

Asset Mix

What Drives % of Fixed Income and Equities in your Portfolio

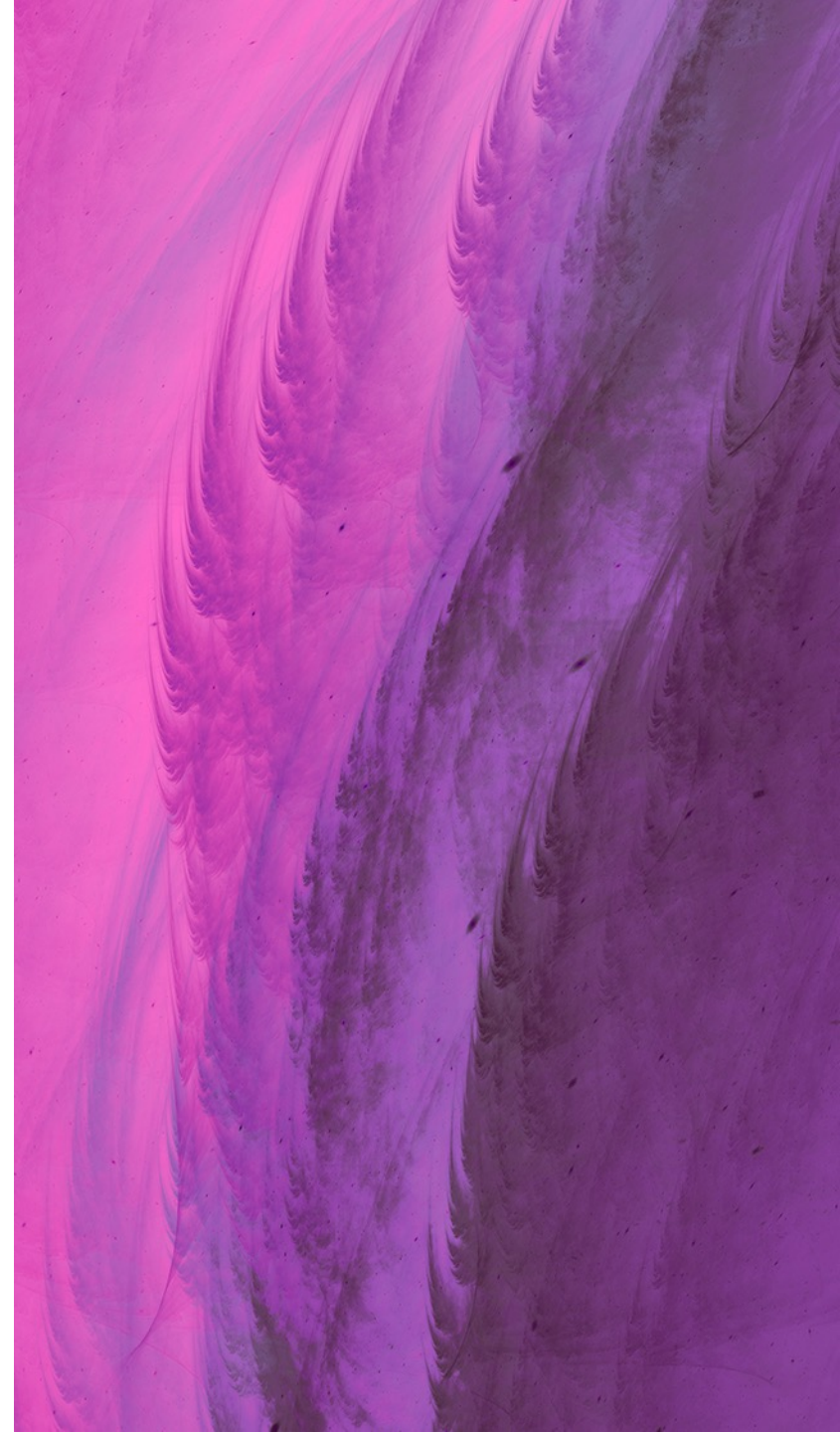
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THE WOMEN'S COLLECTION
Financial Literacy Designed for Women

Financial Literacy
VIRTUAL MEGA EVENT



What Drives % of Fixed Income and Equities in your Portfolio

- Portfolio Allocation
 - Top-Down Economic Environment
 - Bottom-Up Individual Investor
 - Risk Profile Scoring
 - Personal Benchmark
- Need for Diversification
 - Modern Portfolio Theory
 - Ways to Diversify
- Other Asset Classes
 - When Do They Get Considered

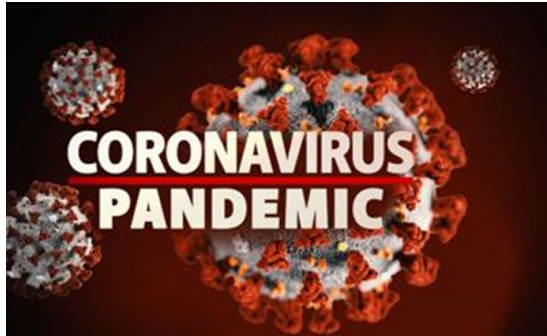
Portfolio Allocation

Portfolio Allocation

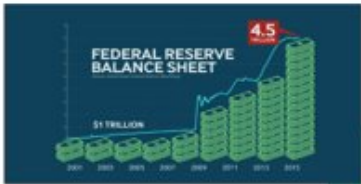
Top Down – Current Economic Environment



Geopolitical risks have been increasing...



