



# Opportunistic Years 6-10 Benchmark Index

**Rob Brown, PhD, CFA**

**Chief Investment Officer, Senior Vice President**

**Supported by an Investment Committee with 300 years of combined institutional investment experience**





## Broad Investment Playing Field

The portfolio selects from a diversified set of 35 asset classes including equities, fixed income, commodities, real estate, precious metals, and inflation protection to provide greater opportunities for growth and risk control than with any single investment. This range of choice provides the opportunity to quickly adapt to a variety of market conditions and helps contribute to the portfolio's consistent returns. The portfolio consists of eight asset categories in addition to a small cash sleeve (approximately 0.7%).

### Primary sources of growth

High-level asset category	Ticker symbol	Narrowly-defined asset
U.S. stocks	VNQ	Real estate
	XLE	Energy
	XLF	Finance
	XLI	Industrials
	XLK	Technology
	XLU	Utilities
	XLV	Health care

International stocks	EWA	Australia
	EWC	Canada
	EWG	Germany
	EWJ	Japan
	EWT	Taiwan
	EWU	United Kingdom
	EWY	Korea
	EWZ	Brazil
	INDA	India
	MCHI	China

Industrial and agricultural commodities	DBA	Agricultural
	DBO	Oil
	PDBC or DBC	Ultra diversified commodities

### Primary sources of protection

High-level asset category	Ticker symbol	Narrowly-defined asset
Investment grade U.S. bonds	IEF	7-10 year Treasury
	IEI	3-7 year Treasury
	SHV	Short-term Treasury
	TIP	Inflation protected Treasury
	TLT	20+ year Treasury
	VCIT	Intermediate investment grade corp
	ZROZ	Ultra long-term Treasury

Junk bonds	HYG	High yield bonds
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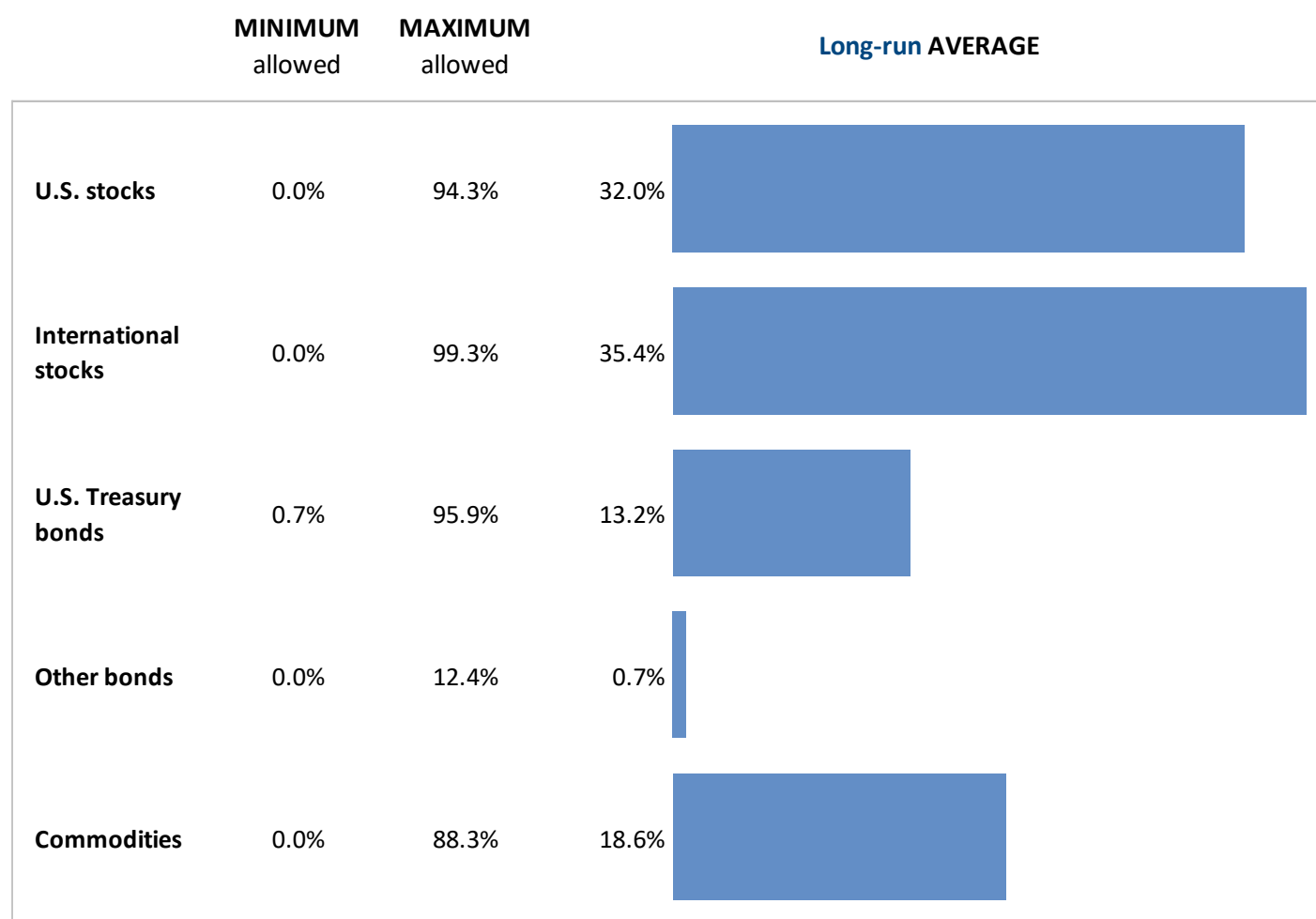
Precious metals	GDX	Gold mining company common stocks
	GLD	Gold
	GLTR	Ultra diversified precious metals
	PALL	Palladium
	PPLT	Platinum
	SLV	Silver

Int'l bonds	EMLC	Local currency emerging country bonds
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## Flexibility is Key to Long-Run Success

The portfolio's long-run success is the direct result of the large asset allocation shifts that it makes between and across stocks, bonds, commodities, domestic, and international. To best facilitate these value-added asset mix changes, the portfolio is authorized to vary its allocations to the five major asset categories (U.S. stocks, International stocks, U.S. Treasury bonds, Other bonds, and Commodities) to an unusually high degree. Nevertheless, the long-run average asset mix remains remarkably traditional and comfort-giving. The following exhibit identifies the permitted percentage allocation ranges for the major asset types and their respective long-run average weightings.

