

# Know Your Product

Our **Know Your Product (KYP)** process is a high-level due diligence approach that applies to all investment products offered through our firm. At its core, it is about ensuring a fundamental understanding of the investment itself, before any recommendations are made to our clients. This process involves the following key factors:

**General Structure** -Our process involves a fundamental understanding of the overall complexity and transparency of an investment product, as well as its basis of return and any conflicts of interest that may arise due to its return structure. This includes identifying any unique features that may introduce unusual risks.

**Risks** -Our process identifies the risks that relate to the investment products we offer, including liquidity risks, price volatility, risks relating to assets that may underlie derivative or structured products, and any default risks. Inherent in this analysis is determining the likelihood that a client may lose all or some of their investment.

**Who are the Parties?** -One of the most critical aspects of the review process is knowing the investment manufacturer. This includes the financial position of the issuer, the qualifications and reputation of the fund managers and knowing their investment approach -or thesis. This is determinative when constructing investment portfolios that seek to maximize returns on a risk-adjusted basis.

**Legal Framework** -Ascertaining the applicable legal and regulatory framework is integral to our review process, because it affects both the general structure and risk portion of the review. By determining the frequency and comprehensiveness that is required by an issuer's disclosure documents, a firm can evaluate how accurate its general structure and risk analysis is. This analysis also involves identifying exemptions that may exist as well as the legal characteristics of derivatives or structured products.

**Policies and Procedures** -Our firm conducts continual and continuous review of the investment products used in our portfolios. Part of this review involves a structured relationship with our wealth management partners, where quarterly reviews of fund performance takes place with the fund managers of a given fund, or their proxies -wholesalers- who act as intermediaries. The goal is to ensure that the style discipline and fundamental approach to how they seek to generate positive returns in markets remains consistent. This ensures that the investment funds we have recommended adhere to their mandates going forward, and clients know what they are investing in. Further, our process involves examining alternatives in a given asset class, from the standpoint of risk, return, cost and fund composition. This minimizes the degree of portfolio concentration at any given point in time -a factor that measurably lowers portfolio volatility.

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**Metrics** – Our KYP process is supported through critical financial metrics that provides insight into why our mutual funds are the best fit for our clients. In addition, comparable funds are subject to the same financial metrics in our fund evaluation. They are as follows:

- [Alpha](#)
- [Beta](#)
- [Downside Capture Rate](#)
- [Historical Sharpe Ratio](#)
- [Management Expense Ratio](#)
- [Standard Deviation of Daily Returns](#)
- [Total Return Level](#)

In addition to the above financial metrics, our KYP process includes a fundamental understanding of the investment thesis of each of our wealth management partners. This is done through a close working relationship with their chartered financial analysts who make the investment decisions for the funds they manage.

Ultimately, our **KYP** process is about delivering a better investment experience for our clients, where steady, predictable investment returns bring financial security and peace of mind. This is what defines our approach to wealth management and is the basis for all investment recommendations we implement on our client's behalf.