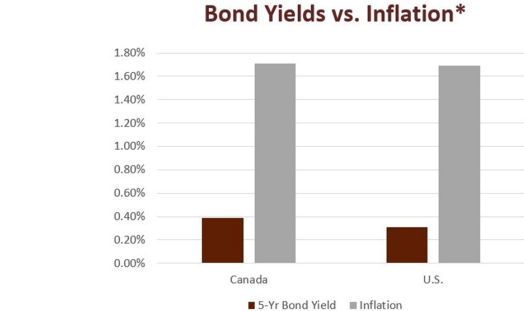
Expanded Fed balance sheet has lowered rates and helped stock market.



EU forecasts 'recession of historic proportions' this year

The European Union is predicting "a recession of historic proportions this year" due to the impact of the coronavirus

Increasingly hard to find investment value...



* Bond Yields – June 1, 2020; 10 YR Average Inflation – June 1, 2020. Source: U.S. Federal Reserve, Bank of Canada

Portfolio Allocation

Bottom Up- Individual Investor Factors

Investment Knowledge and Experience

Time Frame to Invest (Time Horizon)

Goals and Purpose of Investing

Financial Position

Field of Work and How Wealth has been Built to Date

Tax Considerations

Size of Wealth to be invested

Unique Circumstances

Portfolio Allocation

Risk (Volatility) Profile Scoring – Assess a Benchmark



Automated Scoring programs



Manual Questionnaires



Skilled Advisors through line of Questioning and Assessment

Personal Benchmark

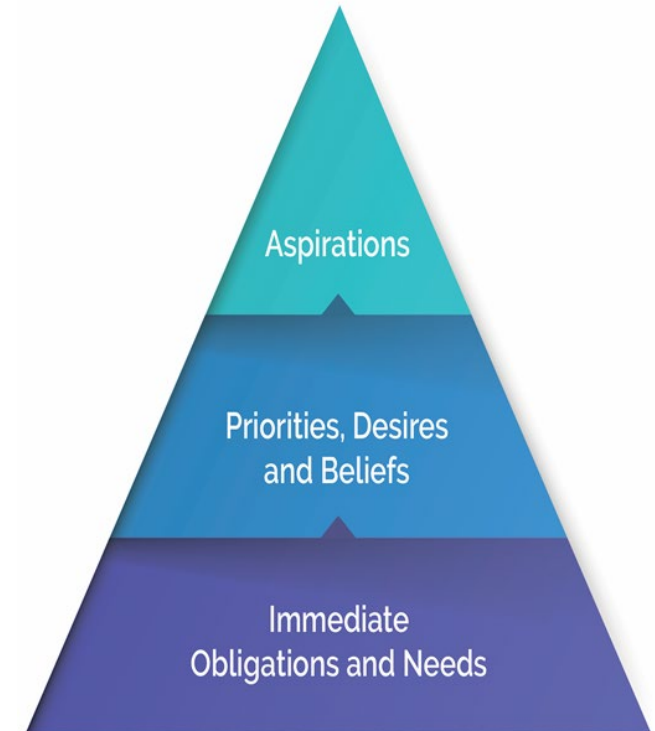
- Required Return
 - Depletion Rate
 - Level of income needed
 - Time Frame
- Desired Return
 - Time Horizon
 - Desired Amount
- Personal Benchmark
 - Target Return + Risk (Volatility) Assessment



