

How To Read Your NPMC Portfolio Summary Report

WHAT IS THIS AND WHERE DID IT COME FROM? You have engaged the services of Nelson Portfolio Management Corp. (NPMC) to provide to you discretionary portfolio management services (ie: to manage your investment portfolio on your behalf). To keep you up to date, we will provide to you a series of reports every 3 months, for the periods ending March, June, September, and December. This report is produced by NPMC from a software program called Croesus (For more information: <https://www.croesus.com>). This is a software program that NPMC pays for so as to provide to you these reports.

THIS IS A CONSOLIDATED STATEMENT REPRESENTING THE ACTIVITY OF ALL OF YOUR ACCOUNTS COMBINED: This report combines all of your different investment accounts into one consolidated report. This same report can be run for each of your individual accounts should you wish for us to do so.

DISCLOSURE: The figures provided on this report are for information purposes only. Your official statement of account is provided to you by NBCN, and will always take precedence over the information contained in this report. In some situations, for various reasons, and for short periods of time, the figures shown under the columns noted below may be slightly different than the figures shown on your NBCN statement.

THE TOP SECTION: The top section of this report shows the date of the report¹ as well as your name. This means that the report represents the market value of all of the accounts you hold with NPMC. More specifically, a list of the accounts represented within this report, and the dollar values of each account, can be found at the very end of this report².

THE COLUMN HEADERS: A description of each of the columns is as follows (from left to right):

1. **Last Purchase Date**³: This is the most recent date when new money was added to this specific investment. If the date is a relatively long time ago, this means that we have held this investment in your account, without making any changes to it, since that specific date.
2. **Description**⁴: This column includes a longer description of the investment. Unfortunately, however, this longer description is still often difficult to fully understand.

¹ See item #1 on the NPMC Portfolio Summary Report.

² See item #2 on the NPMC Portfolio Summary Report.

³ See item #3 on the NPMC Portfolio Summary Report.

⁴ See item #4 on the NPMC Portfolio Summary Report.

If you wish to have each of your investment holdings described to you in detail, please be in touch with our office at any time.

3. **Symbol**⁵: This is the short description of the specific investment holding. This is the ticker symbol description that you will often see on websites or the TV when describing specific investment securities.
4. **Quantity**⁶: This column represents the number of shares you own of each specific security.
5. **ACB**⁷: The ACB stands for the “Adjusted Cost Base” of the security. This is typically your purchase price of the security. This value may also represent your average cost per share for tax purposes. If you have made multiple purchases of the same security over time, this value will represent your average cost for each share purchased. Please note that in some cases the ACB value shown will not necessarily be the actual cost price. For further reference, please refer to your monthly NBCN statement.
6. **Invested Capital**⁸: If you were to multiply the quantity of each security you own by the ACB (average purchase price of each security) the result would be the amount of invested capital. This value is meant to represent the approximate amount of money invested into this security.
7. **Market Price**⁹: This is the approximate market price of each investment as of the date of the report. Note that the market price can be determined in several ways. For further clarity refer to the disclosures on your NBCN statements.
8. **Market VL**¹⁰: When you multiply the quantity by the market price, you will then have your Market Value. This is the approximately value of your investment if you were to sell it at this time. Note, however, that the actual selling or buying price of a security is not known with certainty until the sale or purchase actually takes place.
9. **Unrealized G&L**¹¹: This column indicates the dollar gain or the loss for each specific security as of the date of the report. This is the difference between the market value and the invested value. This dollar amount is a total value and is not time weighted in any way. This means that this dollar amount could have been generated in a few days or over several years. In simplest terms, this column illustrates if we have had a positive return, or if we have lost money, on each specific investment held in your account at this time.
10. **G/L (%)**¹²: This column represents the percent gain or loss of each investment. This percent figure is also not time weighted in any way. This means that this percent gain or loss could have been generated in a few days or over several years. This column

⁵ See item #5 on the NPMC Portfolio Summary Report.

⁶ See item #6 on the NPMC Portfolio Summary Report.

⁷ See item #7 on the NPMC Portfolio Summary Report.

⁸ See item #8 on the NPMC Portfolio Summary Report.

⁹ See item #9 on the NPMC Portfolio Summary Report.

¹⁰ See item #10 on the NPMC Portfolio Summary Report.

¹¹ See item #11 on the NPMC Portfolio Summary Report.

¹² See item #12 on the NPMC Portfolio Summary Report.

illustrates the percent gain or loss on each specific investment held in your portfolio at this time.

11. **Current Yield¹³**: This figure represents the income or dividend percent typically payable on each security over a 12 month period of time. This figure plays a prominent role in our security selection process. In general, we strive to select investments that provide a “yield” of interest or dividends of 3% or more. Note that this figure is different from, and is in addition to, the Percent Gain / Loss figure.
12. **% of Total¹⁴**: This column illustrates the amount that each security represents within the portfolio. If you see a figure of 3.5 in this column, this means that this security represents 3.5% of the total value of the portfolio. This figure is also important to us because it helps to determine the degree of risk within the portfolio, within each section of the portfolio, and the degree to which the current portfolio is within your personal risk profile.