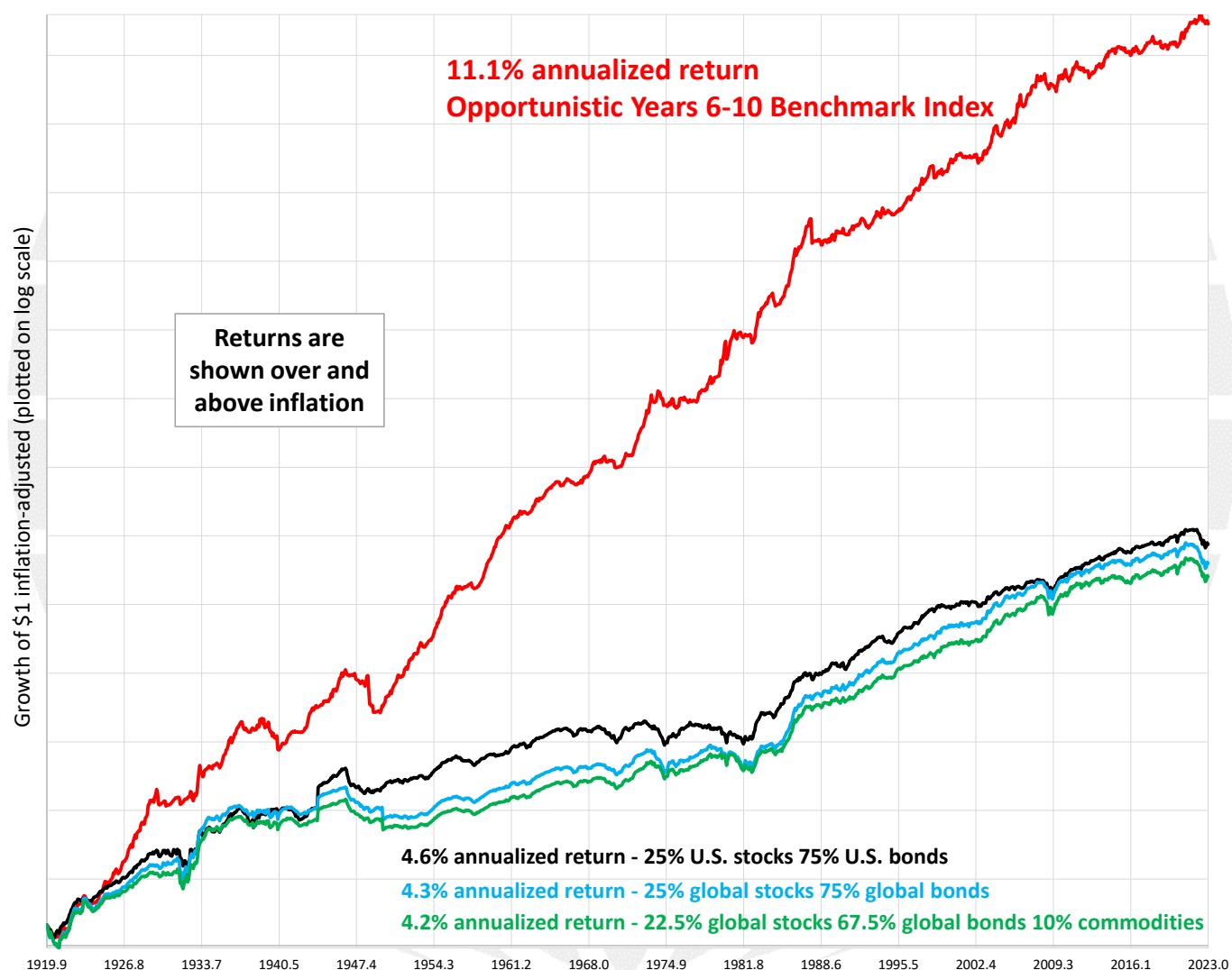




## Superior Performance over the Long-Run

High quality data exists back to Jan 1919. This allows us to calculate the long-run returns for the Opportunistic Years 6-10 Benchmark Index in addition to a series of three directly comparable passive Buy&Hold performance benchmarks. The results are shown in the following graph.