Desired Return

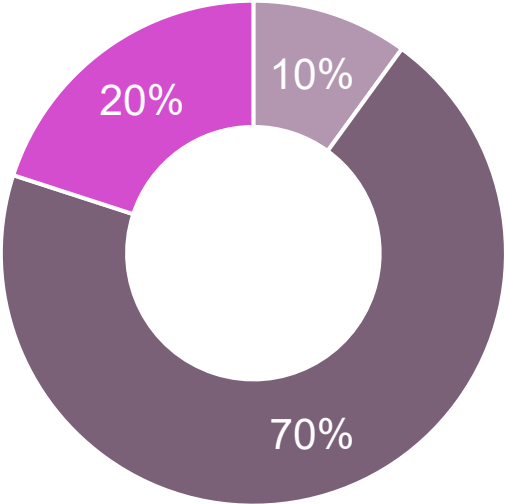


Required Return



3 Basic Examples of Portfolio Allocation

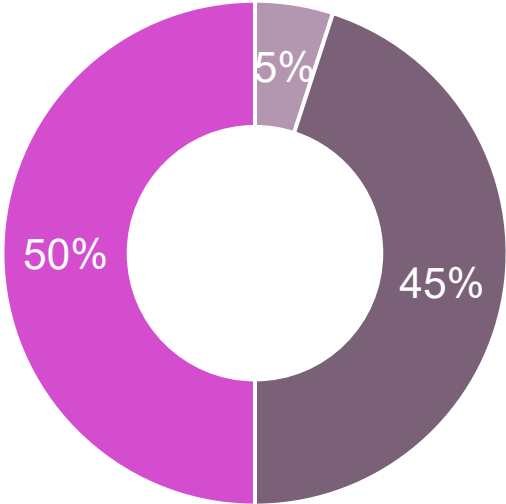
INCOME



- Cash & Equivalents
- Fixed Income/Bonds
- Equities/Stocks

Immediate Obligations & Needs

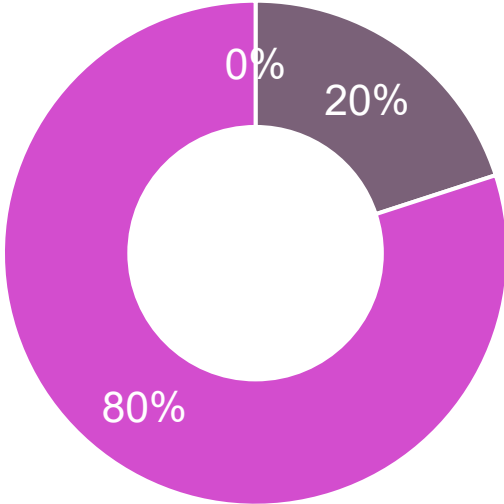
BALANCED



- Cash & Equivalents
- Fixed Income/Bonds
- Equities/Stocks

Priorities, Desires & Beliefs

GROWTH



- Cash & Equivalents
- Fixed Income/Bonds
- Equities/Stocks

Aspirations

Need for Diversification



Need for Diversification



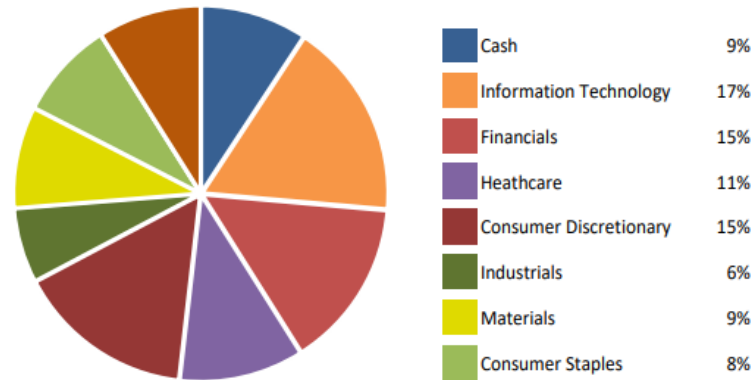
Modern Portfolio Theory – Harry Markowitz

- Investment Theory that allows investors to assemble an asset portfolio that maximizes expected return for a given level of risk.
- Diversification aims to minimize risk by holding assets that are not perfectly correlated (do not move perfectly in the same direction to the same extent).
- Few ways to look at this:
 - Diversification in Portfolio Allocation aims to capture a gain in one asset class and offset a loss in another. (negatively correlated)
 - Diversification in a specific asset class like Equities:
 - Industries/Sectors
 - Different Markets (Countries)
 - Companies

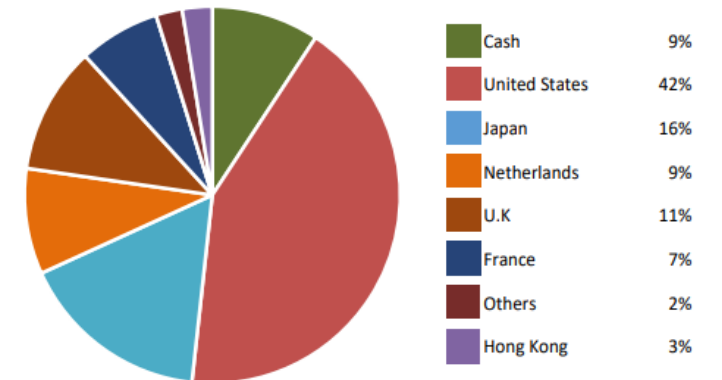
Need for Diversification

Ways to Diversify

Sector Allocation



Geographic Allocation



Other Asset Classes

Other Asset Classes

When Do Other Asset Classes Get Considered?

- Investor suitability agrees with other asset class opportunities
- Gap in traditional asset class solutions
- Other Asset Class types:
 - Alternative Assets
 - Private Equity
 - Real Estate
 - Private Debt
 - Futures and Derivatives
 - Currency

Thank You

Questions.....

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