

# Risk vs Return Calculator Guide

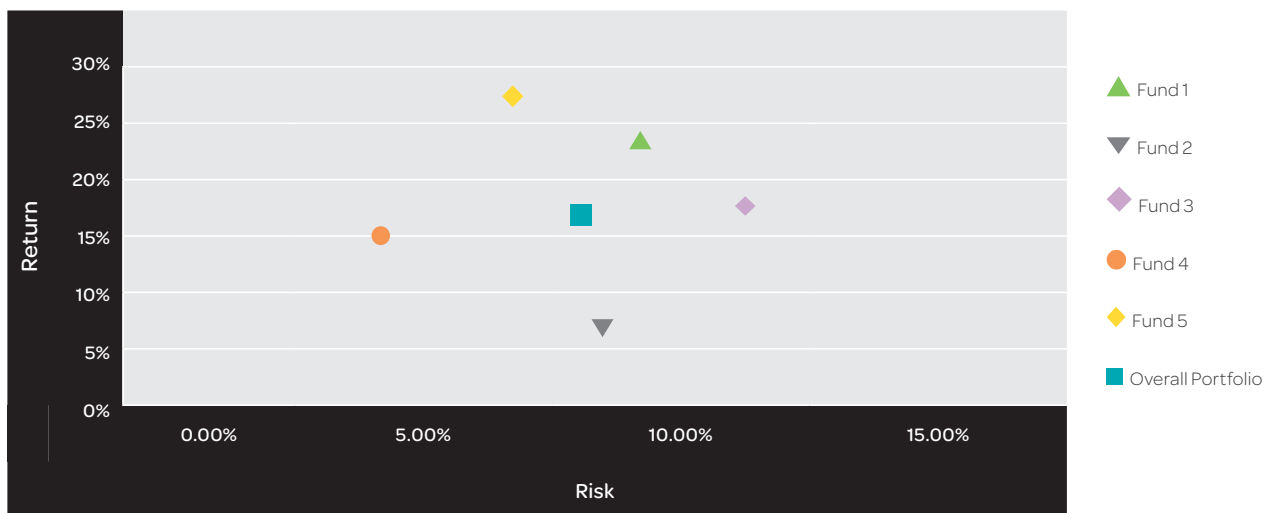
## Assisting Your Clients With Fund Selection

Choosing appropriate investment funds can be a daunting task. Once you have determined your client's risk profile and asset allocation mix, you need to guide your client in selecting an appropriate mix of investment funds. The STANLIB Risk vs Return Calculator can assist you in the fund selection process as well as to reinforce the importance of having a balanced diversified portfolio. Holding a diversified portfolio of funds reduces the risk while increasing the probability of achieving reasonable returns.

The tool allows you to compare various funds' risk profiles and historic returns on a single graph, over 1, 3 or 5 years. It also plots the client's overall portfolio on the same graph, to ensure that the client understands the risk vs return profile of his/her mix of investment funds.

For each fund plotted, the risk is the standard deviation of the returns over the selected period, while the return is net of fees on the classes stipulated. With regards to the overall portfolio return, it is the weighted average return of all the funds based on the various weightings, while the risk is based on the weighted standard deviation and covariance of returns between the respective funds.

Example:



# Risk vs Return Calculator on STANLIB Online

The Risk vs Return Calculator is available on STANLIB Online and can be used as a stand-alone tool, or it can be incorporated as part of the Investment Proposal. To use the calculator simple follow the quick process below:

## Using the Risk vs Return Calculator

- Step 1: The Risk vs Return Calculator can be found under the “Tools and Calculators” menu.
- Step 2: Select the funds and percentage weightings that need to be included in the calculation. Accept the notes and disclaimers.
- Step 3: The graph illustrates the Risk vs Return profile of each underlying fund as well as the overall portfolio. The time period can be changed to 1 year, 3 years or 5 years. The funds can also be changed by selecting “Change Funds”.
- Step 4: Download the output, by selecting “Download PDF”.

The screenshot shows the STANLIB Online user interface. At the top, the STANLIB logo is on the left, and navigation links for Documentation/Accreditation, www.stanlib.com, Terms and Conditions, Contact Us, and Logoff are on the right. Below this is a horizontal menu with tabs for My Clients, Transactions, Reporting, Correspondence, and Tools and Calculators. The Tools and Calculators tab is active, and a sub-menu is displayed with options for Investment Proposal and Risk vs Return Calculator. The Risk vs Return Calculator option is highlighted with a dashed red box. The main content area displays a welcome message for Andre and several task lists under the headings MY CLIENTS, TRANSACTIONS, CORRESPONDENCE, REPORTING, and TOOLS AND CALCULATORS. The TOOLS AND CALCULATORS section is also highlighted with a dashed red box and lists the tasks: Load and search Investment Proposals and Risk vs Return Calculator.