### Large and consistent outperformance over the long-run





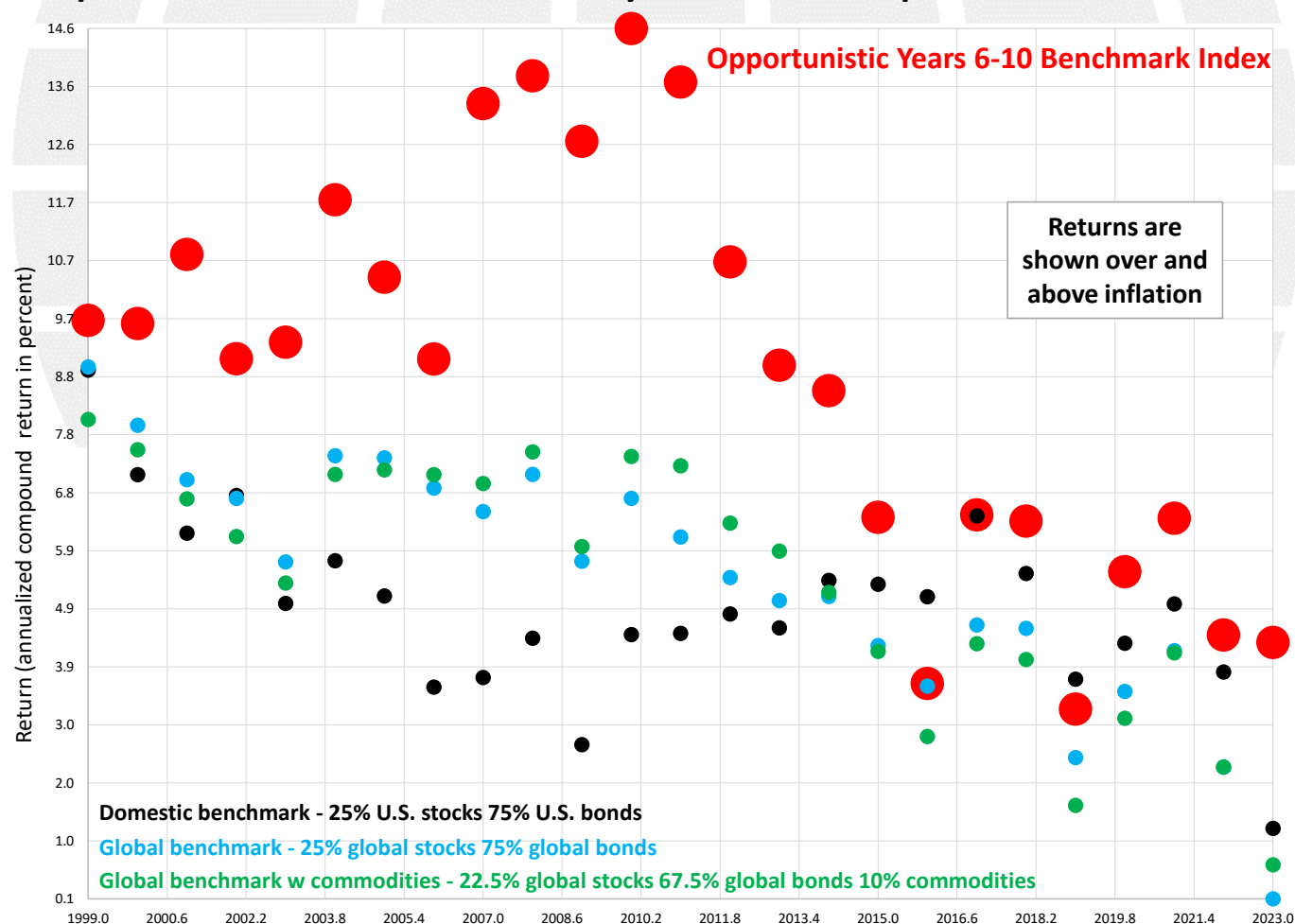
## Superior Performance over the Short-Run

If you are investing for needs that arrive between five and ten years in the future, then your investment time horizon is, on average, the midpoint of this range or 7 ½ years. Therefore, the correct measurement of success/failure is not performance during an individual year or two, nor is it performance over the very long-run. Instead, the correct measurement of success/failure is to examine performance over 7 ½ yearlong investment time windows.

Since Jan 1919, this portfolio earned **more than** 2.23% (per year) over and above inflation during 99.5% of all possible 7 ½ yearlong periods. In contrast, the U.S., the Global, and the Global with commodities passive Buy&Hold benchmarks did much worse. These three benchmarks returned more than -2.14%, -5.66%, -5.12% above inflation during 99.5% of all possible 7 ½ yearlong periods, respectively. Obviously, there's a big difference between making +2.23% and losing -2.14%, per year. The key takeaway is that passive Buy&Hold investing may be detrimental to your long-run financial health.

The following graph provides the results for recent 7 ½ year investment periods, all ending on January 1<sup>st</sup> of the applicable year shown at the bottom of this exhibit.

## Outperformance over almost all 7 ½-year investment periods



Integrated Financial Partners, Inc.

