

# Understanding Your Investment Performance

There are different ways to measure returns for assets. Understand which method is being used when reviewing your investment performance.

## YOUR RATE OF RETURN

 GAIN OR LOSS ON AN INVESTMENT	 OVER A SPECIFIED TIME PERIOD	 EXPRESSED AS A PERCENTAGE
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## REVIEWING YOUR RETURNS

There are a number of ways to calculate an investment rate of return. Time-Weighted and Money-Weighted are two calculation methods that investors see when looking at their asset performance.

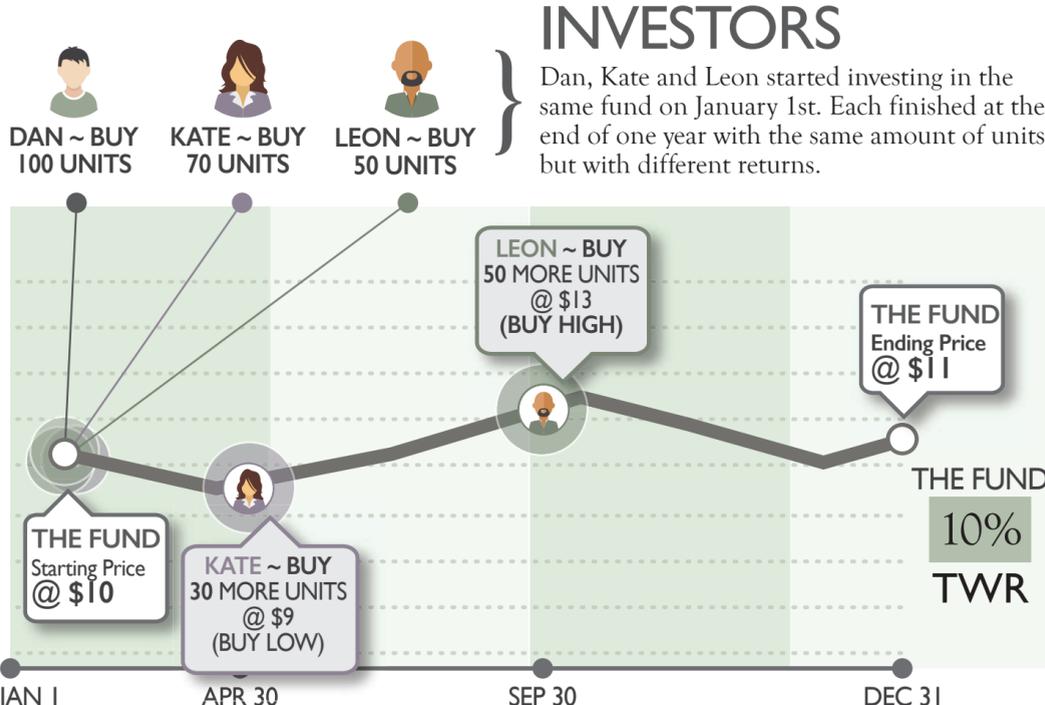
### Time-Weighted Return (TWR)

### Money-Weighted Return (MWR)

 <p>Measures the compound rate of growth in an investment as seen in the newspaper and online.</p>	 <p>Measures the investor's specific returns as seen on their statement. It's a Personal Rate of Return.</p>
 <p>Eliminates the effects created by deposits and withdrawals of cash.</p>	 <p>Incorporates the size of the investor's deposits and withdrawals.</p>
 <p>Used to evaluate the returns of the investment manager.</p>	 <p>Incorporates the timing of deposits and withdrawals of cash.</p>

## The Impact of Investor Behaviour

Investor behaviour can have a significant impact on Money-Weighted Returns



 <p><b>DAN</b> BUY &amp; HOLD 100 UNITS</p> <p>10% 10% TWR MWR</p> <p>Dan's buy and hold strategy yielded him the same results as the fund. Cash flows are not a consideration so the MWR and the TWR are the same.</p>	 <p><b>KATE</b> BUY LOW 100 UNITS</p> <p>10% 15% TWR MWR</p> <p>Kate bought additional units of the fund while it was underperforming, resulting in her MWR being higher.</p>	 <p><b>LEON</b> BUY HIGH 100 UNITS</p> <p>10% -7.5% TWR MWR</p> <p>Leon bought additional units of the fund at a higher price, which caused his MWR to be lower.</p>
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**THE TIMING AND SIZE OF INVESTMENTS MAKES A DIFFERENCE**

Each investor finished with the same amount of units of The Fund. Although their Time Weighted Returns are the same, their Money Weighted Returns (or Personal Rate of Returns) are very different.

## Contact us today.

Learn more about your personal rate of return and how the timing and size of your investments contribute to your portfolio's overall performance.



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