A.L. Capital *Advisory*

PRIVATE WEALTH MANAGEMENT · WARSAW, POLAND

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◆ DIAGNOSTIC REPORT — INTERMEDIATE SERVICE ◆

Portfolio **Health** Check

Concentration · Correlation · Sector Risk · Fundamentals · Priority Action

PREPARED FOR

John Smith

REPORT DATE	HOLDINGS	SERVICE
06 March 2026	8 positions	Health Check

SCOPE OF THIS REPORT

This is a diagnostic report. It identifies risk, concentration, correlation, and fundamentals issues in your existing portfolio. It does not include quantitative optimisation, Monte Carlo projections, or a strategic mandate — those are delivered as part of the full Strategic Session.

§ 1 — DIAGNOSTIC SUMMARY

Portfolio Health Overview

PORTFOLIO HEALTH SCORE

Needs Review

Composite of diversification quality, drawdown profile, concentration risk, and goal probability across 5 dimensions.

32
/100

Risk-Adj. Return: **8/20**   Drawdown Profile: **0/20**

Goal Probability: **3.2/20**   Concentration Risk: **13.7/20**

Diversification: **6.6/20**

HHI CONCENTRATION	AVG PAIRWISE CORR	PORTFOLIO VOLATILITY	RISK-ADJ. RETURN
7848	**0.603**	**27.5%**	**0.60**
Highly Concentrated	Moderate	Annualised · BL posterior	Sharpe Ratio · vs SPY benchmark

CONCENTRATION FINDING

HHI = **7848** (Highly Concentrated). Effective number of independent positions: **1.3**. This concentration level is typical of undiversified single-stock risk. A well-constructed 10-stock portfolio should target HHI below 1,000.

CORRELATION FINDING

Average pairwise correlation: **0.603**. Moderate — some diversification. Correlation is moderate — some diversification benefit exists but could be improved by reducing sector overlap.

⚠ **LARGEST RISK DIVERGENCE**

NVDA has a portfolio weight of **14.0%** but contributes **22.0%** of total portfolio risk — a divergence of **+8.0%**. This means you are taking more risk than your allocation size implies.

§ 2 — HOLDINGS & CONCENTRATION

Full Position Table with Risk Attribution

Holdings Scorecard

All positions · weight · risk contribution (▲ = risk exceeds weight, ▼ = risk below weight) · beta · P/E · dividend yield

Ticker	Name	Sector	Weight	Risk Contrib	Beta	P/E (TTM)	Div Yield
NVDA	NVIDIA Corporation	Technology	14.0%	22.0% ▲	2.38	37.0×	2.00%
META	Meta Platforms, Inc.	Communication Services	4.9%	5.3%	1.28	27.5×	—
GOOG	Alphabet Inc.	Communication Services	20.7%	19.6%	1.11	27.7×	—
MSFT	Microsoft Corporation	Technology	21.8%	20.2%	1.11	25.7×	—
QQQ	Invesco QQQ Trust	ETF	37.8%	32.1% ▼	—	33.3×	—
ADBE	Adobe Inc.	Technology	0.7%	0.7%	1.53	16.7×	—
MRVL	Marvell Technology,...	Technology	0.0%	0.0%	—	32.4×	—
BX	Blackstone Inc.	Financial Services	0.2%	0.1%	1.79	28.5×	4.10%

## Risk vs. Weight

Risk contribution minus portfolio weight · positive = risk-disproportionate

Ticker	Weight	Risk Contrib	Divergence
NVDA	14.0%	22.0%	+8.0%
META	4.9%	5.3%	+0.4%
MRVL	0.0%	0.0%	+0.0%
GOOG	20.7%	19.6%	-1.1%
MSFT	21.8%	20.2%	-1.6%
QQQ	37.8%	32.1%	-5.7%
BX	16.0%	0.1%	-15.9%
ADBE	71.0%	0.7%	-70.3%