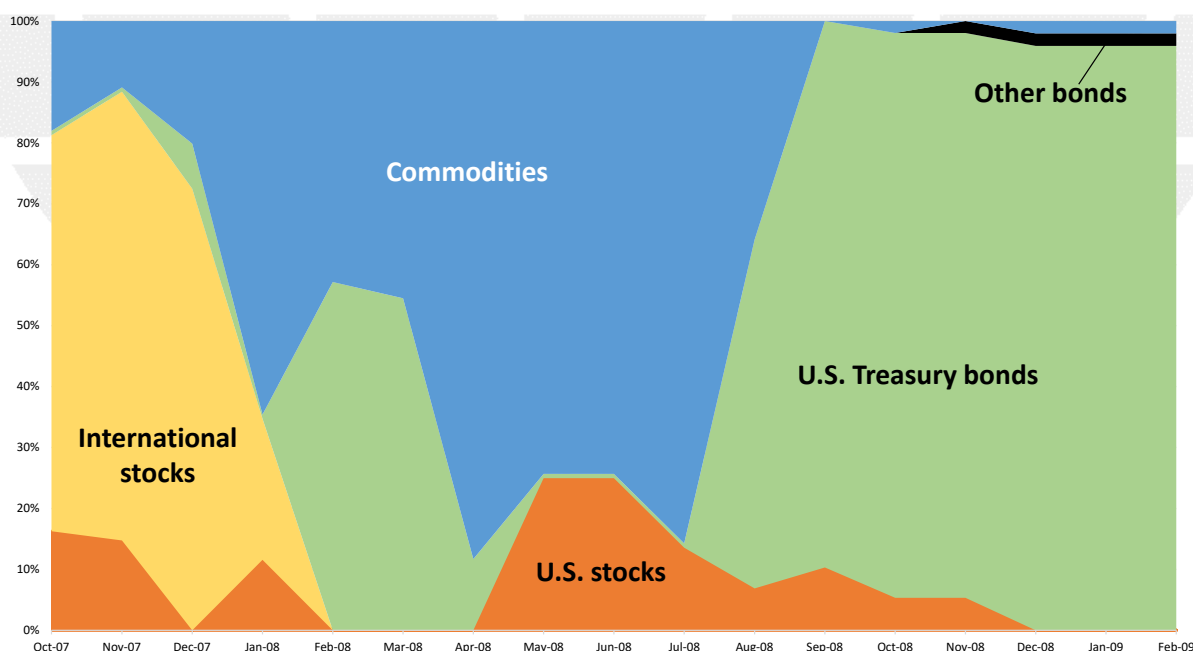
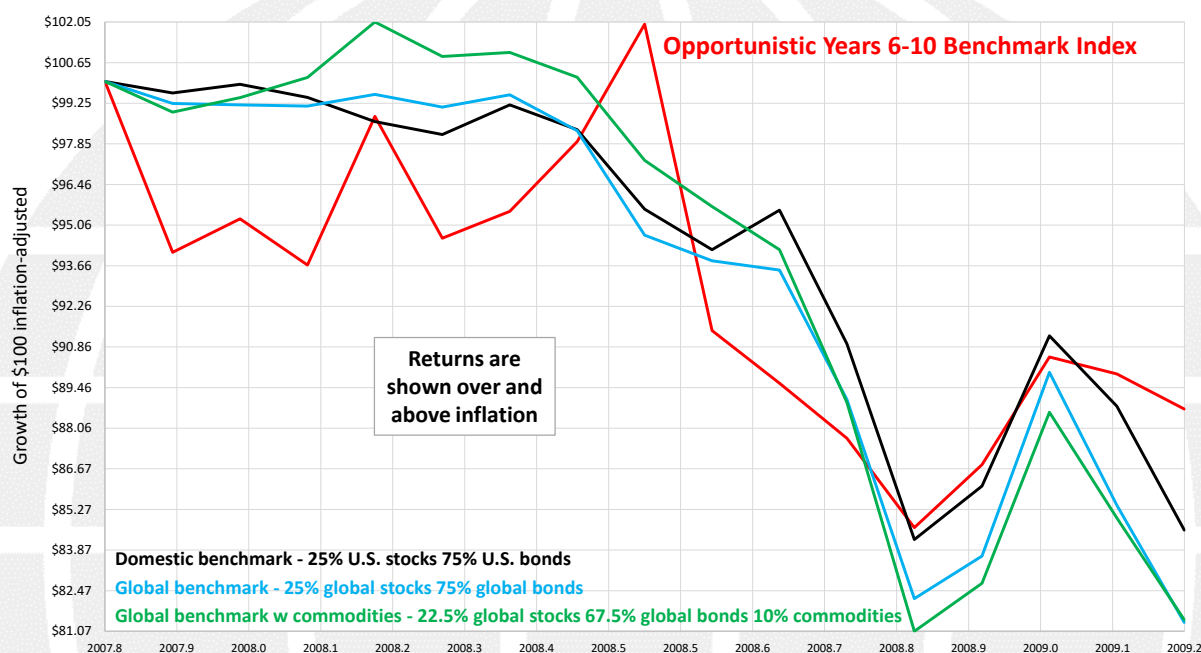
200 Fifth Avenue, 4<sup>th</sup> Floor • Waltham, MA 02451

Phone 781-890-3045 • Website <https://integrated-partners.com>



## Successful Management During the Stock Bear Market of 2007-2009

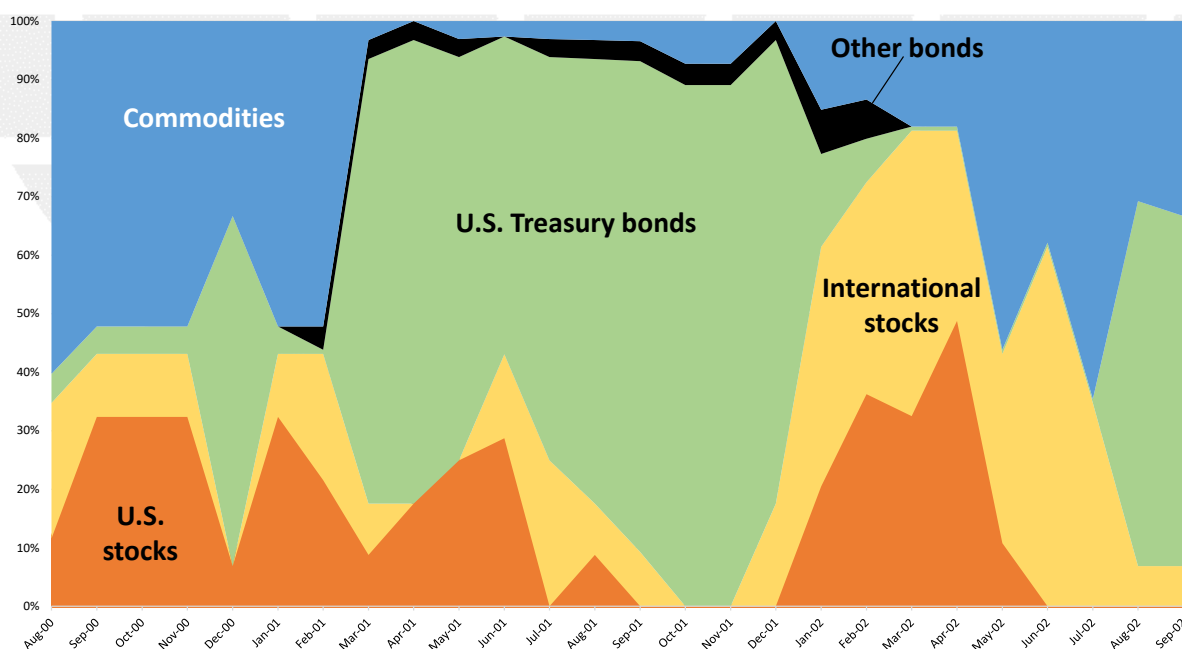
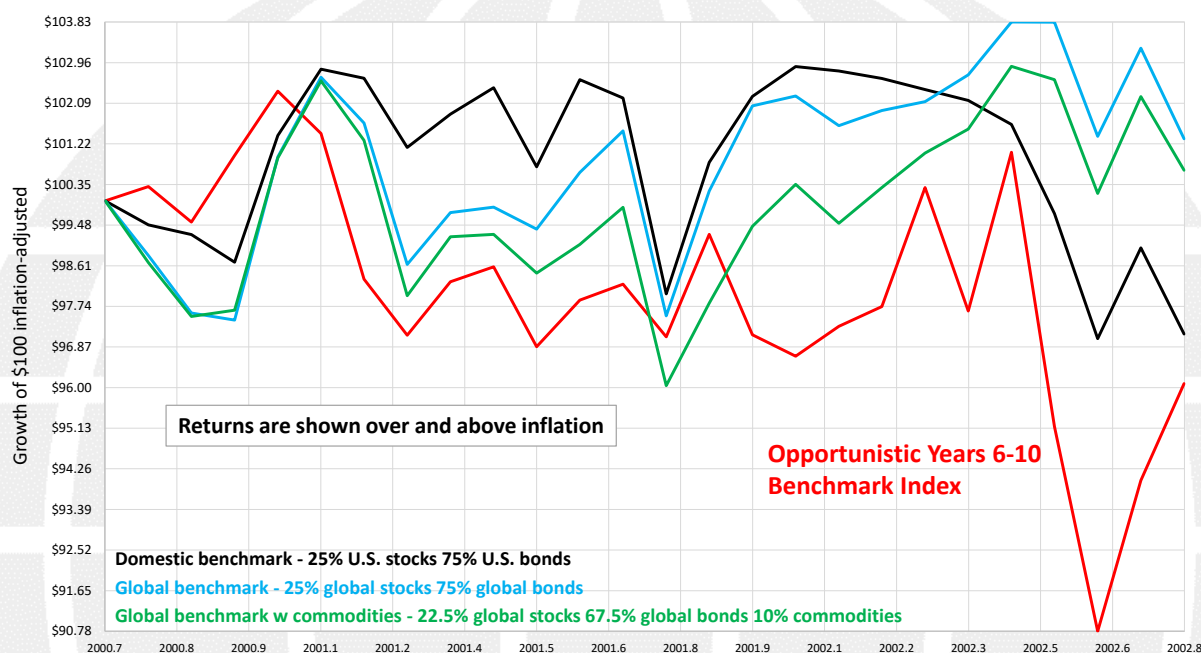
Delivering an adequate return over investment time periods of 7 ½ years requires successful management during bear market environments. The following graphs show Opportunistic Years 6-10 Benchmark Index performance versus comparative passive Buy&Hold benchmarks during the stock bear market of 2007-2009 and the asset allocation mixes that the Index adopted.





