

## **SCHD Risk Analysis Dashboard: Executive Summary**

This report provides a comprehensive analysis of the Schwab U.S. Dividend Equity ETF (SCHD), focusing on historical performance, volatility, risk-adjusted returns, and forward-looking simulations.

### **Key Findings:**

- SCHD has shown consistent price and total return growth over the last 10 years.
- Volatility remained lower than market average (SPY), offering defensive exposure.
- Sharpe Ratio and Alpha indicate favorable risk-adjusted performance.
- Monte Carlo simulations show strong long-term outcomes for both DCA and Lump Sum strategies.

### **Conclusion:**

SCHD is well-suited for income-focused and risk-conscious investors, especially in a long-term horizon.

## Risk Assessment Summary

### Risk Profile:

- Annualized Volatility: Approximately 14% (lower than SPY)
- Sharpe Ratio: Indicates superior return per unit of risk
- Beta: Less than 1, showing lower market correlation

### Market Correlation:

- Correlation with SPY: Strong, but with dampened drawdowns
- R-squared: High, suggesting consistent co-movement with market

### Investment Suitability:

- Ideal for conservative or dividend-focused investors
- Appropriate for medium to long-term time horizons

## Methodology & Glossary

### Return Metrics:

- Price Return – Based on price change only
- Total Return – Includes dividends

### Volatility:

- Daily Standard Deviation of Returns (scaled to annualized)

### Sharpe Ratio:

- $(\text{Return} - \text{Risk-Free Rate}) / \text{Volatility}$

### Alpha & Beta:

- Alpha: Excess return above market
- Beta: Sensitivity to market movements

### Monte Carlo Simulation:

- Simulates 10,000 future price paths based on historical volatility and return
- DCA vs Lump Sum compared over 5, 10, 20-year periods