

# ESTATE CAPITAL

Chartered Financial Advisers

## Understanding your Range of Returns

All investments carry a degree of risk as well as potential rewards. It is important that you understand the nature, relationship and extent of both risk and return, in order that you can make an informed judgement about your selected portfolio.

Whilst investors do not want to take undue risk, however many find that their needs are only met by higher risk investments. As a result risk should be considered within the context of your objectives and your attitude to potential capital gains and losses.

As the risk of potential capital loss increases so do the potential returns increase to compensate for the risk taken.

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## The Estate Capital Investment Portfolios

Individual investments and the asset class they represent are combined into a risk rated bespoke investment portfolio. For each portfolio we can use the historical rate of return and volatility for each asset class held within the portfolio to predict the portfolio's anticipated average annual return and the range of volatility that the portfolio could experience.

The aim is to optimise the asset allocation so as to achieve the highest expected level of return for a given level of risk.

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The table below demonstrates the annual expected return and the range of possible returns for each of our five investment strategies. These figures should not be taken as a projection. They show the average expected annual return and the range of potential capital gains and losses to two standard deviations, providing investors with a guide that will be accurate 95 times out of 100 outcomes.

