

# Risk Profile Comparison

Timeframe: September 18, 2014 to September 18, 2019

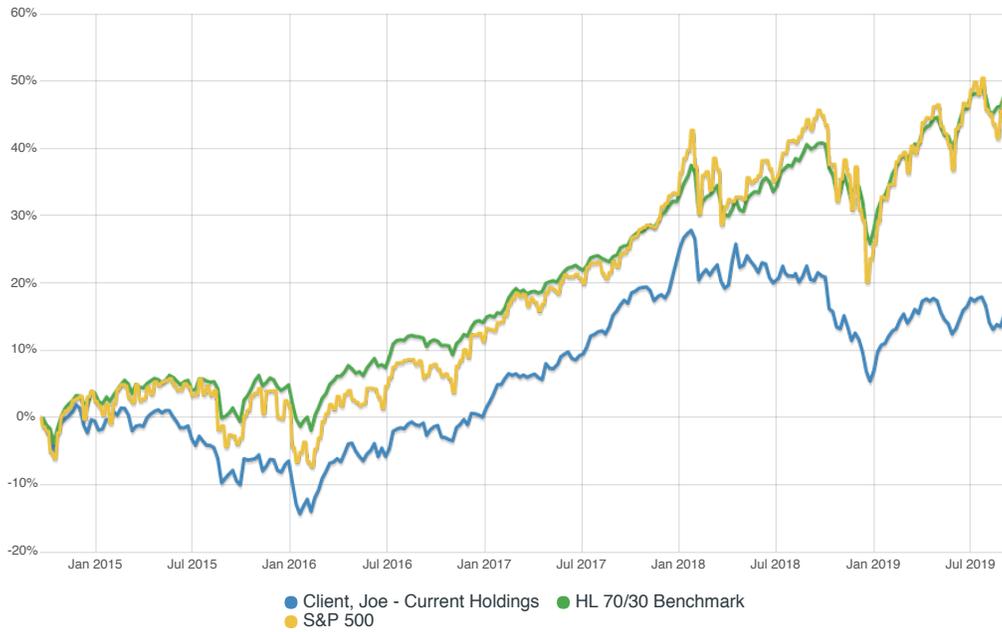
## Risk Measures

	Client, Joe - Current Holdings (408,282 USD)	HL 70/30 Benchmark	S&P 500
Asset Allocation	<p>69% Equities</p> <ul style="list-style-type: none"> <li>69% Equities</li> <li>25% Fixed Income</li> <li>6% Cash</li> <li>&lt;1% Alternative</li> <li>&lt;1% Other</li> </ul>	<p>70% Equities</p> <ul style="list-style-type: none"> <li>70% Equities</li> <li>29% Fixed Income</li> <li>&lt;1% Cash</li> <li>&lt;1% Alternative</li> </ul>	<p>100% Equities</p> <ul style="list-style-type: none"> <li>100% Equities</li> <li>0% Fixed Income</li> <li>&lt;1% Cash</li> <li>0% Alternative</li> </ul>
Risk/Return	<p>Potential Downside: -\$150K</p> <p>-37%    +36%</p> <p>Expected Return (5Yr): +\$148K</p>	<p>Potential Downside</p> <p>-34%    +39%</p> <p>Expected Return (5Yr)</p>	<p>Potential Downside</p> <p>-48%    +41%</p> <p>Expected Return (5Yr)</p>
Risk Stats			
Correlation Risk	0.73	0.49	1.00
S&P 500 Beta	0.76	0.69	1.00
Performance Stats			
Total Return	17.41%	49.40%	49.49%
Annualized Return	3.26%	8.35%	8.37%
Max Drawdown	-17.55%	-10.63%	-17.51%
Volatility	8.91%	7.16%	13.20%
Portfolio Stats			
Yield	1.63%	1.94%	0.00%
Sharpe Ratio	0.16	0.91	0.49
Sortino Ratio	0.21	1.06	0.64
Expenses			
Expense Ratio	0.44%	0.07%	0.00%
AUM Fee	0.75%	0.00%	0.00%

Stress Test Risk

Scenario	Client, Joe - Current Holdings	HL 70/30 Benchmark	S&P 500
 Past Crashes	-37%	-34%	-48%
 Baseline	-14%	-11%	-20%