## Successful Management During the Stock Bear Market of 2000-2002

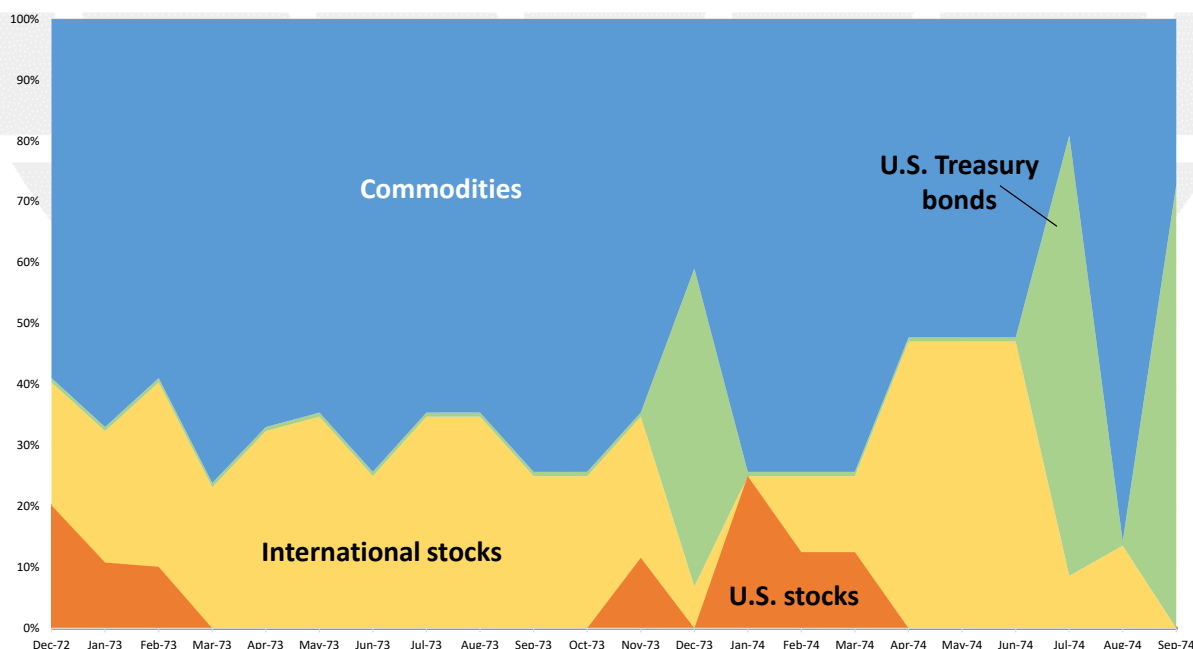
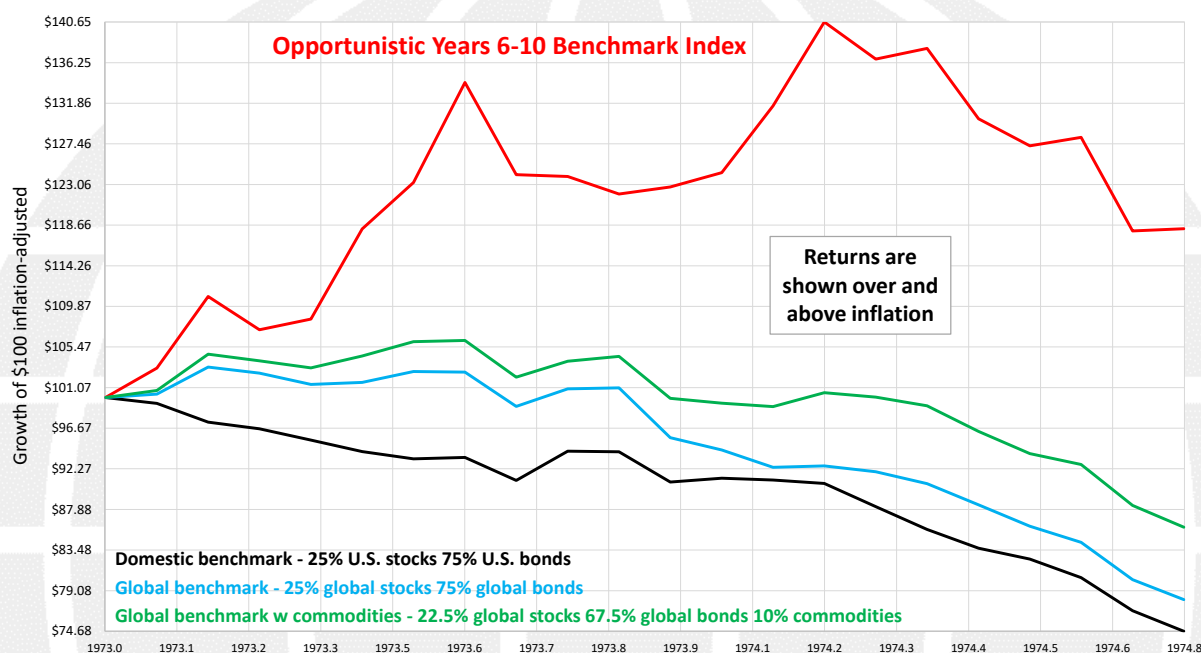
Delivering an adequate return over investment time periods of 7 ½ years requires successful management during bear market environments. The following graphs show Opportunistic Years 6-10 Benchmark Index performance versus comparative passive Buy&Hold benchmarks during the stock bear market of 2000-2002 and the asset allocation mixes that the Index adopted.





