

SI Personal Assessment

Name: Tracy (name changed to maintain confidentiality)

Age: 45

Job: full-time, Software Development Manager

Portfolio Size: \$300,0000

Portfolio includes: 25 mutual funds, index funds, and ETFs

Number of investment accounts: 3

Tracy's Portfolio consisted of the following investments:

Investment Account 1	Dividend Yield	Market Value	MER Fee	Number of holdings	Dividends per year
Vanguard Growth ETF	0.79%	\$15,763.87	0.04%	12545	\$124.53
Vanguard Total Stock Market ETF	1.72%	\$12,887.34	0.03%	3566	\$221.66
iShares Core CDN Universe Bond Index ETF	2.51%	\$6,634.98	0.10%	1347	\$166.32
Signature High Income Fund	6.96%	\$6,348.02	1.59%	560	\$441.78
Steadyhand Income Fund	2.06%	\$15,721.92	1.04%	197	\$323.87
iShares S&P/TSX 60 Index	3.14%	\$10,812.57	0.18%	60	\$339.52
Manulife Dividend Income Fund	1.08%	\$15,736.94	2.28%	156	\$169.97
Mawer Balanced Fund	1.22%	\$13,628.69	0.91%	7	\$166.25
Mawer Canadian Equity Fund	1.86%	\$8,978.13	1.16%	42	\$167.00
Dynamic Alternative yield	7.68%	\$9,731.56	2.39%	139	\$747.71
Dynamic Global Asset Allocation Fund	0.00%	\$13,564.43	2.33%	25	\$0.00
Fidelity Global Monthly Income	0.99%	\$14,457.62	2.23%	3397	\$143.16
Mackenzie Strategic Income Fund	1.66%	\$18,040.44	2.27%	679	\$299.52
Mawer Global Balanced Fund	0.47%	\$13,438.22	1.09%	81	\$63.16
Investment Account 2					
Mackenzie IVY Foreign Equity	0.00%	\$9,776.32	2.50%	50	\$0.00
Dynamic Global Asset Allocation Fund	0.00%	\$6,720.72	2.33%	25	\$0.00
Dynamic Strategic Yield Fund	5.13%	\$7,161.44	2.10%	118	\$367.36
Fidelity Global Monthly Income	0.99%	\$5,735.42	2.23%	3397	\$56.79
Mawer Global Balanced Fund	0.47%	\$10,289.85	1.09%	81	\$48.36
Mawer Global Equity Fund	0.74%	\$43,038.99	1.31%	80	\$318.49
Investment Account 3					
Signature High Income Fund	6.96%	\$5,992.53	1.59%	560	\$417.04
Dynamic Alternative yield	7.68%	\$8,803.62	2.39%	139	\$676.41
Dynamic Strategic Yield Fund	5.13%	\$9,483.49	2.10%	118	\$486.48
Manulife Strategic Balanced Yield Fund	2.92%	\$6,984.23	2.27%	494	\$203.94
Mawer Global Balanced Fund	0.47%	\$10,342.20	1.09%	81	\$48.61
	TOTAL:	\$300,073.54		TOTAL:	\$5,997.96
	Current Yield:	2.00%			

Observations:

1. The dividend yield on some of the funds is low (less than 1.5%), in fact two funds have a dividend yield of 0%
2. Overall, these funds are providing a current yield of 2%
3. Some of these funds own thousands of stocks, and other funds within the fund, there is too much diversification here:
 - a. Too much diversification can be a problem, [I wrote about this topic here.](#)
 - b. With so much diversification, not all stocks held in the portfolio will pass the [12 Rules of Simply Investing](#). With these funds Tracy was unintentionally:
 - i. buying overvalued (priced high) stocks
 - ii. buying non-quality stocks
 - iii. buying stocks that paid little to no dividends
4. Tracy was paying too much in fees, here is what the fees were going to be if she held on to her investments:

Investment Account 1	Market Value	MER Fee	Fees after 10 years	Fees after 20 years	Fees after 40 years
Vanguard Growth ETF	\$15,763.87	0.04%	\$95.18	\$314.66	\$1,951.07
Vanguard Total Stock Market ETF	\$12,887.34	0.03%	\$58.58	\$194.25	\$1,208.14
iShares Core CDN Universe Bond Index ETF	\$6,634.98	0.10%	\$102.53	\$345.02	\$2,178.43
Signature High Income Fund	\$6,348.02	1.59%	\$1,562.48	\$5,265.05	\$33,287.87
Steadyhand Income Fund	\$15,721.92	1.04%	\$2,468.25	\$8,160.01	\$50,598.86
iShares S&P/TSX 60 Index	\$10,812.57	0.18%	\$296.10	\$984.81	\$6,144.60
Manulife Dividend Income Fund	\$15,736.94	2.28%	\$5,416.25	\$17,905.82	\$111,029.54
Mawer Balanced Fund	\$13,628.69	0.91%	\$1,877.14	\$6,218.51	\$38,641.73
Mawer Canadian Equity Fund	\$8,978.13	1.16%	\$1,592.53	\$5,317.12	\$33,306.55
Dynamic Alternative yield	\$9,731.56	2.39%	\$3,548.30	\$11,826.22	\$73,947.33
Dynamic Global Asset Allocation Fund	\$13,564.43	2.33%	\$4,784.08	\$15,849.68	\$98,497.10
Fidelity Global Monthly Income	\$14,457.62	2.23%	\$4,874.24	\$16,133.01	\$100,159.20
Mackenzie Strategic Income Fund	\$18,040.44	2.27%	\$6,168.21	\$20,356.90	\$126,003.64
Mawer Global Balanced Fund	\$13,438.22	1.09%	\$2,217.64	\$7,348.10	\$45,671.27
Investment Account 2					
Mackenzie IVY Foreign Equity	\$9,776.32	2.50%	\$3,728.21	\$12,424.65	\$77,681.63
Dynamic Global Asset Allocation Fund	\$6,720.72	2.33%	\$2,418.50	\$8,135.55	\$51,348.02
Dynamic Strategic Yield Fund	\$7,161.44	2.10%	\$2,317.06	\$7,780.21	\$49,015.91
Fidelity Global Monthly Income	\$5,735.42	2.23%	\$1,988.74	\$6,723.44	\$42,647.45
Mawer Global Balanced Fund	\$10,289.85	1.09%	\$1,708.54	\$5,687.94	\$35,524.27
Mawer Global Equity Fund	\$43,038.99	1.31%	\$8,417.84	\$27,590.37	\$169,546.17
Investment Account 3					
Signature High Income Fund	\$5,992.53	1.59%	\$1,478.63	\$4,991.61	\$31,616.59
Dynamic Alternative yield	\$8,803.62	2.39%	\$3,219.29	\$10,753.32	\$67,389.75
Dynamic Strategic Yield Fund	\$9,483.49	2.10%	\$3,040.47	\$10,139.22	\$63,434.29
Manulife Strategic Balanced Yield Fund	\$6,984.23	2.27%	\$2,444.96	\$8,215.43	\$51,794.43
Mawer Global Balanced Fund	\$10,342.20	1.09%	\$1,717.00	\$5,715.54	\$35,692.99
TOTAL:	\$300,073.54		\$67,540.75	\$224,376.44	\$1,398,316.83
Typical cost with individual stocks:			\$249.75 (one-time fee)	\$0 to \$249.75	\$0 to \$249.75

Solution:

1. By moving to individual stocks, Tracy will:
 - a. over her lifetime save more than \$1.39M in fees
 - b. minimize the [problems of over diversification](#)
 - c. be able to only invest in companies that pass the [12 Rules of Simply Investing](#)
 - d. be able to create a portfolio that generates increasing income each year
 - e. increase her dividend income, as you can see from her new portfolio:

Investment Account 1	Symbol	Dividend	Dividend Yield	Quantity	Share Price	Amount Invested	Dividends per year
Nucor	NUE	\$1.61	3.16%	235	\$50.95	\$11,973.25	\$378.35
Archer-Daniels-Midland	ADM	\$1.44	2.88%	240	\$49.98	\$11,995.20	\$345.60
Aflac	AFL	\$1.12	2.73%	300	\$40.98	\$12,294.00	\$336.00
Home Depot	HD	\$6.00	2.15%	45	\$278.96	\$12,553.20	\$270.00
Eaton Corporation	ETN	\$2.92	2.57%	105	\$113.82	\$11,951.10	\$306.60
Johnson & Johnson	JNJ	\$4.04	2.74%	75	\$147.58	\$11,068.50	\$303.00
Colgate-Palmolive	CL	\$1.76	2.07%	140	\$85.02	\$11,902.80	\$246.40
State Street Corporation	STT	\$2.08	3.03%	175	\$68.65	\$12,013.75	\$364.00
CVS Health Corp	CVS	\$2.00	2.86%	170	\$69.90	\$11,883.00	\$340.00
Chubb Limited	CB	\$3.12	2.11%	80	\$148.02	\$11,841.60	\$249.60
Medtronic	MDT	\$2.32	2.11%	110	\$110.00	\$12,100.00	\$255.20
Snap-on Incorporated	SNA	\$4.92	2.90%	75	\$169.88	\$12,741.00	\$369.00
Cummins Inc	CMI	\$5.40	2.30%	50	\$234.32	\$11,716.00	\$270.00
Tyson Foods Inc	TSN	\$1.68	2.75%	195	\$61.00	\$11,895.00	\$327.60
Investment Account 2							
Sun Life Financial	SLF	\$2.20	3.67%	200	\$59.93	\$11,986.00	\$440.00
Canadian Natural Resources	CNQ	\$1.70	6.10%	425	\$27.87	\$11,844.75	\$722.50
Manulife Financial Corp	MFC	\$1.12	5.21%	565	\$21.50	\$12,147.50	\$632.80
Royal Bank of Canada	RY	\$4.32	4.30%	125	\$100.36	\$12,545.00	\$540.00
Toronto-Dominion Bank	TD	\$3.16	4.86%	180	\$65.04	\$11,707.20	\$568.80
National Bank of Canada	NA	\$2.84	4.12%	170	\$68.98	\$11,726.60	\$482.80
Investment Account 3							
Bank of Nova Scotia	BNS	\$3.60	5.85%	195	\$61.49	\$11,990.55	\$702.00
CIBC	CM	\$5.84	5.48%	110	\$106.51	\$11,716.10	\$642.40
Canadian Tire Corporatio	CTC.A	\$4.70	2.83%	75	\$166.11	\$12,458.25	\$352.50
Finning International	FTT	\$0.82	3.60%	525	\$22.79	\$11,964.75	\$430.50
ATCO	ACO.X	\$1.74	4.48%	310	\$38.86	\$12,046.60	\$539.40
TOTAL:						\$300,061.70	\$10,415.05
Current Yield:						3.47%	

Summary:

1. By moving to individual stocks, Tracy:
 - a. reduced her fees to \$249.75 (one-time commission fee to purchase 25 stocks)
 - b. increased her annual dividend income from \$5,997 to \$10,415
 - c. minimized the [problems of over diversification](#)

Here is the data used to calculate the fund fees:

Amount invested: see column number 2 in the table shown on page 2

Yearly Contributions per fund: \$72

Average Rate of Return: 8.5%

Investment Term: 10 years, 20 years, 40 years

MER fees: see column number 3 in the table shown on page 2

Learn more about investing, how you can save on fees and earn more: SimplyInvesting.com

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