Risk Contribution Chart

Euler decomposition — marginal contribution to total portfolio variance

Legend: QQQ, NVDA, MSFT, GOOG, META, ADBE, BX
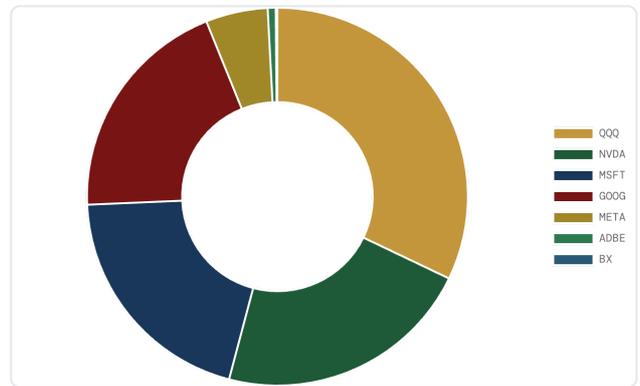
RISK CONTRIBUTION BY HOLDING — EULER DECOMPOSITION

§ 3 — CORRELATION & SECTOR EXPOSURE

# Diversification Quality & Sector Attribution

Pairwise Correlation Matrix

Average off-diagonal correlation: 0.603 · 5-year daily returns · dark blue = high positive · red = negative · above 0.75 = limited diversification benefit

	NVDA	META	GOOG	MSFT	QQQ	ADBE	MRVL	BX
NVDA	1.00	0.52	0.57	0.65	0.79	0.56	0.66	0.50
META	0.52	1.00	0.60	0.59	0.70	0.52	0.45	0.45
GOOG	0.57	0.60	1.00	0.69	0.78	0.59	0.49	0.51
MSFT	0.65	0.59	0.69	1.00	0.86	0.70	0.53	0.56
QQQ	0.79	0.70	0.78	0.86	1.00	0.74	0.70	0.68
ADBE	0.56	0.52	0.59	0.70	0.74	1.00	0.47	0.51
MRVL	0.66	0.45	0.49	0.53	0.70	0.47	1.00	0.50
BX	0.50	0.45	0.51	0.56	0.68	0.51	0.50	1.00

Sector Allocation

Portfolio weight by GICS economic sector — concentration by sector

Legend:
- ETF
- Technology
- Communication Services
- Financial Services
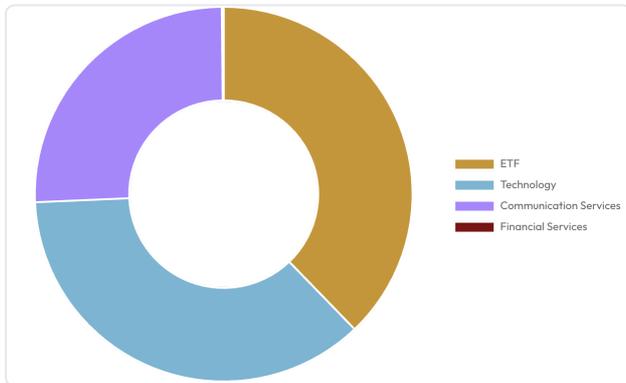
SECTOR ALLOCATION BY GICS SECTOR

Weight vs Risk Quadrant

Positions above diagonal = risk exceeds weight — primary trimming candidates

Legend:
- NVDA
- META
- GOOG
- MSFT
- QQQ
- ADBE
- BX
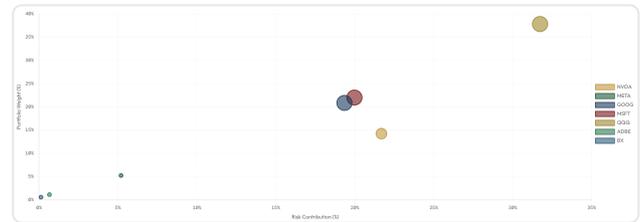
WEIGHT VS RISK CONTRIBUTION QUADRANT CHART

§ 3B — SECTOR ATTRIBUTION

Brinson–Hood–Beebower Performance Attribution vs SPY Benchmark

Sector Attribution (Brinson–Hood–Beebower)

Portfolio return: **26.94%** · Benchmark (SPY): **13.83%** · Active return: **+13.11%**

Sector	Portfolio Wt	Benchmark Wt	Portfolio Return	Selection Effect	Total Effect
Technology	**36.5%**	25.0%	+27.9%	+3.524%	**+6.766%**
Communication Services	**25.5%**	25.0%	+22.2%	+2.103%	**+2.193%**
ETF	**37.8%**	25.0%	+18.7%	+1.224%	**+2.478%**
Financial Services	**0.2%**	25.0%	+21.8%	+1.980%	**-1.954%**

