# Wealthscope

# User Guide
## *Advisor Edition*
January 2023

# Table of Contents

# Quick Start

## Landing Page

On the landing page, you have three points of entry: **Advisor Dashboard**, **Client Management**, and **Add Client**.

## Application Design

There are two views: **Advisor** and **Client**. The top-right corner of each page tells you which view you're in: when it is **light blue**, you are in Advisor view (hence "ME" in brackets); when it is **navy blue**, you are in Client view (with your client's name). There will also be a **purple** border around the entire screen when you are in Client view.

Advisor View

| | DASHBOARD | ACCOUNTS | PORTFOLIOS | PLANNING | TOOLS | | RYAN (ME) |

Client View

| ACCOUNTS | PORTFOLIOS | PLANNING | TOOLS | UPDATES 3 | | ANNE (CLIENT) |

There is a menu bar at the top of the application, denoting the four feature segments, available for the advisor and each client. On the left-hand side of the application, there is a navy blue navigation bar, with important destination points such as the Advisor Dashboard, and Client Management.

## Feature Segments

There are four integrated segments: **ACCOUNTS**, **PORTFOLIOS**, **PLANNING**, and **TOOLS** on the top menu bar. The segments are available in Advisor view (for you to test drive ideas) and in Client view. In Client view, everything that you save is saved for that client only.

IMPORTANT: To get started, we suggest that you save your model portfolios first. In **PORTFOLIOS**, we offer several Portfolio Builders and the ability for you to designate portfolios as **Model Portfolios**. You can then compare different portfolios to your models and conduct portfolio simulations in **PLANNING** for your clients using your models.

Please follow these steps:

    i.    In **Advisor** view, create a portfolio using any one of the Portfolios Builders.

ii.   Save the portfolio by selecting the **Save** icon on the left-hand-side panel of the Wealthscope Portfolio Scorecard. Please see the [Icon Legend](#) for reference.

iii.   To designate a saved portfolio as a model portfolio, revisit your saved portfolio (**PORTFOLIOS** >> *Revisit a saved portfolio)* and toggle it as a Model. This function is only available in **Advisor** view.

# 1. Landing Page

## 1.1 Add Client

This is where you enter a new client and their information. First name, last name, and email address are the only required fields. The email address serves as a unique identifier only - rest assured that we will not email your clients. Once the information is entered, click the 'Save & Go' button.
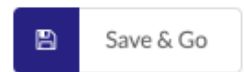
You will then immediately enter the view of the client you have just created. You can start linking and analyzing their investment accounts and building portfolio ideas and retirement plans for the client. See Section 3 "Feature Segments" below for your choices.

Note: If you plan to link your clients' information from **NDEX**, please email us for setup instructions.

## 1.2 Client Management

This is where you can search and access a client. The arrow highlighted in purple to the right of a client's name allows you to enter the Client view.

You may group different clients' investment accounts together as a family for analysis by selecting the 'Add New Family' button.

Once in "Add New Family", you must designate a client to be the "Family Head". The name of the family will be represented by the surname of the family head. Next, you can add family members by selecting the "Add New Family Member" button. For family grouping, only the portfolio analysis functionality is available. Here, you can analyze all family members' investment accounts together or in specific groupings. **Note**: clients cannot belong to multiple families.
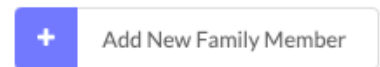
To revisit a family, click the "Home" icon highlighted in orange to the left of the client whose family you would like to view.

**1.3 Advisor Dashboard**

This dashboard displays your aggregated client information at the top and a *high-level summary* of individual clients at the bottom. After you have added clients, click the "Go to Client View" button to enter Client view.

# 2. Application Design

## 2.1. Menu Bar

It is important to remember that the feature segments, **ACCOUNTS**, **PORTFOLIO**, **PLANNING**, and **TOOLS**, are available to the advisor for testing and applied to each client. When an action is performed inside Client View, the information recorded will be attached only to the corresponding client's record. You will not see this information anywhere else.
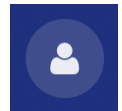
## 2.2 Navigation Bar

The Navigation Bar is the navy column found on the left-hand side of the application.

