

# **XXXX - Screening TEST**

---

## **Portfolio Screening and Evaluation Report**

Covering the 3-Month Period ended on:

**March 31, 2018**

Submitted on: **June 19, 2018**

### **Assumptions, Limiting Conditions, & Disclaimers**

This is a report on the results of a preliminary screening test intended for the limited purpose of identifying probable diversification issues present in the subject portfolio that might result in better diversification and increased return if modified. However, before making any modifications regarding diversification issues it will be necessary to apply additional procedures and run a detailed analysis. When a detailed analysis is prepared, based on application of additional information and additional procedures, the results of this is preliminary screening test regarding diversification issues could change.

The information contained in this report is intended to provide limited information on how the analyzed portfolios would have performed during the period being reviewed, under circumstances where all positions held on the first day of that period were held throughout the period and no changes occurred in number of shares held in any of the portfolios throughout the period. Accordingly, all the portfolios used for this analysis are hypothetical.

Information and data have been furnished by others and such information and data have been accepted as reliable. None of the information or data prepared by outside sources was independently verified for accuracy or completeness. Accordingly, no responsibility is assumed for information prepared and/or furnished by others.

We did not independently verify any of the historical financial data prepared by third parties for accuracy or completeness, and therefore, do not express an opinion or any other form of assurance regarding the historical financial data used in this report.

The Max UCR Removal Portfolio is an unconstrained hypothetical portfolio constructed using PFA's asymmetrical analysis algorithm based on data available on the first day of the period being screened and has the same overall allocation between risk (equity) and risk reduction (fixed income and cash) assets.

References made to any specific securities do not constitute an offer to buy or sell securities. The past performance of an ETF, mutual fund, individual security, or investment/diversification strategy cannot guarantee its future outcome or performance.

When applicable, listed ETF and mutual fund proxies were substituted for indices and unlisted collective or alternative investment positions. Selection criteria for each proxy were based on estimated similarities to the investment purpose and risk profile of the index or unlisted investment.

Prepared by:



Bingham Farms, MI

Aptos, CA

<http://precisionfiduciary.com>

Stewart Frank, CPA/PFS, AIFA

248-227-8208

[sfrank@precisionfiduciary.com](mailto:sfrank@precisionfiduciary.com)

