

Thank you for requesting a copy of the PWL Rate of Return Calculator. This document explains how to use the accompanying Excel file to calculate your portfolio's annual rate of return.

Please follow these steps:

Step 1: Collect your monthly statements and record the **month-end value** for each of your accounts, starting with December of the previous year. Add the value of each account to get the **total portfolio value** for each month.

| Month-end | RRSP | TFSA | Taxable | Portfolio Value \$ |
|---------------|-----------|----------|-----------|--------------------|
| December 2015 | \$230,000 | \$20,000 | \$100,000 | \$350,000 |
| January 2016 | \$235,000 | \$25,700 | \$102,000 | \$362,700 |
| February 2016 | \$268,000 | \$25,900 | \$108,300 | \$402,200 |
| March 2016 | \$275,000 | \$23,600 | \$106,500 | \$405,100 |
| etc... | | | | |

Step 2: List all 2015 **cash flows** into (+) and out of (-) the portfolio for each month. Include the day of the month beside each transaction.



| Month | Cash Flow | Day |
|---------------|-----------|-----|
| January 2016 | \$1,000 | 15 |
| | \$5,500 | 20 |
| February 2016 | -\$3,000 | 14 |
| | \$1,000 | 15 |
| March 2016 | \$1,000 | 15 |
| etc... | | |

Ignore dividends and interest, which are not relevant (as long as they are not withdrawn from the portfolio). Transfers from one account to another within your portfolio should also be excluded, as the overall portfolio value does not change.

Step 3: Input each **month-end portfolio value** (from Step 1) into column E of the *PWL Rate of Return Calculator*, as shown in the example of Step 4.

Step 4: Input each **cash flow** amount and **day** (from Step 2) into the same row that coincides with the month the cash flow occurred (there is room for up to five separate cash flows per month).

The **year-to-date (YTD) return** is shown in the bottom left corner of the spreadsheet. As the year goes on, you can continue to update the spreadsheet until you have one full year of data.

| | A | D | E | F | G | I | J | L | M |
|----|---|------------|----------------------|--|------------------|------------------------|------------------|------------------------|-----|
| 1 |  | | |  | | | | | |
| 2 | | | | | | | | | |
| 3 | | | | | | | | | |
| 4 | | | | | | | | | |
| 5 | | | | | | | | | |
| 6 | | | | | | | | | |
| 7 | Contributions (+) and Withd | | | | | | | | |
| 8 | Month-End | Return (%) | Portfolio Value (\$) | Cash Flow ₁ | Day ₁ | Cash Flow ₂ | Day ₂ | Cash Flow ₃ | Day |
| 9 | | | | | | | | | |
| 10 | December 2015 | | \$350,000.00 | | | | | | |
| 11 | January 2016 | 1.76% | \$362,700.00 | \$1,000.00 | 15 | \$5,500.00 | 20 | | |
| 12 | February 2016 | 11.48% | \$402,200.00 | -\$3,000.00 | 14 | \$1,000.00 | 15 | | |
| 13 | March 2016 | 0.47% | \$405,100.00 | \$1,000.00 | 15 | | | | |
| 14 | April 2016 | 0.00% | | | | | | | |
| 15 | May 2016 | 0.00% | | | | | | | |

Tips for U.S. dollar accounts:

- If you have any U.S. dollar accounts, the month-end values must be converted to Canadian dollars (multiply the U.S. dollar account values by the appropriate monthly closing exchange rate in the **USD -> CAD** column from the [Bank of Canada USD/CAD closing rate summary](#) website).
- All contribution and withdrawal amounts from your U.S. dollar accounts must also be converted to Canadian dollars. Visit the [Bank of Canada Daily noon exchange rates: 10-year lookup](#) website, enter the transaction date (**yyyy/mm/dd**), check off the **U.S. dollar (close)** box, and click **Submit**. Multiply the contribution or withdrawal amount by the closing exchange rate in the **USD -> CAD** column.

Please feel free to email me with any questions you may have regarding calculating your portfolio's rate of return:

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