## Successful Management During the Stock Bear Market of 1972-1974

Delivering an adequate return over investment time periods of 7 ½ years requires successful management during bear market environments. The following graphs show Opportunistic Years 6-10 Benchmark Index performance versus comparative passive Buy&Hold benchmarks during the stock bear market of 1972-1974 and the asset allocation mixes that the Index adopted.

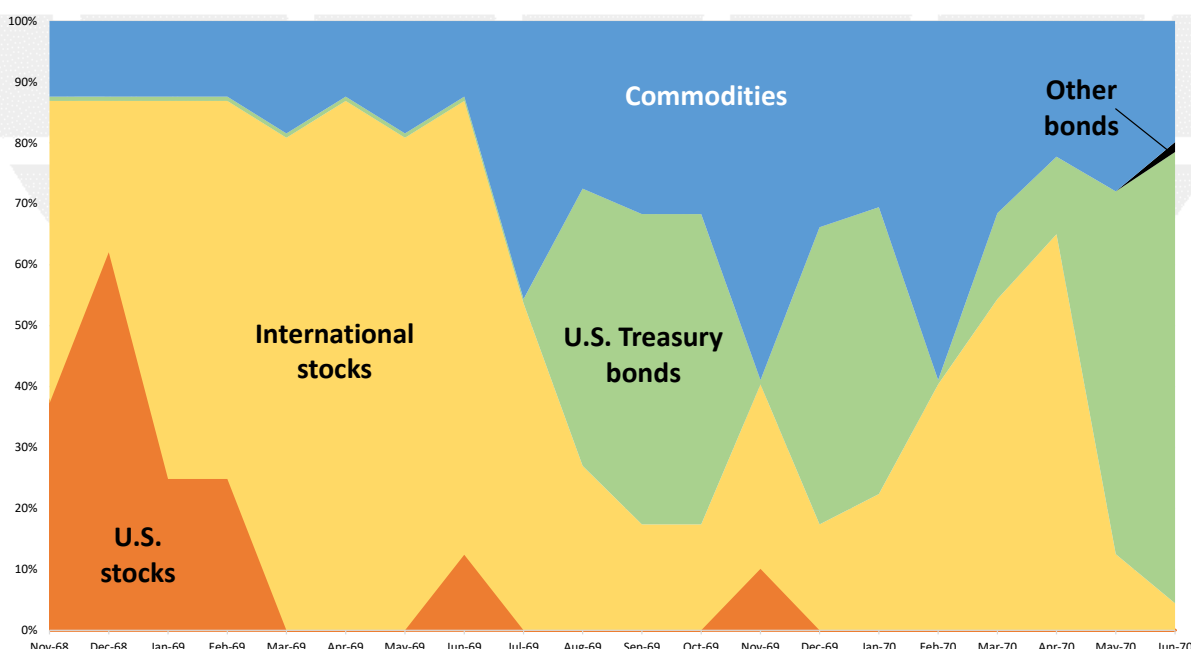
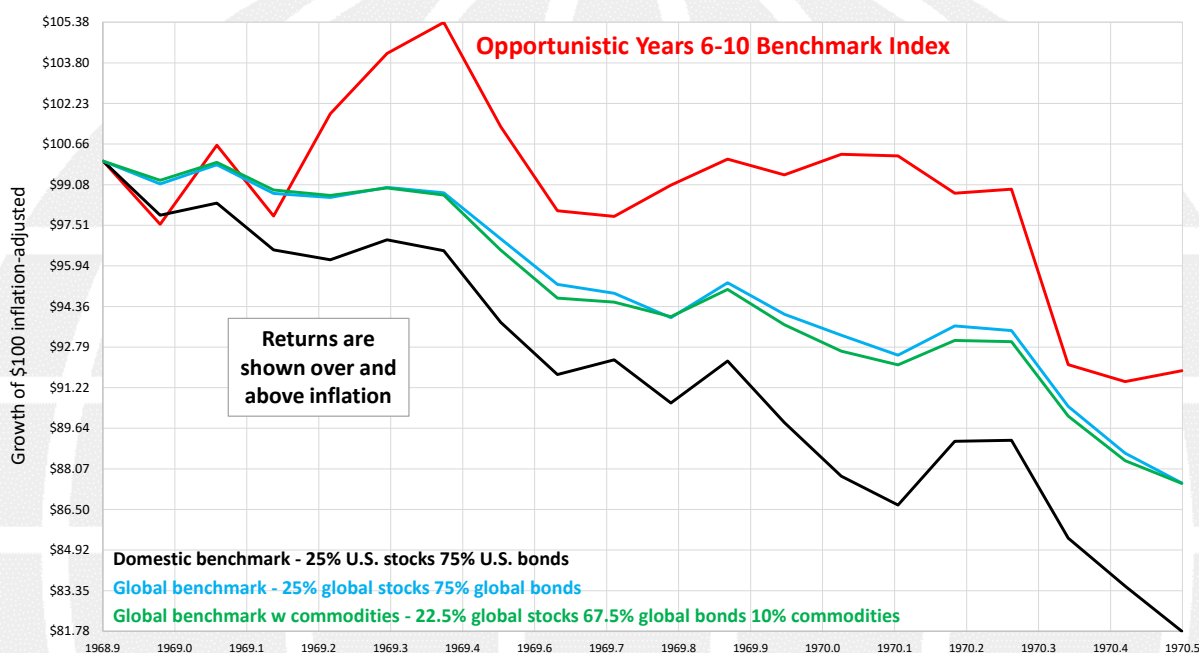






