

# Our Guided Portfolio solutions



**Wealth  
Management**

The Global Portfolio Advisory Group creates, supports and manages various investment models and solutions known as the Guided Portfolios. There are various mandates, each tailored to fit different investment goals. The portfolios are characterized by their concentrated nature, transparency of process and long-term investment horizons.

## Guided Portfolios

Each Guided Portfolio has a different mandate and objective, although a common high-level approach is used for stock selection. The latter tends to be characterized by finding quality businesses, leveraging extensive research capabilities and forming an independent view, assessing valuation to identify opportunities and risks, and focusing on a longer-term time horizon.

Some other noteworthy considerations are as follows:

### Investment Committee

The construction, support and communication of the Guided Portfolios are driven by a U.S. Investment Committee that is typically comprised of at least two individuals from the Portfolio Advisory Group. This ensures continuity of the investment process regardless of personnel changes.

### Concentration

The Guided Portfolios are concentrated in nature, holding 20–40 stocks depending on the mandate, with an average of approximately 25 positions. This is much more concentrated than the exposure found in mutual funds, exchange-traded funds, or stock market indexes that typically hold a much broader list of constituents.

### Sector exposure

The group takes into consideration overall sector exposure to enhance diversification across a range of sectors. The degree of exposure can vary and is largely a function of the portfolio's mandate. Furthermore, there may be occasions when a sector is not represented in a portfolio if no compelling stocks can be identified based on the investment criteria.



### Low turnover

The long-term focus of the stock selection approach can result in a relatively lower turnover within the portfolios, particularly among the core equity selections.

### Core and satellite positions

On average, at least 70% of the constituents on each Guided Portfolio are core positions that meet the investment criteria. Some portfolios may contain satellite positions that the U.S. Investment Committee believes hold some potential catalyst for change.

The following pages provide a comparison of all the Guided Portfolios based on a variety of factors, such as investment objective, risk profile, geography and market capitalization. This guide can be used to help set expectations around portfolio behavior, as well as to determine which portfolios may be most suitable for individual clients.

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### Guided Portfolio: Prime Income



#### What is this portfolio?

Consists of mid-to-large-cap stocks that pay a relatively high dividend yield. Constituents trade on a U.S. exchange but are not necessarily U.S.-domiciled.

#### What is the objective?

Above-average current income with modest market risk.

#### How is it managed?

Given the yield focus of the portfolio, it may be more concentrated in some sectors that have higher dividend yields. Changes are largely driven by better relative yield opportunities.

#### What to expect from the portfolio?

It may have sensitivity to interest rates as a result of its focus on yield and sector concentration. While it may underperform in market upswings, it is expected to act more defensively during downturns.

### Guided Portfolio: Dividend Growth



#### What is this portfolio?

Consists of large-cap stocks that have proven track records of growing their dividends or have new or renewed commitments to dividend growth. Constituents trade on a U.S. exchange but are not necessarily U.S.-domiciled.

#### What is the objective?

Attractive total return through a balance of long-term capital growth and dividend income.

#### How is it managed?

Diversified predominantly across sectors. Changes may be driven by macro factors and opportunities for better relative value or dividend growth potential.

#### What to expect from the portfolio?

Expected to have relatively balanced exposure across sectors. Its behavior may be more in line with the broader market, both on the upside and downside, although volatility is expected to be lower.

### Guided Portfolio: ADR



#### What is this portfolio?

International equity consisting of large-cap stocks of foreign companies. Many of the stocks trade on a U.S. exchange as an “ADR.”

#### What is the objective?

Long-term capital growth through investment in a concentrated portfolio of foreign companies.

#### How is it managed?

Diversified across sectors and geographies. Changes may be driven by economic developments and sector allocation, relative value, liquidity and company-specific developments.

#### What to expect from the portfolio?

Expected to behave in line with international equity markets, though its large-cap nature may aid in producing lower volatility. Global issues relating to currencies are additional factors that could drive performance.

