

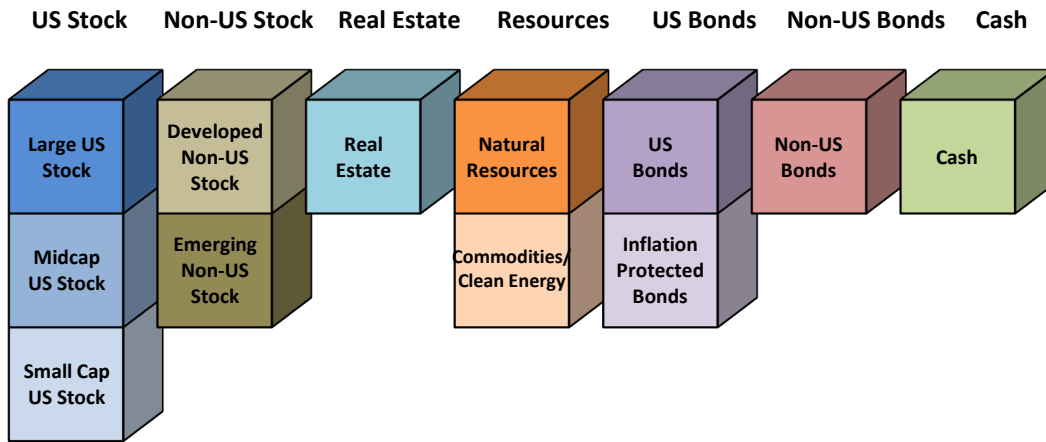
The 7Twelve® Balanced Strategy
A Diversified Retirement Portfolio

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Let’s consider two blueprints or models for a retirement portfolio. A common starting point might be a balanced fund with a 60/40 allocation—60% equity and 40% fixed income. Why stop at two asset classes? If diversification is a central tenet of modern portfolio theory, then it is completely logical that an investment portfolio should be more—not less—diversified. **Think salsa instead of meat and potatoes.**

Introducing the 7Twelve® Portfolio with exposure to 7 broad asset classes (US equity, non-US equity, real estate, resources, US bonds, non-US bonds, and cash). Each of the 12 sub-components (mutual funds and/or ETFs) is equally weighted at 8.33%. The 7Twelve model is rebalanced periodically to maintain the 8.33% equal weighting. The largest asset weighting is in US equity with 8.33% x 3 = 25% of the overall allocation. In general, 7Twelve has approximately a 65% allocation to equity and diversifying asset classes and a 35% allocation to fixed income.

7Twelve® Balanced Strategy:
A Blueprint for a Diversified 12-Asset Retirement Portfolio



How has the more diversified 7Twelve model performed in comparison to a less diversified 60/40 retirement portfolio? Both portfolios were given a starting balance of \$1 million on January 1, 1998 and then \$40,000 was withdrawn annually (at the end of each year) over the next 25 years. A total of \$1 million was withdrawn over the 25-year period. At the end of 2022, the 7Twelve model had a higher balance by nearly \$300,000.

Performance of Two Retirement Portfolios
 (Annual rebalancing assumed)

Retirement Portfolio Models →	60% S&P 500 / 40% Agg Bond Index	Index-based 7Twelve® Portfolio
\$1,000,000 starting balance on Jan 1, 1998 \$40,000 annual withdrawals for 25 years (Total 25-year withdrawal of \$1 million)		
Ending Portfolio Balance on Dec 31, 2022	\$2,495,317	\$2,793,916

Why diversify a retirement portfolio less--when it could be diversified more!