There is a Client Management icon. You can manage individual clients and/or households there.

When in Client view, this advisor icon allows you to return to Advisor view and will route you back to the Advisor Dashboard.

# 3. Feature Segments

There are four integrated segments: **ACCOUNTS**, **PORTFOLIOS**, **PLANNING**, and **TOOLS** (top menu bar).

## 3.1 Accounts

See a consolidated view of your client's investments across different financial institutions and have them analyzed on demand. The securities currently supported in the analysis are Canadian and U.S. stocks, Canadian and U.S. ETFs, Canadian mutual funds (except private funds - contact us if you want to set up a data feed), and GICs; account values are updated daily.

You can add your clients' accounts by either linking their accounts seamlessly through Wealthica or by manually inputting their account information. The manual option also allows you to input Bitcoin and Ethereum.

1. **Link Accounts:** This option requires that your client has an existing Wealthica account prior and has aggregated their accounts on Wealthica's site. To link their investments to Wealthscope, you will need to have their Wealthica login credentials.
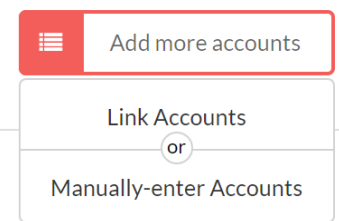
2. **Manually enter accounts:** Follow these steps…

   i. Enter the institution name and account type (e.g., TFSA, RRSP….etc.);
   ii. Search and select holdings; adding cash (non-interesting-bearing) is optional;
   iii. Enter the holdings' corresponding quantities (number of shares/units);
   iv. You can add Bitcoin and Ethereum if applicable

3. Once you have added accounts, the "Overview" tab on the left-hand side of the screen will display an aggregation of key account information across all accounts added. Individual tabs will also appear for each investment account below.

4. Click on an account to view a dashboard with basic account information. Note that the table here has several columns. Don't forget to scroll right using this blue arrow.

5. To generate your **Wealthscope Portfolio Scorecard** for an investment account, click the "Analyze" button in the top right corner of the account dashboard. USD accounts can be analyzed in CAD or USD.
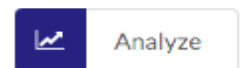
6. Toggle "Group accounts?" to select a specific group of accounts for analysis. Once you are done selecting accounts, click "Analyze". When grouping accounts in different currencies for a big picture analysis, USD accounts are converted to CAD.

7. On each account dashboard (with the exception of "Overview"), there are two functionalities in the dropdown menu when you select the "More" button next to "Analyze".

     i. **Rebalancing**: Keep track of whether account holding weights are in line with specified target weights. Note: You will need to update the target weights whenever there are changes in the holdings.

    ii. **Cash**: Include cash in the analysis to see the impact of cash drag.

8. **Compare** an account with a portfolio previously saved in the **PORTFOLIOS** segment (see Section 3.2 below) or with a "What-if" portfolio. The 'Compare' function (the 'Scale' icon) can be found on the red panel of the Portfolio Scorecard on the left-hand side.

9. **Replace** an excluded holding due to its short history with a proxy in the analysis using the 'Replace' icon. **Note:** The Replace icon will only appear beside holdings that have been excluded. To read Wealthscope's exclusion rules, hover over the "Guidelines" button in Scorecard near the top.
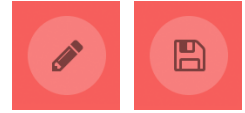
## 3.2 Portfolios

There are several portfolio builders designed for your research in this segment. Select "Create a New Portfolio", and you will find:

- **ETF Portfolio Builder**: Pick your own asset mix from different asset classes. You can see the ETFs that track each asset class by clicking the "Execute" icon on the red panel of the Portfolio Scorecard on the left-hand side. This is an excellent place to build benchmark or core portfolios.