\* “Market risk” under the risk profile for each Guided Portfolio can be defined as the risk associated with the U.S. large-cap equity market as represented by the S&P 500.

### Guided Portfolio: All Cap Growth



#### What is this portfolio?

Consists of small-, mid-, and large-cap growth stocks with fundamentals that are either stable, growing or at the upper end of the industry group. Constituents trade on U.S. exchanges, report in U.S. dollars, and operate the majority of their administrative offices in the U.S.

#### What is the objective?

Long-term capital growth via investment in a core group of companies that have defensible market share and catalysts to sustain growth.

#### How is it managed?

Diversified predominantly across sectors. Changes may be driven by macro factors or opportunities for other emerging growth investments through company-specific events or valuations.

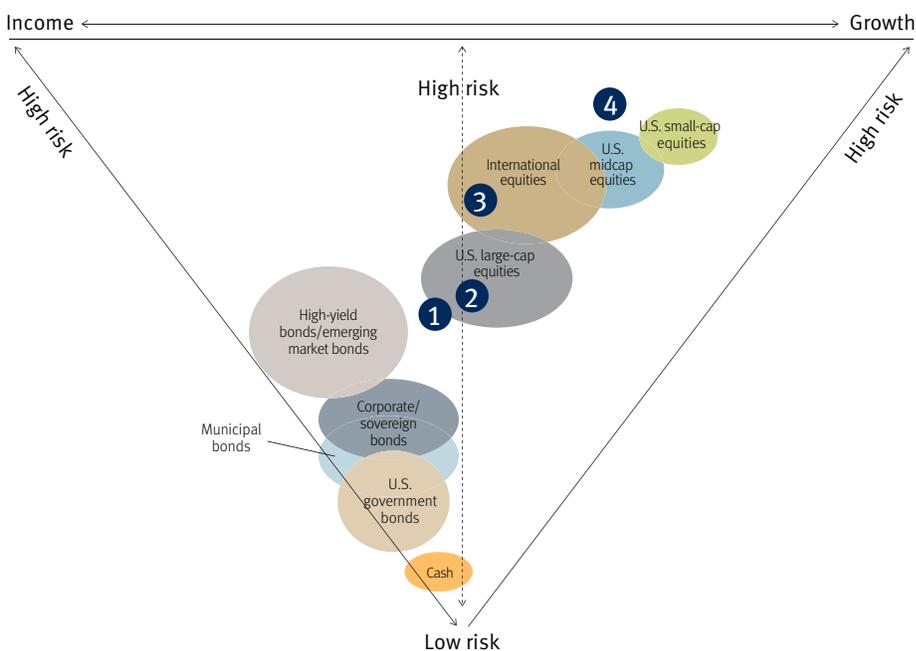
#### What to expect from the portfolio?

Its behavior should be in line with the Russell 3000 Growth Index, both on the upside and downside, but could see greater volatility given concentrated exposure to likely higher-valued stocks than the S&P 500.

### Investment objective and risk characteristics

The investment objective and risk characteristics chart allows a broad comparison of asset classes and the Guided Portfolios. The chart has two dimensions: potential risk exposure and investment objective. As the potential risk exposure increases (vertical axis), the range of investment solutions widens. The horizontal line represents the investment objectives, ranging between income and growth. For instance, government bonds can be considered as lower risk and more income-focused whereas U.S. small-cap equities may be considered as higher growth and higher risk.

#### Investment objective and risk characteristics



#### Guided Portfolios

- 1. Prime Income
- 2. Dividend Growth
- 3. ADR
- 4. All Cap Growth

\* "Market risk" under the risk profile for each Guided Portfolio can be defined as the risk associated with the U.S. large-cap equity market as represented by the S&P 500.

International investing involves risks not typically associated with U.S. investing, including currency fluctuation, foreign taxation, political instability and different accounting standards.