

## InvestWELL Financial Model Portfolios (November 26, 2005)

### Major Factors Affecting Markets Last week

- Equity rally continues supported by seasonal pre-holiday buying
- Large layoff announcement by GM

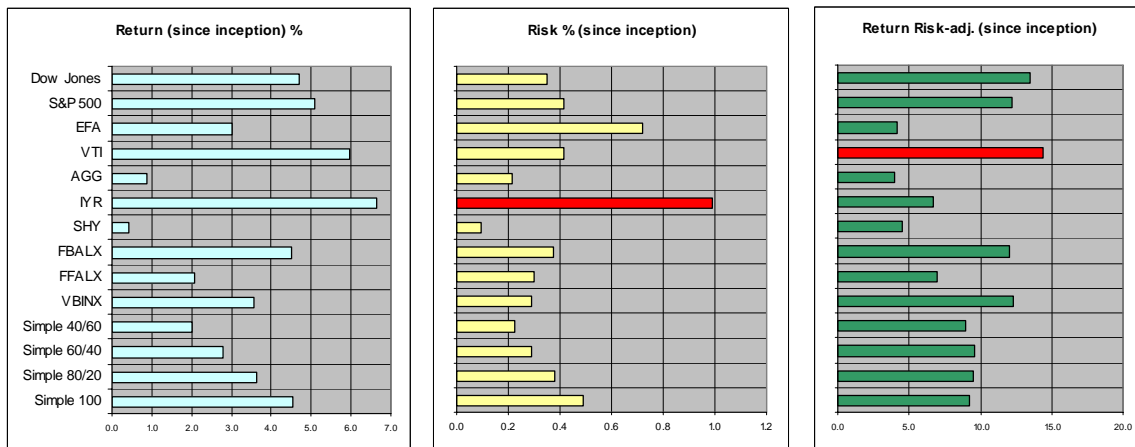
Conclusions based on the table and charts on page 1. Since inception, **VTI** was the most optimal investment on risk-adjusted basis while the volatility of **IYR** could keep investors awake at night. Among the balance fund categories, FBALX and VBINX outperformed our model portfolios on risk-adjusted basis. Our model portfolios re-confirmed that higher return usually comes with a higher risk (volatility).

We compare our model portfolios based on 3 criteria:

1. Returns (higher is more desirable)
2. Risks as defined by volatility (lower is more desirable), which means that with lower volatility investors sleep better at night
3. Risk-adjusted returns (higher is more desirable). This would be the most optimal measure which indicates that an investor is investing well and sleeping well.

|                               | Return<br>(one week)<br>% | Return<br>(since<br>inception) % | Risk as<br>volatility<br>(since<br>inception) % | Risk-adjusted<br>Return (since<br>inception) |
|-------------------------------|---------------------------|----------------------------------|---|--|
| Dow Jones                     | 1.54                      | 4.71                             | 0.35  | 13.50  |
| S&P 500                       | 1.68                      | 5.07                             | 0.41  | 12.23  |
| EFA – MSCI EAFE               | 0.29                      | 3.00                             | 0.72  | 4.18   |
| VTI – US Total Stock          | 1.78                      | 5.97                             | 0.41  | <b>14.43</b>                                 |
| AGG – Lehman Aggr. Bond       | 0.60                      | 0.86                             | 0.21  | 4.01   |
| IYR – Real Estate             | 2.55                      | 6.65                             | <b>0.99</b>                                     | 6.71   |
| SHY – US Treasury             | 0.22                      | 0.42                             | 0.09  | 4.53   |
| FBALX – Fidelity Bal.         | 1.62                      | 4.51                             | 0.38  | 12.01  |
| FFALX – Franklin Bal.         | 0.63                      | 2.09                             | 0.30  | 6.95   |
| VBINX – Vanguard Bal.         | 1.16                      | 3.56                             | 0.29  | 12.32  |
| Simple 40/60 (equity / bonds) | 0.80                      | 2.02                             | 0.23  | 8.99   |
| Simple 60/40 (equity / bonds) | 0.92                      | 2.78                             | 0.29  | 9.60   |
| Simple 80/20 (equity / bonds) | 1.04                      | 3.62                             | 0.38  | 9.49   |
| Simple 100 (equity)           | 1.17                      | 4.53                             | 0.49  | 9.20   |

Note: Inception date October 31, 2005



## InvestWELL Financial Model Portfolios (November 26, 2005)

### Canadian Portfolios

#### Major Factors Affecting Canadian Markets Last week

- Minister of Finance lowers taxes on dividends
- The strength of US equity markets

Conclusions based on the table and charts on page 2. Since inception, **XSB** was the most optimal investment on risk-adjusted basis. On the other hand, **XIN** was clearly the worse performer with the highest volatility. Our four model portfolios came in the happy medium.

The same criteria apply as specified on page 1.

|                               | Return<br>(one week)<br>% | Return<br>(since<br>inception) % | Risk as<br>volatility<br>(since<br>inception) % | Return (risk<br>adjusted since<br>inception) |
|-------------------------------|---------------------------|----------------------------------|---|--|
| TSX – Canada                  | 2.62                      | 5.96                             | 0.74  | 8.07   |
| XIN – MSCI EAFE               | 1.76                      | 3.59                             | <b>0.84</b>                                     | 4.26   |
| XSP – S&P 500                 | 2.75                      | 7.20                             | 0.58  | <b>12.32</b>                                 |
| XBB – Fixed Income            | 0.00                      | 0.62                             | 0.25  | 2.47   |
| Simple 40/60 (equity / bonds) | 0.65                      | 1.57                             | 0.31  | 5.11   |
| Simple 60/40 (equity / bonds) | 1.05                      | 2.35                             | 0.40  | 5.94   |
| Simple 80/20 (equity / bonds) | 1.51                      | 3.28                             | 0.52  | 6.27   |
| Simple 100 (equity)           | 2.07                      | 4.39                             | 0.69  | 6.38   |

Note: Inception date October 31, 2005