THE MIDDLE SECTION: The middle section provides a list of the investment securities in your portfolio, broken down by investment category. A description of each of these categories is as follows:

1. **Cash and Cash Equivalents:** This is the cash component of the portfolio. This money is not invested in any securities, unless where specified. This is the source from which your retirement income, lump sum withdrawals and / or investment fees will be drawn. On the far right hand column you will see a percent figure. This will tell you the percent of your portfolio that is currently invested in cash. If this value is 3% or less, for example, we would consider the portfolio to be fully invested. This is part of the defensive component of your portfolio.
2. **Medium Term:** This category holds mostly individual bonds or medium term fixed income exchange traded fund products. A medium term investment will be something that matures within the next 2 to 5 years. This is part of the defensive component of your portfolio.
3. **Long Term** This category holds mostly individual bonds or longer term fixed income exchange traded fund products. A longer term investment will be something that matures within the next 5 or more years. Longer term fixed income investments can rise and fall in value more than medium term fixed income investments, when interest rates rise and fall. This is part of the defensive component of your portfolio.
4. **Trust Units:** The trust units category will typically display i) an individual equity security that is structured as either a real estate investment trust or a royalty trust or ii) an exchange traded fund product that has not been categorized elsewhere. This category will have both defensive holdings and growth holdings.
5. **Canadian Equity:** The Canadian equity category is a combination of defensive, balanced and growth holdings. On the defensive side you may see sub-categories such as Preferred Shares, U.S. High Yield bond funds and U.S. corporate bond funds (NPMC is

¹³ See item #13 on the NPMC Portfolio Summary Report.

¹⁴ See item #14 on the NPMC Portfolio Summary Report.

working with NBCN to try to move these latter two categories into the Medium or Long Term categories mentioned previously). In the sub-category called Canadian Balanced Funds you will see the NFC Tactical Pool. It is important to note that the NFC Tactical Pool is a balanced investment and is not 100% Canadian equity as this category would suggest (NPMC is working with NBCN to try to correct this categorization). Finally, on the growth side of the portfolio, you will see two categories: i) common stocks and ii), exchange traded equity products / exchange traded fund products. The common stocks sub-category will list primarily individual stocks while the exchange traded equity products sub-category will list exchange traded funds of Canadian equities that are held in your account today.

6. **American Equity:** The American Equity category is broken down in a manner similar to what you will find in the Canadian equity category. The category will have a combination of both defensive investments and growth investments.
7. **Foreign Equity:** The Foreign Equity category is broken down in a manner similar to what you will find in the Canadian Equity category. The category may have a combination of both defensive and growth oriented investments.
8. **Other:** Alternative Strategy funds is the primary sub-category that you may see. At this time, in this category you may see shares of the Croft Actively Managed Canadian Conservative Equity Pool as well as shares of the Frontenac Mortgage Investment Corp. Since both of these types of investments are held in individual “pools”, similar to NFC Tactical Asset Allocation Pool, they are currently being categorized as Alternative Strategy investments. The Croft Actively Managed Conservative Equity fund belongs in the Canadian Equity category while the Frontenac Mortgage Investment Corp. is best categorized as a corporate bond fixed income investment, in our view.

THE BOTTOM SECTION: In the bottom section of the report you will see several other items:

1. **Exchange Rate**¹⁵: The exchange rate is the rate in place at the time the report was printed, converting US dollar investments to Canadian dollar values. This means that your report is always shown to you in Canadian dollars.
2. **Accrued Interest**¹⁶: This is the dollar amount in interest that your portfolio has earned, but you have not been paid.
3. **Declared and Unpaid Dividends**¹⁷: Same as above, but relating to dividends, this value represents the value of dividends that have been earned, but you have yet to receive.
4. **Total Portfolio Value**¹⁸: Therefore, your total portfolio value will be the market value of your current investments plus the accrued interest as well as the declared and unpaid dividends.
5. **List of Accounts**¹⁹: In this last section of the report, you will see a list of your various accounts that make up this report. This section shows your account number, a

¹⁵ See item #15 on the NPMC Portfolio Summary Report.

¹⁶ See item #16 on the NPMC Portfolio Summary Report.

¹⁷ See item #17 on the NPMC Portfolio Summary Report.

¹⁸ See item #18 on the NPMC Portfolio Summary Report.

¹⁹ See item #19 on the NPMC Portfolio Summary Report.

description of the account, the name of the owner of the account, the currency of the account as well as the market value of the account in Canadian dollars.