Performance History



Style Analysis

● Client, Joe - Current Holdings

	Value	Blend	Growth
Large	26	27	24
Mid	14	4	3
Small	1	1	1

● HL 70/30 Benchmark

	Value	Blend	Growth
Large	28	31	31
Mid	3	4	2
Small	0	0	0

● S&P 500

	Value	Blend	Growth
Large	28	31	31
Mid	3	4	2
Small	0	0	0

Fixed Income Analysis

● Client, Joe - Current Holdings

	Short	Mid	Long
Maturity	14	42	45
Issuer	25	12	29

● HL 70/30 Benchmark

	Short	Mid	Long
Maturity	20	34	46
Issuer	1	27	71

● S&P 500

	Short	Mid	Long
Maturity	0	0	0
Issuer	0	0	0

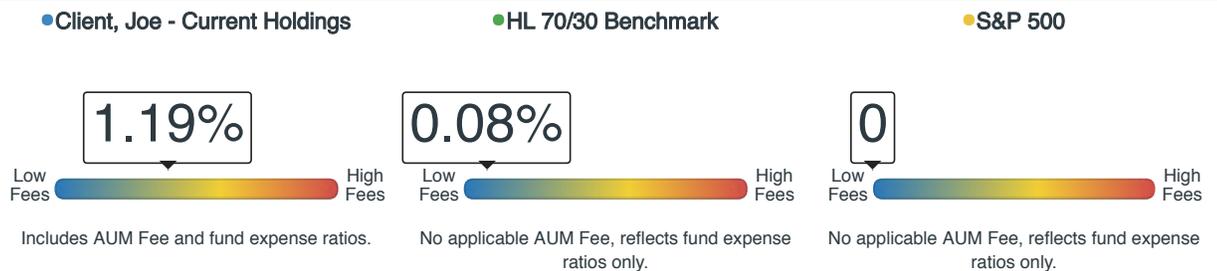
Sector Analysis

	● Client, Joe - Current Holdings	● HL 70/30 Benchmark	● S&P 500
	9.77%  Discretionary 8.53%  Staples 5.36%  Energy	11.88%  Discretionary 8.1%  Staples 4.44%  Energy	11.88%  Discretionary 8.1%  Staples 4.44%  Energy
	13.88%  Financials 9.9%  Healthcare 8.6%  Industrials	15.68%  Financials 13.97%  Healthcare 10.12%  Industrials	15.68%  Financials 13.97%  Healthcare 10.12%  Industrials
	13.82%  Materials 4.12%  Real Estate 18.5%  Technology	2.4%  Materials 2.84%  Real Estate 23.41%  Technology	2.4%  Materials 2.84%  Real Estate 23.41%  Technology
	3.73%  Utilities 3.79%  Communications	3.45%  Utilities 3.71%  Communications	3.45%  Utilities 3.71%  Communications

Geographic Analysis

Region	Client, Joe - Current Holdings	HL 70/30 Benchmark	S&P 500
North America	61.68%	99.03%	99.03%
Latin America	1.25%	0.00%	0.00%
Europe	19.26%	0.92%	0.92%
Asia Pacific	16.79%	0.05%	0.05%
Middle East + Africa	1.02%	0.00%	0.00%

Fee Analysis



Compare Positions

Name / Industry	Client, Joe - Current Holdings 	HL 70/30 Benchmark	S&P 500 
SPX - S&P 500 Index Fund - Large Blend	12.52% 51,137 USD	--	100.00% <b>(+87.48%)</b> 
AGG - iShares Core U.S. Aggregate Bond ETF Fund - Intermediate-Term Bond	5.07% 20,712 USD	30.00% <b>(+24.93%)</b> 	--
FX:USD - US Dollar Cash Currencies	0.00% 10 USD	--	--
VGTSX - Vanguard Total International Stock Index Fund Investor Shares Fund - World Stock	17.14% 70,000 USD	--	--
FFNAX - Fidelity Advisor Asset Manager 40 Fund Class A Fund - Conservative Allocation	30.08% 122,800 USD	--	--
CAIBX - American Funds Capital Income Builder Class A Fund - World Allocation	19.59% 80,000 USD	--	--
QQQ - Invesco QQQ Trust Fund - Nasdaq Index	6.19% 25,268 USD	--	--
AA - ALCOA INC Aluminum	6.90% 28,185 USD	--	--
AAZAX - AB Municipal Income Fund II Arizona Portfolio Class A Fund - Municipal Bond	2.49% 10,171 USD	--	--
SPY SPDR SP 500 ETF Fund - US Index		70.00%	

