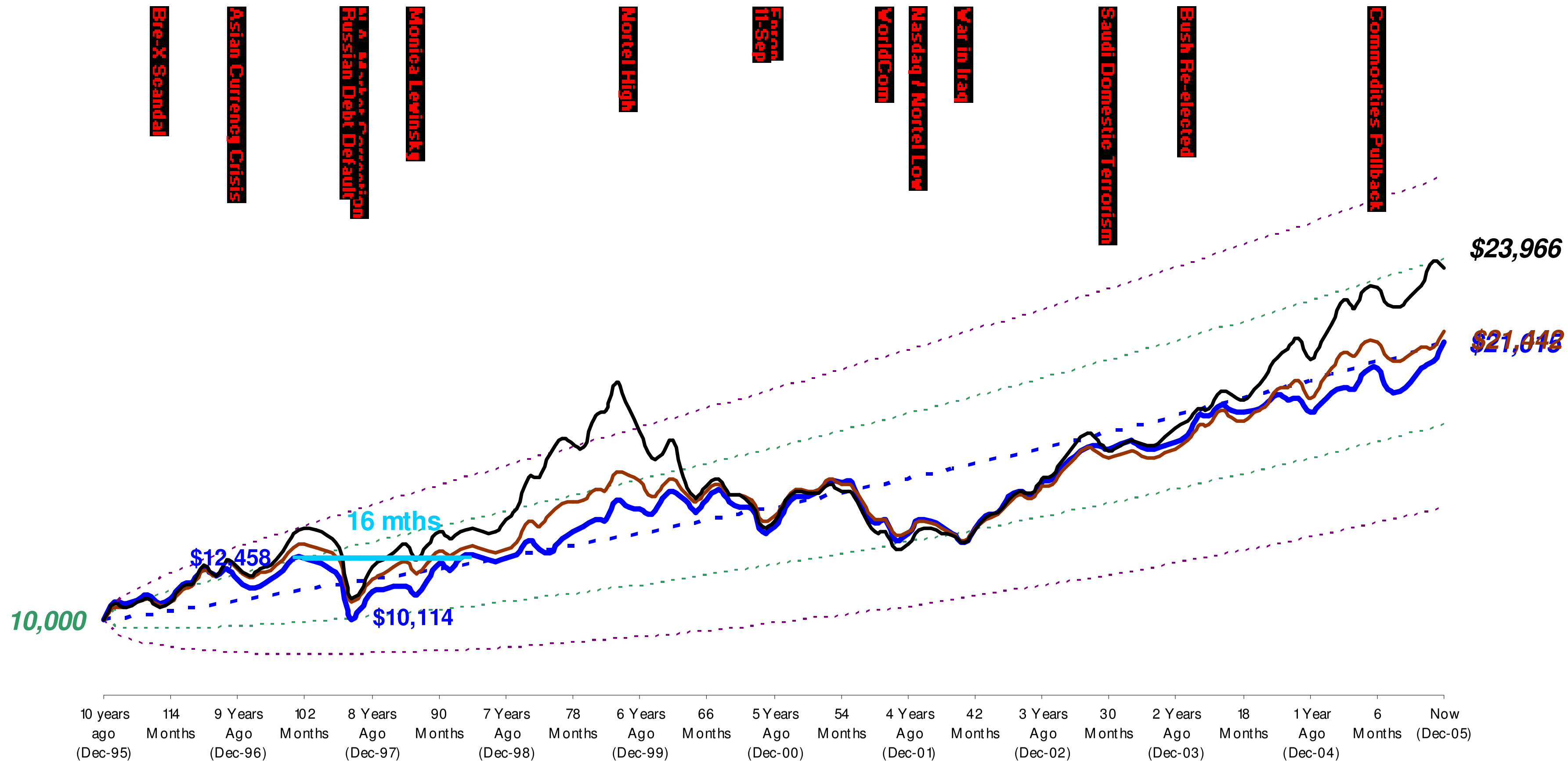
Correlation Line Graph



- This graph shows you what the funds would have done for the last 5 years, and recreates a performance scenario for that period. The key feature on this sheet is the thick **Blue line** that represents what the overall portfolio would have done - the total volatility of individual funds will be greater than the volatility of the overall portfolio, if it's well-constructed. The smoother the thick **blue line** the **less volatile** the overall portfolio would have been.

- The **Black line** shows what would have happened if you'd owned equal shares of the market indices that correspond to each of your funds, and the **Brown line** what a portfolio of average funds of the same types and amounts would have done.

Max Drawdown 10 Years



- This chart illustrates the largest peak-to-trough fall in portfolio value over the last 10 years: 19%, from Jun-97 ($12,458) to Oct-97 ($10,114), lasting 4 months. The recovery time would have taken an extra 12 months, until Oct-98.

Disclaimer: This portfolio summary is prepared from information received from sources we believe to be reliable. It is not an official statement of your positions held at Your Company or, if applicable, in your name at another financial institution. If there are any discrepancies between the transactions or positions shown on this portfolio summary and those shown on the monthly and/or quarterly account statements that you receive from Your Company or, if applicable, the account statements that you receive from another financial institution with respect to such transactions or positions, please report them to your investment advisor immediately or contact Your Company in writing at: Your Company,. Please be advised that some of the positions shown in this portfolio summary may be held at other financial institutions where they are not covered by the Canadian Investor Protection Fund ("CIPF"). Please consult the monthly and/or quarterly statements that you receive from Your Company to determine which positions are eligible for protection by CIPF, including information as to which positions are held in segregation.