**How to Read (old Pershing) Investment Portfolio Account Statements**

**Real World Personal Finance Software**

**(503) 309-1369** support@toolsformoney.com <http://www.toolsformoney.com/>

This newsletter is to help you understand your monthly statement and quarterly performance reviews.

Let’s start with your monthly statement.

Page 1: **Asset Valuation Section**

If you see a line called “Income/Securities Not Yet Received,” this is interest dividends your funds earned in the last month. They didn’t show up on last month’s statement because they didn’t post until the last few days of the month. Since there is no way to know what the amount will be, you just have to wait until they settle in your account.

Page 1: **Activity Summary Section**

This is a summary of all of the money going in (credit) and coming out (debit) of the account.

If you have a value in the *Opening Balance* row, this is probably because last month there were more credits (money coming in) than debits (money going out). When money enters your account in the form of cash (as opposed to securities), it goes into your cash account. After the activity in your account settles down, this money in your cash account is “swept” to your money market account. An example of activity that hasn’t settled is selling a mutual fund. The cash from the sale sits in cash until the trade settles. When it settles, this cash is swept into the money market fund. Cash doesn’t earn interest, but money market does.

If there is an amount in the debit section of the *Sec. Withdrawals/Deposits* row, this means securities were bought with this much money. This includes reinvestment of dividends. The proceeds from securities sold during the month will show up as a credit.

Debits in the *Money Market Funds* row show how much cash was swept into your money market account. In other words, how much money went into money market to collect interest. Usually credits are additions to accounts, but money market is backwards for some reason.

The *Closing Balance* row shows the difference between the total debits and credits. This amount will be next month’s *Opening Balance*.

# Money Market Fund Detail

The *Opening Balance* is how much you had in money market funds at the beginning of the month. Deposits are additions to your money market account. *Shares Purchased by Wire* is just Pershing’s way of getting money into your money market account. Pershing makes everyone use Alliance Capital’s money market funds. Alliance Capital is the name of a mutual fund family, like Fidelity, that specializes in money market funds. We’re currently looking into the options here to get the best one for your account. Your statement says *Shares Purchased by Wire* when there is a money market fund transaction because they have to wire it to Alliance Capital.

*Income Reinvest* is the interest earned on your money market account being reinvested back into the money market.

# Portfolio Holdings

If you see an asterisks here before the mutual fund name in the *Description* column, this means the mutual fun d is a no-load fund. A no-load fund is a mutual fund that does not have a sales charge to buy it. It doesn’t matter to you whether or not a mutual fund or a load or a no-load fund because we buy all mutual funds without sales charges.

The *Div/Cap Gain Option* tells you how each mutual fund is set up regarding what to do with it’s dividends and the gain distributions. The word at the top applied to dividends and the bottom, capital gains. most of your funds should have Cash on top and Reinvest on the bottom. This means that dividends from that fund go to your money market account, and capital gains distributions are reinvested back into the fund. If your account is not an IRA (or other type of tax-qualified account), both of these distributions will be taxable income to you.

If the bottom field is blank, this means the fund does give the option to decide. If the top line says reinvest (dividends) and the bottom is blank, then the fund is forcing you to reinvest capital gains.

The *Estimated Yield* column is what Pershing’s computer thinks the yield will be on the fund this year based on the last few dividends. For example, if you own a fund worth $100,000 and the last few monthly dividends have averaged $417, then the computer thinks your annual yield will be 5% (($417 \* 12)/$100,000). This is just an estimate so your actual yield will differ.

The same explanation in the above paragraph applies to the *Annual Income* column. It’s just an estimate in dollar amounts.

If the *Security ID* is a string of numbers instead of letters, then there is a conflict between two fund’s ticker symbols. For example, Franklin Templeton Global Currency fund and ICP Global Cash Portfolio both have ICPGX as the mutual fund ticker symbol. Pershing will use the fund’s long CUSIP (Committee on Uniform Securities Identification Procedures) number for one of these funds to differentiate them.

The *Account Type* column will most always be *Cash* unless you have a margin account. A margin account allows clients to borrow money from Pershing to buy securities. People do this because they think the security will go up enough to profit even after paying the interest on the borrowed funds. If the security goes down, the investor takes the loss on the security, and still has to pay the interest on the loan. Who knows what the average success ratio is for these ventures, but since this relies heavily on market timing and security selection techniques, it’s probably less than 50%. We probably wouldn’t let our clients’ trade on margin even if they wanted too.

The *Location* column tells you where your securities are located. All of are clients’ securities are held at Pershing, so this is blank. (Who know why Pershing doesn’t just but Pershing in this field.)