## Successful Management During the Stock Bear Market of 1968-1970

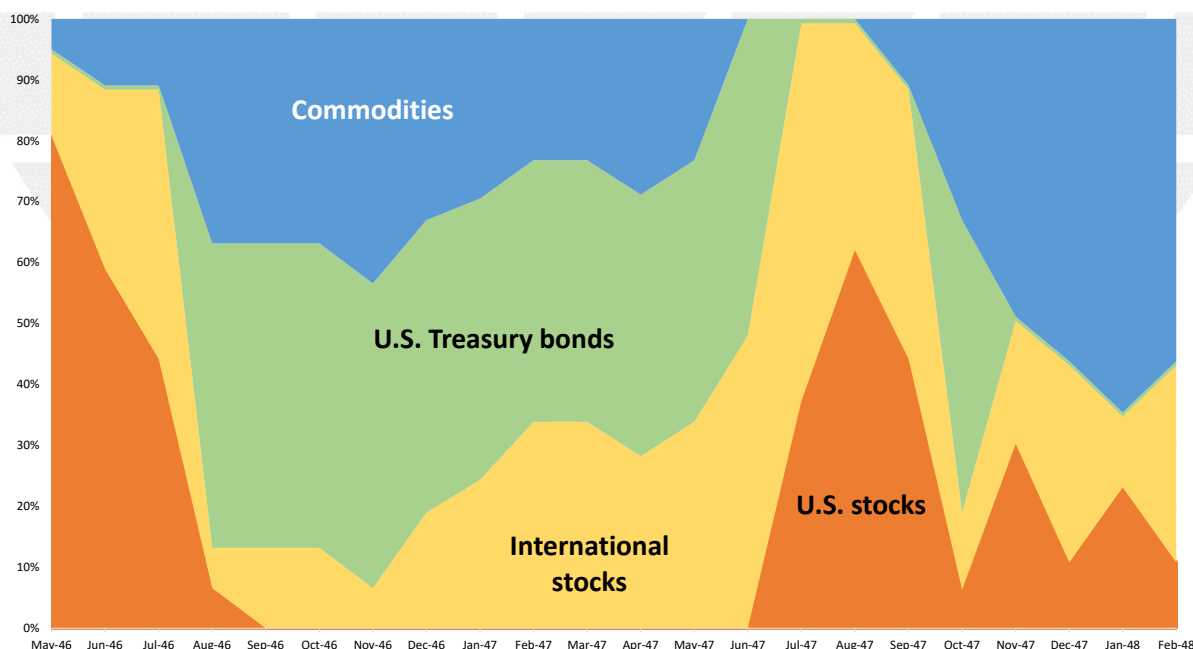
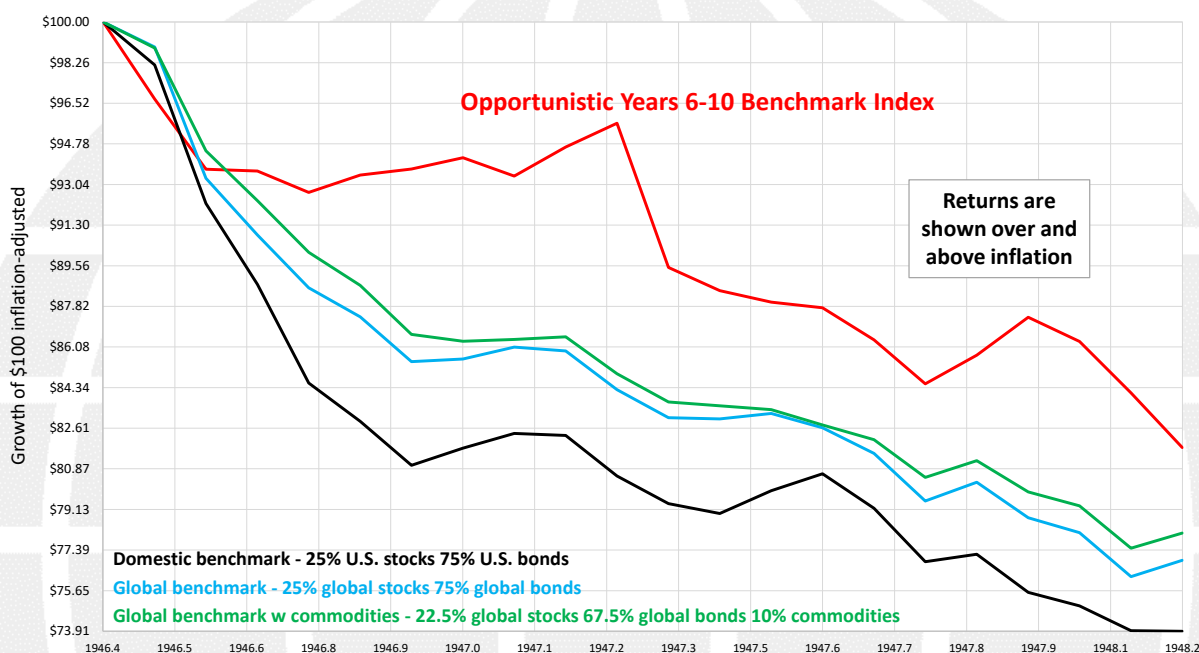
Delivering an adequate return over investment time periods of 7 ½ years requires successful management during bear market environments. The following graphs show Opportunistic Years 6-10 Benchmark Index performance versus comparative passive Buy&Hold benchmarks during the stock bear market of 1968-1970 and the asset allocation mixes that the Index adopted.