J Ben Vernazza, CPA/PFS, TEP emeritus

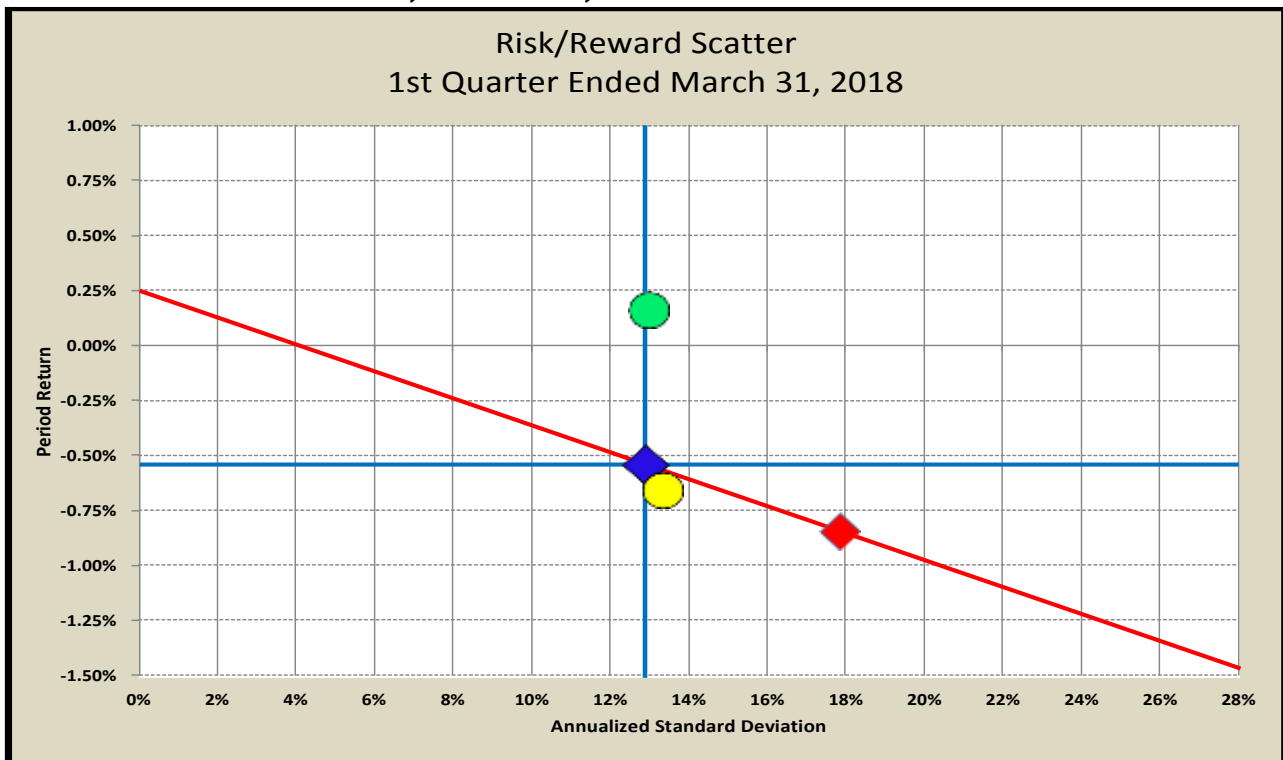
831-688-6000

[Ben@BenVCPA.com](mailto:Ben@BenVCPA.com)

# XRXXX – Screening TEST

## Comparative Risk / Return Analysis

For the 3-Months Ended, March 31, 2018



Indices & Portfolios:	FTSE ALL Cap Global Index	MACRO Allocation	Actual Portfolio	MAX UCR PORTFOLIO
<b>Asset Allocation Data</b>				
<i>Combined Foreign &amp; Domestic Equities</i>	100.0%	72.8%	72.4%	74.1%
<i>Fixed Income &amp; Cash</i>	-	27.2%	27.6%	25.9%
<b>Risk/Return Data</b>				
Period Return - Gross of Fees	-0.85%	-0.54%	-0.23%	0.29%
Period Fees (Estimated)	N/A	N/A	-0.33%	-0.13%
Period Return - Net of Fees	-0.85%	-0.54%	-0.56%	0.17%
Standard Deviation	17.85%	12.88%	13.31%	12.97%
Sharpe Ratio	-0.1865	-0.1619	-0.0678	0.0877
Maximum Drawdown	10.22%	7.53%	8.21%	7.52%
Largest 1-Day Loss	-3.92%	-2.86%	-2.95%	-2.51%
UCR Removed by Diversification	N/A	N/A	109%	100%

**Period Return** is the geometric progression ratio of daily changes in each portfolio's value converted into a single constant rate of return percent for the time period being examined, A/K/A Compound Annual Growth Rate (CAGR).

**Sharpe Ratio** measures a portfolio's excess return over the risk-free rate divided by the standard deviation of the excess return. It is a measure of the absolute rate of return per one unit of risk. The better an investment's risk-adjusted performance has been, the higher its Sharpe ratio will score.

**Maximum drawdown** is a portfolio's peak to trough performance measured from the high point reached prior to the decline's inception until a new high is reached. The drawdown is determined on completion of the entire cycle, which cannot be known until a new high is reached. Once reached the percentage decline from the old high to the lowest interim point of that cycle is the drawdown. Maximum drawdown is the drawdown having the largest decline during the period examined.

**UCR Removed by Diversification** using the Max Removal Portfolio as the benchmark for Uncompensated Risk (UCR) removal we compared the percent of UCR removed from the other portfolios to the Max UCR Removal Portfolio's. The resulting percentage of each portfolio's Variance Gap to the MAX UCR's Variance Gap is deemed to be the percent of UCR eliminated from that portfolio via diversification.