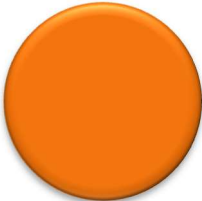



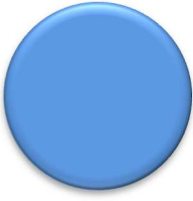


Asset Allocation Risk & Return Spectrum – January 2022

Craig L. Israelsen, Ph.D.
 20-Year Period from 2002-2021
www.7TwelvePortfolio.com

Risk Level	Various Asset Allocation Models with Annual Rebalancing (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		1.20	12,704	\$0
Conservative	100% Bonds		4.33	23,334	\$115,319
Moderately Aggressive	60% US Stock 40% Bonds Traditional "Balanced" Fund		7.90	45,736	\$296,849
Moderately Aggressive	8.33% in 12 different asset classes Diversified <i>7Twelve</i> ® Portfolio		7.76	44,588	\$468,773
Very Aggressive	100% US Stock		9.52	61,684	\$337,954

* Ending account balance on December 31, 2021 assuming a lump sum investment of \$10,000 on January 1, 2002 (20-year period)

** Ending account balance on 12/31/2021 in a retirement portfolio with a starting balance of \$250,000 on January 1, 2002, 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: 2002-2021

\$250,000 starting balance on January 1, 2002

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						
2002	12,500	241,575	263,137	214,604	236,100	182,249
2003	12,875	231,194	261,063	242,188	287,206	221,651
2004	13,261	221,265	259,129	248,943	325,535	232,510
2005	13,659	214,796	251,762	245,038	352,549	230,272
2006	14,069	211,138	248,604	258,439	392,320	252,573
2007	14,491	206,029	251,433	259,669	426,189	251,958
2008	14,926	193,964	249,683	192,543	302,643	143,813
2009	15,373	178,898	249,117	212,310	364,880	166,499
2010	15,835	163,323	249,580	221,220	401,636	175,745
2011	16,310	147,109	252,842	214,652	382,241	163,147
2012	16,799	130,434	246,700	222,083	406,612	172,457
2013	17,303	113,207	224,405	246,140	431,854	211,009
2014	17,822	95,422	219,970	254,408	420,487	222,072
2015	18,357	77,115	202,823	238,723	376,658	206,788
2016	18,907	58,453	189,285	239,474	401,091	212,612
2017	19,475	39,522	176,515	254,761	429,715	239,554
2018	20,059	20,229	156,476	228,012	377,277	208,993
2019	20,661	0	149,455	258,377	419,144	254,137
2020	21,280	0	139,393	273,378	419,947	279,614
2021	21,919	0	115,319	296,849	468,773	337,954
Account Value After 20 Years of Withdrawals		\$0	\$115,319	\$296,849	\$468,773	\$337,954

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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

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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