HOW TO READ YOUR STATEMENT: There are several things you may wish to do to fully read this report:

- **Am I fully invested²⁰?** You may want to know, from time to time, if you are holding too much cash. If you are planning to withdraw some money from your portfolio, you may want to know if you have much cash readily available to fund this withdrawal. You may also want to know if all of your money is invested and working for you. To answer these questions, look at the “Cash and Equivalents” total line and view the column on the far right hand side. This is the % of Total Column. If this figure is less than 3%, then we would consider your portfolio to be fully invested.
- **What is my asset mix and how risky is my portfolio today?** At this time, this is not a straight-forward question to answer because both defensive and growth oriented investments are sometimes combined into the same category or sub-category. If you wish to answer this question, please send to Doug a note and he will walk you through the process to figure this out. To answer this question we need to be looking at each of the individual investment securities. Ideally, in 2016, these investments will be properly categorized so that the asset mix and risk profile of the portfolio can be more easily presented to you.
- **What is the rate of return on various investments²¹?** By scanning down the G/L % column, you are able to see the total gain or loss, on a percentage basis, for each of the investments you own. Remember that this is a total percent gain or loss and is not annualized or compounded. It is simply the difference between the current value today and the price you bought the investment security.
- **What is the yield on my various investment holdings²²?** By scanning down the Current Yield column, you are able to see the percent yield you can expect to earn over a 12 month period of time. For example, if the yield shows 3%, this means that you would earn interest or dividend income to the equivalent of 3% of your purchase value, if you held this investment for a 12 month period of time.
- **What is the total return earned on my various investment holdings?** The best way to answer this is to go back to the Monthly Performance Report. Since the NPMC Portfolio Summary report does not look at the rate of return from an annualized perspective, it is

²⁰ See item #20 on the NPMC Portfolio Summary Report.

²¹ See item #21 on the NPMC Portfolio Summary Report.

²² See item #22 on the NPMC Portfolio Summary Report.

difficult to determine exactly the total rate of return for each of your various investments without doing the math yourself. For example, if the G/L % shows 5% and the yield shows 3%, if the investment was for the past 12 months, then the total return for the past 12 months would be 8%. However, if the initial investment was made 2 years ago, then the growth would be 5% and the yield would be 3% per year (6% in total) for a total return of 11%. However, this report does not show you the total return on each of the individual investment holdings. As illustrated above, this needs to be calculated manually based on the information provided and the length of time the investment has been held in your portfolio.

- **How much money is invested in the NFC Tactical Asset Allocation Pool²³?** For those clients with greater than \$300,000 invested, you will typically have a portfolio of individual securities, exchange traded funds and 55% to 65% allocated to the NFC Tactical Asset Allocation Pool. Find this security listed under Canadian Equities / Canadian Balanced Funds (NFC TAC AA PL-F/NL/N) and then see the percent figure on the far right hand side of the report (% of Total column). For those clients with less than \$300,000 invested, you can typically expect to be invested up to 100% in the pool.
- **How much money is invested outside of Canada?** This can be generally determined by viewing the % Total column on the far right hand side of the report, for the American Equity and Foreign Equity categories. However, there are other US and Foreign exchange traded funds that may also be listed in other categories, such as the Trust Units category. NPMC is working with NBCN to determine ways to better illustrate proper percentages. It is hopeful that this information will be able to be more easily displayed some time in 2016.
- **What is the current value of each of my accounts?** At the very end of this report you will see the various accounts that make up this report.
- **What do the values on the very last line mean (ie: On the TOTAL line)²⁴?** On the Total Line, shaded in black, you will see several figures: your total amount invested, total market value and the total unrealized gain in both dollars and on a percentage basis. Remember that this is the total return based on the investments you hold today. This has little to do with your personal investment return over time. The best way to measure your portfolio results over time is to review the Monthly Performance Report.

SUMMARY: To put any investment holding into context, we believe it is best to discuss these questions face to face. Every investment security in your portfolio has a different risk and return relationship. It is the unique collection and weighting of these investments that will then influence the risk and return of the entire portfolio. No individual investment is good or bad.

²³ See item #23 on the NPMC Portfolio Summary Report.

²⁴ See item #24 on the NPMC Portfolio Summary Report.

Instead, it is the role that each investment plays that is most meaningful. This is why we believe it is best to discuss each investment holding in a face to face meeting so that your returns can be put into the context of your specific situation.

Our contact information can be found at: www.nelsonfinancial.ca

You can reach us by phone at 204-956-0519.

ADDITIONAL DISCLOSURE²⁵: At the bottom of this report, additional disclosures have been provided.

²⁵ See item #25 on the NPMC Portfolio Summary Report.