§ 4 — FUNDAMENTALS & PRIORITY ACTION

Valuation, Market Data & Single Highest-Leverage Change

Position Fundamentals

Valuation ratios · market cap · 52-week range · analyst consensus — ETFs show — for equity-specific metrics

Ticker	Name	Weight	P/E TTM	Fwd P/E	EV/EBITDA	Div Yield	Mkt Cap	52W Range	Analyst
NVDA	NVIDIA Corporation	14.0%	37.0×	16.9×	33.1×	2.00%	$4.40T	$87 – $212	Strong Buy
META	Meta Platforms, Inc.	4.9%	27.5×	18.0×	16.4×	—	$1.63T	$480 – $796	Strong Buy
GOOG	Alphabet Inc.	20.7%	27.7×	22.3×	23.8×	—	$3.62T	$143 – $350	Strong Buy
MSFT	Microsoft Corporatio	21.8%	25.7×	21.8×	17.6×	—	$3.05T	$345 – $555	Strong Buy
QQQ	Invesco QQQ Trust	37.8%	33.3×	—	—	—	$239.4B	$402 – $637	—
ADBE	Adobe Inc.	0.7%	16.7×	10.6×	12.5×	—	$117.2B	$244 – $453	Buy
MRVL	Marvell Technology,	0.0%	32.4×	17.4×	25.1×	—	$80.4B	$47 – $103	Buy
BX	Blackstone Inc.	0.2%	28.5×	13.9×	—	4.10%	$135.8B	$105 – $190	Buy

Highest-Leverage Rebalancing Action

ANTON LADNYI · A.L. CAPITAL ADVISORY · 06 MARCH 2026

The single highest-leverage rebalancing action is to reduce QQQ from 37.81% to 18.00%, reallocating the freed 19.81 percentage points into lower-correlated, non-tech assets outside this portfolio. QQQ is simultaneously the largest position by weight (37.81%) and the largest risk contributor (32.13%), yet as an index ETF it already contains significant exposure to NVDA, MSFT, META, and GOOG — meaning the portfolio is deeply double-counting concentrated tech risk, which directly explains the elevated HHI of 7,848 and the portfolio correlation of 0.603. Cutting QQQ roughly in half would mechanically reduce the redundant tech overlap, compress the HHI below the 5,000 threshold, and is the only single trade that simultaneously addresses both the concentration metric and the dominant risk contributor in one execution. With portfolio volatility already running at 27.48% and a Sharpe of only 0.60, this rebalancing delivers the highest ratio of risk reduction to number of transactions of any available action in this portfolio.

§ 5 — ADVISER COMMENTARY

Portfolio Assessment by Anton Ladnyi

AL Anton Ladnyi

A.L. CAPITAL ADVISORY · GOLDMAN SACHS ALUMNUS · CFA L3 CANDIDATE

Having reviewed your holdings in detail, John, I have to be candid: the overall health score of 31.5 — graded Needs Review — reflects a structure that carries more embedded risk than the surface returns might suggest. The Herfindahl-Hirschman Index of 7,848 places this firmly in highly concentrated territory, and with an effective N of just 1.3, you are in practice running what amounts to a single-position bet rather than a diversified pool of capital. QQQ alone accounts for nearly 38 percent of exposure, and when you layer in the direct holdings in MSFT and GOOG — which together replicate much of what QQQ already owns — the true concentration in large-cap US technology is materially higher than the nominal weights imply. The average inter-asset correlation of 0.60 does offer some modest structural relief, and I want to acknowledge that the active return contribution of 13.11 percent above benchmark speaks to genuine stock-selection merit in names like NVDA, where your 13.97 percent weight is generating 21.96 percent of total risk — a divergence worth watching carefully given its beta of 2.4. What gives me pause on the fundamentals side is the overlap between QQQ and your direct equity positions, which inflates your effective technology concentration well beyond what any single line item communicates. The single most important step I would recommend is a structural rationalisation — specifically, deciding whether you intend to express your technology conviction through the ETF wrapper or through individual names, because holding both simultaneously is not a strategy so much as an accident of accumulation, and resolving that question would immediately clarify what this collection of assets is actually trying to do.

Anton Ladnyi

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