- **SmartRisk Portfolio Builder**: Machine learning is leveraged to generate ETF model portfolios for tactical asset allocation, using 32 asset classes. You can use it to optimize specific risk exposures, including human capital. These models are perfect to use as customized core portfolios. Like the ETF Portfolio Builder, click the "Execute" icon to see the list of ETFs.

- **Custom Portfolio Builder**: A quick way to test portfolio ideas by inputting any Canadian and U.S. stocks, ETFs, and Canadian mutual funds (except private funds) using their tickers/fund codes and corresponding weights. You can also allocate weights to Bitcoin and/or Ethereum here.

- **Asset Allocation Using Machine Learning Builder**: Input your desired holdings and use a technique called Hierarchical Risk Parity (HRP) to determine the optimal portfolio weights to achieve diversification. (Note: Holdings must have at least 3 years of history.)

6

**Notes:**

i.  Once you have built a portfolio, you will automatically receive a Wealthscope portfolio scorecard.

ii. You can edit/save these portfolios using the icons on the left-hand-side panel of the Wealthscope Portfolio Scorecard. Once saved, you can use them to compare against your actual investments or against other saved portfolios (using the "Compare" function in the Scorecard, which is the "Scale" icon on the left-hand side), or for use in PLANNING to simulate returns.

    **Note: To use the portfolio simulation feature available in PLANNING, you must have a portfolio saved.**

iii. Select "Revisit a saved portfolio" to see portfolios saved from portfolio builders. In Advisor view, you have the option to toggle your saved portfolio to make it an advisor's "Model Portfolio". These portfolios will then appear for all clients in their "Revisit a saved portfolio", and importantly, available for use in the PLANNING segment to simulate returns and for portfolio comparisons for all clients.

## 3.3 Planning

There are tools crafted separately for the accumulation and the decumulation phases of retirement planning. Additionally, the target saving tool is multi-purpose and can be used for general financial planning, such as saving for children's education.

### 3.3.1 Accumulation

1.  Select **Retirement Blueprint** (Pro Edition Users Only) to help your client complete a 4-part questionnaire to:

    i.  Calculate annual spending needs net of expected retirement income such as pension benefits.

    ii. Determine your client's "Target Wealth" at retirement, which is the desired size of their nest egg. For this step, you need to first create 5 model portfolios for different risk profiles. These are portfolios your client will be drawing down their savings from once they are retired.

    iii. Determine your client's "Target Saving", which is the monthly saving required from now until retirement to achieve their Target Wealth. For the simulations, you choose a model portfolioyou have saved previously in PORTFOLIOS. Once a likelihood of success is

selected, Wealthscope provides a '"Simulated Saving Outcomes" chart to help your client visualize the expected outcomes of their assumptions.

iv. Under Summary, you will see the summarized results of the Retirement Blueprint. It includes context boxes that display adaptive insights to help you extract more actionable information from the financial plan.

v. Save the blueprint at the bottom of the Summary page. Once saved, you can edit and change scenarios directly from the blueprint. You can also download the blueprint as a PDF.

2. 'Target Wealth' and 'Target Saving' are available as individual tools. 'Target Saving' can be used to calculate the required monthly savings for any financial goal, such as children's education.

## 3.3.2 Decumulation

1. Select "Portfolio Longevity" to see how long your client's savings will last in retirement, versus their conditional life expectancy, using different investment options. This is a great tool for lead generation.

2. Select "Optimal Drawdown" (Pro Edition Users Only) to see how much a retiree can afford to spend each year with actual savings and retirement income, and from which sources, such that taxes are minimized and a smooth lifestyle is maintained. The assumptions and how this tool works are described at the top.

3. "Optimal Drawdown with Target Spending" (Pro Edition Users Only) is for retirees who have an annual spending amount in mind and are not worried about outliving their savings. This tool shows how to drawdown savings from various sources in order to minimize taxes. You will see a comprehensive breakdown of retirement income sources, tax burden, and investment account projections over their planning horizon.

