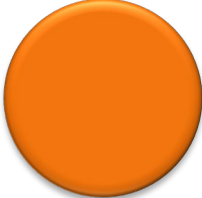



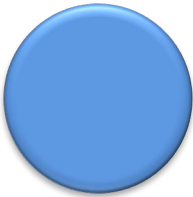


Asset Allocation Risk & Return Spectrum – January 2021

Craig L. Israelsen, Ph.D.
20-Year Period from 2001-2020
www.7TwelvePortfolio.com

Risk Level	Various Asset Allocation Models (Using underlying <u>indexes</u> shown on page 3)		20-Year Annualized Return (%) of Lump Sum Investment	20-Year Growth of \$10,000 Lump Sum Investment*	Retirement Account Ending Balance** (see next page)
Very Conservative	100% Cash		1.37	13,123	-36,721
Conservative	100% Bonds		4.83	25,703	146,207
Moderately Aggressive	60% US Stock 40% Bonds Traditional "Balanced" Fund		6.87	37,752	166,321
Moderately Aggressive	8.33% in 12 different asset classes Diversified <i>7Twelve</i> ® Portfolio		6.81	37,361	336,258
Very Aggressive	100% US Stock		7.47	42,231	49,733

* Ending account balance on December 31, 2020 assuming a lump sum investment of \$10,000 on January 1, 2001 (20-year period)

** Ending account balance on 12/31/2020 in a retirement portfolio with a starting balance of \$250,000 on January 1, 2001, 5% initial withdraw rate, 3% cost of living increase in the annual cash withdrawal. A total of 20 annual withdrawals totaling \$335,880






20-Year Portfolio Survival Test: 2001-2020

\$250,000 starting balance on January 1, 2001

5% initial withdrawal and 3% annual COLA (annual cost of living adjustment)

Total 20-year withdrawal of \$335,880

Shaded area indicates account is "underwater" (less than starting balance of \$250,000)

Retirement Portfolio Asset Allocation Model (Using underlying indexes shown on next page)		1-Asset Portfolio	2-Asset Portfolio*	2-Asset Portfolio*	12-Asset Portfolio*	1-Asset Portfolio
		Very Conservative	Conservative	Moderately Aggressive	Moderately Aggressive	Very Aggressive
		100% Cash	100% Bonds	US Stock and Bonds (60% Stock, 40% Bonds)	12 Asset 7Twelve Index-based Model (8.33% each)	100% Large US Stock
Calendar Year	Annual Cash Withdrawal (3% annual increase)					
Year-End Account Balances						
2001	12,500	245,855	258,609	228,115	232,266	207,785
2002	12,875	236,987	272,254	194,348	218,091	148,989
2003	13,261	226,172	270,167	217,727	263,930	178,464
2004	13,659	215,774	268,230	222,062	297,680	184,226
2005	14,069	208,717	260,675	216,695	320,804	179,206
2006	14,491	204,341	257,481	226,496	355,305	193,020
2007	14,926	198,496	260,493	225,348	384,177	188,698
2008	15,373	185,879	258,771	164,674	270,890	103,511
2009	15,835	170,339	258,283	178,894	324,523	115,070
2010	16,310	154,276	258,870	183,433	354,988	116,093
2011	16,799	137,567	262,371	174,713	335,461	101,746
2012	17,303	120,380	256,127	177,131	354,290	100,726
2013	17,822	102,628	233,122	192,297	373,538	115,527
2014	18,357	84,305	228,673	194,323	360,765	112,984
2015	18,907	65,442	211,023	177,456	320,003	95,640
2016	19,475	46,175	197,135	172,595	337,350	87,604
2017	20,059	26,546	184,058	177,590	357,746	86,671
2018	20,661	6,400	163,418	152,266	310,129	62,210
2019	21,280	-14,748	156,382	165,060	340,248	60,518
2020	21,919	-36,721	146,207	166,321	336,258	49,733
Account Value After 20 Years of Withdrawals		-36,721	146,207	166,321	336,258	49,733
20-Year Internal Rate of Return (IRR %)		1.09%	4.87%	5.14%	6.93%	3.30%

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* The multi-asset portfolios were rebalanced at the start of each year

Raw data source: Steele Mutual Fund Software, calculations by author

www.7TwelvePortfolio.com

Indexes used in calculation of performance

7Twelve Portfolio Asset Class	Index Used to Represent Asset Class
Large US Stock	S&P 500 Index TR USD
Mid Cap US Stock	S&P Midcap 400 Index TR
Small Cap US Stock	S&P SmallCap 600 Index TR USD
Non-US Developed Stock	MSCI EAFE Index NR USD
Non-US Emerging Stock	MSCI EM Index GR USD
Real Estate	S&P Global REIT Index TR USD
Natural Resources	S&P North American Natural Resources Index TR
Commodities	DBLQ Optimum Yield Diversified Commodity Index Total Return
US Bonds	Barclays US Aggregate Bond Index TR USD
Inflation Protected Bonds	Barclays US Treasury US TIPS Index TR USD
Non-US Bonds	Barclays Global Treasury Index TR USD
Cash	US Treasury Bill 90 Day TR

Raw data source: Steele Mutual Fund Software, calculations by author

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