Performance, Expenses, and Risk Considerations

Symbol	Name	Asset Class	Expense Ratio	Annualized Return				Inception
				1 Year	3 Years	5 Years	10 Years	
QQQ	Invesco QQQ Trust	0.00% Alternative, <1% Cash, 0.00% Fixed Income, 13.49% Equities: Domestic Large Value, 0.96% Equities: Domestic Mid Blend, 25.04% Equities: Domestic Large Blend, 0.96% Equities: Domestic Mid Value, 54.91% Equities: Domestic Large Growth, 1.93% Equities: Domestic Mid Growth, 0.57% Equities: International Developed Markets, 1.88% Equities: Emerging Markets	0.20	6.21%	18.89%	15.04%	17.51%	7.45%
AA	ALCOA INC	100.00% Equities: Domestic Mid Value	N/A	-49.74%	-1.38%	-10.58%	-3.57%	5.42%
AGG	iShares Core U.S. Aggregate Bond ETF	<1% Alternative, 0.00% Equities, 1.49% Cash, 70.93% Fixed Income: Government, 26.97% Fixed Income: Corporate, 0.71% Fixed Income: Municipal	0.04	8.07%	2.28%	2.90%	3.36%	3.88%
AAZAX	AB Municipal Income Fund II Arizona Portfolio Class A	0.00% Alternative, 0.00% Equities, 0.00% Cash, 100.00% Fixed Income: Municipal	0.79	4.84%	1.93%	3.23%	3.66%	4.71%
VGTSX	Vanguard Total International Stock Index Fund Investor Shares	<1% Alternative, 2.00% Cash, <1% Fixed Income, <1% Other, <1% Equities: Domestic Large Value, <1% Equities: Domestic Mid Blend, <1% Equities: Domestic Large Blend, <1% Equities: Domestic Small Growth, <1% Equities: Domestic Mid Value, <1% Equities: Domestic Small Blend, <1% Equities: Domestic Large Growth, <1% Equities: Domestic Small Value, <1% Equities: Domestic Mid Growth, 77.82% Equities: International Developed Markets, 18.70% Equities: Emerging Markets	0.17	0.19%	7.21%	2.48%	4.47%	4.70%
SPX	S&P 500 Index	0.00% Alternative, <1% Cash, 0.00% Fixed Income, 27.98% Equities: Domestic Large Value, 4.00% Equities: Domestic Mid Blend, 30.98% Equities: Domestic Large Blend, 3.00% Equities: Domestic Mid Value, 30.98% Equities: Domestic Large Growth, 2.00% Equities: Domestic Mid Growth, 0.93% Equities: International Developed Markets	N/A	3.53%	12.00%	8.37%	10.90%	8.39%
SPY	SPDR SP 500 ETF	0.00% Alternative, <1% Cash, 0.00% Fixed Income, 27.98% Equities: Domestic Large Value, 4.00% Equities: Domestic Mid Blend, 30.98% Equities: Domestic Large Blend, 3.00% Equities: Domestic Mid Value, 30.98% Equities: Domestic Large Growth, 2.00% Equities: Domestic Mid Growth, 0.93% Equities: International Developed Markets	0.09	5.55%	14.14%	10.49%	13.12%	9.51%
FFNAX	Fidelity Advisor Asset Manager 40 Fund Class A	1.48% Alternative, 14.62% Cash, <1% Other, 5.44% Equities: Domestic Large Value, 1.90% Equities: Domestic Mid Blend, 7.62% Equities: Domestic Large Blend, 0.54% Equities: Domestic Small Growth, 1.63% Equities: Domestic Mid Value, <1% Equities: Domestic Small Blend, 7.62% Equities: Domestic Large Growth, <1% Equities: Domestic Small Value, 1.90% Equities: Domestic Mid Growth, 10.56% Equities: International Developed Markets, 5.67% Equities: Emerging Markets, 24.53% Fixed Income: Government, 16.02% Fixed Income: Corporate, <1% Fixed Income: Municipal	0.86	4.35%	5.90%	4.54%	6.22%	4.42%
CAIBX	American Funds Capital Income Builder Class A	<1% Alternative, 5.40% Cash, <1% Other, 15.71% Equities: Domestic Large Value, 1.40% Equities: Domestic Mid Blend, 12.92% Equities: Domestic Large Blend, 1.05% Equities: Domestic Mid Value, 3.49% Equities: Domestic Large Growth, <1% Equities: Domestic Small Value, 32.85% Equities: International Developed Markets, 1.20% Equities: Emerging Markets, 19.42% Fixed Income: Government, 6.09% Fixed Income: Corporate, <1% Fixed Income: Municipal	0.58	4.68%	5.54%	4.02%	6.81%	8.85%

## IMPORTANT:

The projections generated by HiddenLevers regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Assumptions on rates of return and standard deviation used in this analysis are based on historical return data for each security and asset class. Past performance is no guarantee of future results. Results may vary with each use and over time. You cannot invest directly in a benchmark or index. Index results do not reflect fees, expenses, or sales charges incurred when making investments.

## Methodology Used to Generate this Report:

### Definitions:

**Beta** - Beta measures the relationship between an investment and a major market index (the S&P 500 is used in this report). A beta of 1.0 means that a 1% rise in the S&P 500 could lead to a 1% rise in the investment, while a beta of -0.5 means that a 1% rise in the S&P 500 could lead to a 0.5% drop in the investment. The beta for an investment is determined by using regression analysis to measure the relationship between the returns of the investment and the returns of the S&P 500. HiddenLevers uses 10 years of data to measure the beta for an investment. For investments with less than 10 years of history, all available historical data is used.