# 4. Wealthscope Portfolio Scorecard

A portfolio will be given an overall letter and percentage grade, as well as graded on **6** important portfolio dimensions: **risk-adjusted performance, downside protection, diversification, fund fees, income, and ESG**. Click on any letter grade in the Portfolio Scorecard to see an article explaining how our scores work in more detail.

Wealthscope scores a portfolio in each dimension based on how well the portfolio has performed during the specific time period in question. This period is dictated by how far your securities go back in history, but not past April 2007. If your securities are relatively new, they may be filtered out in the analysis. (See "Guidelines" at the top left of Portfolio Overview for more information.)

If one or more of the securities in the portfolio are excluded as a result of a short history, you have two options. You can replace a short-history security with a proxy security. Click the two-way arrow icon next to the excluded security. Alternatively, you can toggle "Yes" for "Include all holdings" at the top right of the Portfolio Overview. In the latter case, the analysis may be more limited in scope, and the scorecard must be interpreted with caution.

For the Performance and Downside dimensions, your portfolio is analyzed against a benchmark, which is selected automatically depending on which one of the eleven asset allocations your portfolio is closest to (100% equity, 90% equity 10% fixed income .... to 10% equity 90% fixed income, 100% fixed income). The default equity portion of the benchmark is the TSX Composite Capped 10%, but you can choose a global equity index, or a custom benchmark.

For some ETFs with short history, we may use the underlying index returns (minus the MER) prior to inception in the portfolio analysis.

**Performance** – an evaluation of past performance based on risk-adjusted returns as well as annualized returns relative to the benchmark, which is a portfolio that has a similar asset allocation to stocks and bonds. A higher score is more desirable.

**Downside Protection** – an evaluation of the portfolio's ability to limit losses when there is a stock market downturn. Downside capture, maximum drawdown, and downside risk relative to the benchmark portfolio are used for this score. A higher score is more desirable.

**Diversification** – an evaluation of your portfolio's ability to diversify risk, scored in terms of the portfolio's average pairwise correlation and the following 4 dimensions, across regional stock markets, macroeconomic factors, global business sectors, and asset classes. A higher score means that your portfolio's risk exposures are more spread out. A higher score is more desirable.

**Fund Fees** – an evaluation based on your client's portfolio's weighted average management expense ratio (MER). MER is a fee charged by ETFs and mutual funds. Depending on the series (e.g., A), it may include a trailing commission that compensates the advisor who sold the fund. Note that fund returns are reported net of MER. Additional advisory or trading fees are not included in this score. When a MER is unavailable for a given fund, it will be replaced by the category average; this will be indicated in a message to the right of the MER value. Assuming a maximum MER of 3%, a higher score indicates lower fund fees, which is more desirable.

**Income** – this refers to income such as dividends and fund distributions. It is the weighted average yield of the portfolio. The maximum is set at 5%, meaning that a portfolio that has a yield of at least 5% will receive a score of 100%. A higher score represents a higher income yield. Depending on your client's needs at their current life stage, they may or may not be looking for income from their investments.

**ESG** - ESG ratings for stocks and funds are powered by OWL Analytics, a big data analytics firm specializing in ESG research. Note that ESG ratings are not evenly distributed. For example, very few stocks and funds have ESG ratings above 80 on a 0-100 scale currently. Wealthscope takes this into account and rescale the ratings when grading the ESG dimension of your portfolio.

Disclaimer: The Wealthscope Portfolio Scorecard is based on an objective, data-driven evaluation of each portfolio dimension. It provides a useful tool for analyzing and comparing portfolios within the same risk category or asset allocation to help you identify opportunities for further research. It should not be considered recommendations to buy or sell individual securities or portfolios. And the usual disclaimer applies – past performance is not necessarily indicative of future performance.

On the Portfolio Overview tab, there is the option to print or download as a PDF the entire scorecard output. You can elect to remove the Wealthscope grades and percentages here.

## 5. Prospecting Tool

Pro Edition Users receive a complimentary, digital lead generation tool which can be easily integrated into their marketing website. To learn more, please visit https://www.wealthscope.ca/prospecting-tool.