3	4	5	6	7	8	9	10	11	12	13	14
Last Purchase	Description	Symbol	Quantity	ACB	Invested Capital	Market Price	Market VL	Unrealized G&L **	G/L (%)	Current Yield	% of Total

MIDDLE SECTION

Cash & Cash Equivalents

Cash

ACCOUNT BALANCE CAD	1CAD	14,467	1.000	14,467	1.000	14,467	21.			20.	1.85
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Long-Term

Exchange Traded Bond Products

02/07/2014	HORIZONS ACT F/R BD-E ETF	HFR	2,008	10.215	20,512	10.110	20,301	-210.71	(1.03)	2.00	2.60
09/25/2014	ISHARES CDN RL RET BD ETF	XRFB	295	24.340	7,180	24.540	7,239	59.03	0.82	1.87	0.93
11/22/2013	ISHARES CDN S/T BOND ETF	XSB	875	28.714	25,125	28.760	25,165	40.00	0.16	2.43	3.22

Total Long-Term

				\$ 52,817		\$ 52,705	\$ -111.68	(0.21) %	2.15 %	6.74 %
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Trust Units

Trust Units

02/07/2014	HORIZONS ACT F/R PFD-E	HFP	2,131	9.975	21,256	9.160	19,520	-1,736.20	(8.17)	3.77	2.50
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Canadian Equity

Preferred Shares

	BROOKFIELD ASSET-A S17 PF	BAM.PR.M	2,093	14.334	30,000	20.900	43,744	13,743.38	45.81	8.28	5.59
	MANULIFE FIN-A-PFD S-2	MFC.PR.B	1,987	18.069	35,903	22.660	45,025	9,122.42	25.41	6.43	5.76
09/25/2014	SUN LF FL-A-N/CM-2 PF PER	SLF.PR.B	796	23.909	19,031	23.700	18,865	-166.16	(0.87)	5.02	2.41

Total Preferred Shares

				\$ 84,935		\$ 107,634	\$ 22,699.64	26.73 %	6.92 %	13.76 %
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Exchange Traded Equity Products

11/05/2014	BMO LOW VOL CDNEQ ETF	ZLB	462	24.505	11,321	26.460	12,225	903.39	7.98	2.29	1.56
	HORIZONS SEASONAL ROT ETF	HAC	1,348	13.307	17,938	16.150	21,770	3,831.96	21.36	4.29	2.78
11/05/2014	ISHRS S&P/TSX CDN DIV ETF	CDZ	532	27.719	14,746	25.500	13,566	-1,180.32	(8.00)	3.45	1.73

Total Exchange Traded Equity Products

				\$ 44,006		\$ 47,561	\$ 3,555.03	8.08 %	3.49 %	6.08 %
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Canadian Balanced Funds

03/04/2015	NFC TAC AA PL-F/NL/N	NBN1046	23.	44,278.202	10.105	443,487	11.436	506,370	58,951.25	13.18	n/a	64.75
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Total Canadian Equity

				\$ 572,427		\$ 661,565	\$ 85,205.92	14.78 %	5.45 %	84.60 %
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NPMC Portfolio Summary (CAD)

As of June 30, 2015

SAMPLE CLIENT

Nelson Portfolio Management

Foreign Equity

Exchange Traded Equity Products

11/22/2013	ISHRS US DV GRW C\$HDGETF	CUD	410	30.418	12,471	31.780	13,030	558.38	4.48	1.72	1.67
	VANGUARD FTSE PACIFIC ETF	VPL	272	55.588	15,120	76.129	20,707	5,587.04	36.95	4.04	2.65

Total Foreign Equity

\$ 27,591 **\$ 33,737** **\$ 6,145.42** **22.27 %** **2.60 %** **4.31 %**

Total

\$ 688,558 **\$ 781,994** **\$ 89,503.46** **12.92 %**

24.

NPMC Portfolio Summary (CAD)

As of June 30, 2015

SAMPLE CLIENT

Nelson Portfolio Management

Exchange Rates

USD 1.000 = CAD 1.247400

15.

16 - 18

Accrued Interest:
Declared and Unpaid Dividends: \$ 318
Total Portfolio Value: \$ 782,312

BOTTOM SECTION

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19.

Account Number	Account Type	Name	Currency	Market Value (CAD)
27Z__T	Retirement Income Funds CAD	MR. SAMPLE CLIENT	CAD	384,378.63
27Z__W	Tax-Free Savings Account	MR. SAMPLE CLIENT	CAD	41,840.63
27Z__A	Cash CAD	MRS. SAMPLE CLIENT	CAD	4,503.84
27Z__T	Retirement Income Funds CAD	MRS. SAMPLE CLIENT	CAD	203,270.70
27Z__W	Tax-Free Savings Account	MRS. SAMPLE CLIENT	CAD	42,057.20
27Z__Y	Spousal - Retirement Income Funds CAD	MRS. SAMPLE CLIENT	CAD	105,942.76

** When applicable, unrealized G/L take into account accumulated interests.