**Cross Correlations** - HiddenLevers measures the correlation between every pair of investments in the portfolio. The correlation results can vary between 1 and -1, where a correlation of 1 means that two investments move together perfectly over time, and a correlation of -1 means that two investments move in opposite directions over time.

**Expected Return** - This is the 5-year total return of the portfolio based on the stress test scenarios selected for the report. The system takes the weighted average of the economic scenarios to calculate a one-year return, which is then compounded to determine the five-year return.

**Lever** - HiddenLevers tracks different levers (economic indicators) like CPI, US GDP Growth, and oil prices, and uses movements in these levers to define economic scenarios.

**Lever Impact** - The lever impacts section describes the impact of different economic levers on the portfolio as a whole. An S&P lever impact of 1.0, for example, means that a 1% rise in the S&P 500 is projected to lead to a 1% rise in the portfolio. HiddenLevers similarly measures the impact of a range of economic levers on the portfolio.

**Maximum Drawdown (MDD)** - this is measured as the largest percentage drop in a position during the timeframe of measurement. Click the + sign on the Risk Measures box to see the timeframe of measurement for Max Drawdown in the top right hand corner of the box.

**Scenario** - A scenario is a representation of a major macro-economic or geopolitical event which has the potential to impact investment returns. HiddenLevers models scenarios as a set of up-or-down movements in any of the economic indicators (levers) in the system.

**Scenario Impacts** - Using HiddenLevers' stress testing model, an upside and downside impact are projected for the portfolio in each scenario. Most scenarios are modeled with multiple potential outcomes, with both positive, neutral, and negative outcomes considered. The best and worst projections are derived from running the different scenario outcomes against the portfolio in HiddenLevers model. The scenario-based stress testing model is discussed in detail in the Method section below.

**Sharpe Ratio** - The Sharpe Ratio is a measure for calculating risk-adjusted return, and this ratio has become the industry standard for such calculations. It was developed by Nobel laureate William F. Sharpe. The Sharpe ratio is the average return earned in excess of the risk-free rate per unit of volatility or total risk. HiddenLevers calculates the Sharpe ratio by subtracting short term (1M) T-bill rates from the portfolio's annualized total return, and then dividing by the portfolio's volatility (annualized standard deviation).

**Stress Test Risk/Reward** - The Stress Test Risk/Reward compares the portfolio's potential downside risk against the 5 year expected return of the portfolio.

**Downside Risk**: This is the maximum downside calculated across all of the scenarios included in the report.

**5 Year Expected Return**: HiddenLevers first calculates the expected return for the portfolio by calculating the one-year weighted average expected return across all included scenarios. The one-year expected return is then compounded to obtain a 5 year return estimate. Historically, major downside events occur roughly twice a decade, making 5 years an appropriate timeframe for comparison of long term returns and downside scenario risk.

**Volatility** - HiddenLevers measures volatility as the annualized standard deviation of an investment or portfolio, expressed in percentage terms. The standard deviation is calculated using weekly data points, and is then annualized by multiplying by the square-root of 52 (number of periods in one year).

### Method:

This report describes one or more potential scenarios, and shows the HiddenLevers-model based performance for the portfolio in each scenario. The steps below are performed to generate the projections:

Scenario -> Levers -> Assets (Stocks etc) -> Portfolio Return

A scenario pushes levers up or down, which in turn push assets up or down, which in turn impact a portfolio's modeled return in the scenario. As defined above, a scenario is modeled as a set of movements in the levers.

Regression analysis is used to determine the historical (prior 10 year) relationship between each lever and each asset in the portfolio. The model is then run 2500 times for each scenario/portfolio combination. In each iteration, the model projects the returns for each asset using the historical regression coefficients for each lever, and using the scenario assumptions on how each lever will change. The model varies the regression coefficients for each iteration using a normal distribution around their mean (similar to a Monte Carlo model's varying of expected returns across iterations), and aggregates the results of the 2500 iterations to find a mean portfolio return with a 95% confidence interval. The confidence interval is displayed on the report as "margin of error" for each scenario.

## Limitations and Assumptions:

This report describes one or more potential scenarios that may or may not occur. Each scenario discussed in this report is defined by the economic assumptions listed in the Macro Impact section of each scenario page.

HiddenLevers does not guarantee that any particular scenario will occur as modeled in this report. HiddenLevers uses historical analysis in the creation of this report, and past performance is not a guarantee of future results. The information contained in this report is not to be construed as advice and should not be confused as any sort of advice. Investors should consider this report as only a single factor in making their investment decision.

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