To begin setting up your Prospecting Tool, get in touch with our team at contact@wealthscope.ca.

## 6. FAQs

***How do I remove a client?***

Enter the **Client** view of the client you wish to remove. Hover over their name at the right-side of the top menu bar and click 'Profile' in the dropdown. Here, you will be able to remove a client.

***What to do if the account information linked through Wealthica is out-of-date?***

There are two types of connection errors you may experience that can result in out-of-date information:

1. A syncing error due to Wealthica's connection issues with the financial institution in question. Wealthscope will display a warning message on the relevant account. This requires the Wealthica account owner to take action on Wealthica's site. Once the issue is resolved on Wealthica's site, it will be reflected on the Wealthscope Advisor platform.

2. The token that links Wealthscope with Wealthica for a specific client has expired. Simply re-link their Wealthica account on the Wealthscope Advisor platform to resolve this issue. Note: the token expires every 12 months for your client's protection.

***Am I able to customize the PDF exports to display my firm's logo?***

This is planned for phase two of the Advisor edition, depending on demand from our users. Let us know this is a desired feature.

***How do I delete an investment account?***

You can only delete manually entered accounts. Go to the account you wish to delete. At the bottom of the holdings table, there is a 'Delete' button. Once an account is deleted, it cannot be recovered.
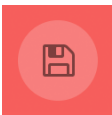
***How do I edit the positions or weightings in an account?***

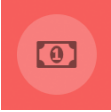You can only edit the positions and/or weights of manually-entered accounts. Go to the account. At the bottom of the holdings table, there is an "Edit" button. Remember to save your changes.

*How can I ensure the security of my clients' data?*

The Wealthscope platform has gone through rigorous vulnerability assessments and we use bank-level security to protect the information we collect. User data is stored in Canada on Amazon Web Services (AWS) servers and is encrypted using the AES-256 algorithm. All passwords are hashed.

## 7. Icon Legend

| | | |
|---|---|---|
| ⑦ | Hover for more information on a particular subject | Beside certain text. |
| 👥 | Enter Client Management | Found on the navigation bar. |
| 👤 | Enter advisor view | Found on the navigation bar. |
| ✏️ | Edit the asset allocation or positions of a portfolio from the portfolio builders | Found on the red panel when viewing a Portfolio Scorecard. |
| 💾 | Save a portfolio from the portfolio builders | Found on the red panel when viewing a Portfolio Scorecard. |
| ⚖️ | Compare an account or portfolio with previously saved portfolios | Found on the red panel when viewing a Portfolio Scorecard. |

| | | |
|---|---|---|
| | Options to execute an ETF portfolio | Found on the red panel when viewing a Portfolio Scorecard. |
| | Access a client (i.e., enter client view) | To the right of the client's name in Client Management. |
| | Visit a family | To the left of the client's name in Client Management. |
| | Add a note to a specific client-account. | To the right of the client account's name when selected. |
| | Click to view our multimedia educational content on YouTube; explaining financial concepts with simple videos | Beside certain text. |
| | Security has been excluded in the analysis because it has insufficient history or other errors | To the right of the security name in the Scorecard. |
| | Click to 'Replace' a holding that has been excluded in the analysis with a proxy. | To the right of the specific holding in the Overview tab. |
| | In a rebalancing system: when one or more weights exceed their maximum deviation, or when holdings in an account have been sold and/or added. | On an account tab. |
| | Indicate that a rebalancing system has been set up for an account | On an account tab. |

| | Account syncing with financial institution has failed | On an account tab. |
|---|---|---|
| | Report a bug (i.e., issues with our platform) | At the bottom right corner of every page. |

## 8. Grading Scheme

| A | 80 - 100 |
|---|---|
| B | 70 - 79 |
| C | 56 - 69 |
| D | 21 - 55 |
| F | Below 21 |

## 9. Need help?

This guide only serves as an introduction. If you need further assistance, you can contact Wealthscope at contact@wealthscope.ca.