## Successful Management During the Stock Bear Market of 1946-1948

Delivering an adequate return over investment time periods of 7 ½ years requires successful management during bear market environments. The following graphs show Opportunistic Years 6-10 Benchmark Index performance versus comparative passive Buy&Hold benchmarks during the stock bear market of 1946-1948 and the asset allocation mixes that the Index adopted.





## Important disclosures

It's not possible to invest, directly, in an index. It's not possible to invest, directly, in any index referred to in this document. Past performance is not an indicator of future results. The information in this document is for the purpose of information exchange. This is not a solicitation or offer to buy or sell any security. You must do your own due diligence and consult a professional investment adviser before making any investment decision. The use of a proprietary technique, model, or algorithm does not guarantee any specific or profitable future results. The risk of loss in trading securities can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial circumstances. No strategy, including tactical asset allocation and/or diversification, can assure success or protect against loss. Stock investing involves risk, including loss of principal. Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price. International debt securities involve special additional risks. These risks include, but are not limited to, currency risk, geopolitical and regulatory risk, and risk associated with varying settlement standards. These risks are often heightened for investments in emerging markets/countries. The potentially fast price swings in commodities and currencies will result in significant volatility in an investor's portfolio. All information contained in this document is believed to come from reliable sources. We do not warrant the accuracy or completeness of information made available and therefore will not be liable for any possible losses incurred.

**All of the results presented in this article are expressed in real (inflation-adjusted) terms.** The definition of inflation that was used is the Consumer Price Index, All-Urban, Not Seasonally-Adjusted Index as provided by the U.S. Bureau of Labor Statistics.

The primary data source was Global Financial Data, Inc. at <https://globalfinancialdata.com/>. The secondary data source was Kenneth R. French - Data Library - Dartmouth College at [https://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data\\_library.html](https://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html)

Fees, internal embedded expense ratios, and sales charges have not been subtracted from any of the performance results appearing in this brochure.

However, an estimate of trading cost has been subtracted from the Opportunistic Benchmark Index discussed in this document. Such estimated trading costs have not been subtracted from any of the comparative passive Buy&Hold performance benchmarks (that the Opportunistic Benchmark Index is compared against). This approach, of subtracting estimated trading costs from the Opportunistic Benchmark Index, but not from the comparative passive benchmarks, serves to meaningfully handicap (and/or diminish) the Opportunistic Benchmark Index.

The composition of a benchmark or Index may not reflect the manner in which an Integrated Financial Partners portfolio is constructed in relation to expected or achieved returns, investment holdings, portfolio guidelines, restrictions, sectors, correlations, concentrations, volatility, or tracking error targets, all of which are subject to change over time.

No representation or warranty is made as to the reasonableness of the assumptions made herein.

The Opportunistic Benchmark Index was constructed by once each month (at month-end), selecting the eight asset categories (drawn from the 35 asset classes shown below) that trended most favorably (strongly over the eleven months just ended). These eight asset categories are not equal-weighted. Instead, they use a scaled weighting scheme that reflects the investment time horizon adopted or applicable to the Opportunistic Benchmark Index. Certain asset categories (drawn from the 35 identified below) may be excluded from consideration due to the tax reporting status or their lack of suitability for the investment time horizon utilized/employed by the Opportunistic Benchmark Index referred to herein.

The level of trending is defined as the percentage that the current value of the asset categories total return index is above (or below) its average level over the last eleven months, including the most recent month (using only month-end index values, and using only total return index values).

The 35 asset categories that were used to construct the Opportunistic Benchmark Index portfolio are as follows: (1) S&P 500 Total Return Index (with GFD extension), (2) S&P 500 Utilities Total Return Index 55 (with GFD Extension), (3) Dow Jones Industrials Total Return Index (with GFD Extension), (4) Dow Jones Transportation Average Return Index (with GFD Extension), (5) S&P 500 Industrials Total Return Index 20, (6) Kenneth R. French Data Library, market-cap weighted Shops Industry Sector (1 of 10), (7) Kenneth R. French Data Library, market-cap weighted Energy Industry Sector (1 of 10), (8) Australia ASX Accumulation Index-All Ordinaries (with GFD Extension), (9) OMX Copenhagen All-Share Gross Index (with GFD Extension) Denmark, (10) France CAC All-Tradable Total Return Index (with GFD Extension), (11) Germany CDAX Total Return Index (with GFD extension), (12) S&P CNX Nifty 50 Total Return Index (with GFD Extension) India, (13) ISEQ All-Share Total Return Index (with GFD Extension) Ireland, (14) New Zealand SE Gross All-Share Index (with GFD Extension), (15) Johannesburg SE All-Share Return Index (with GFD Extension), (16) UK FTSE All-Share Return Index (with GFD extension), (17) Japan Topix Total Return Index (with GFD Extension), (18) GFD Indices USA Total Return T-Bill Index, (19) USA 30-year Government Bond Return Index, (20) USA 5-year Government Note Total Return Index, (21) USA 3-year Government Note Return Index, (22) GFD Indices USA 10-year Government Bond Total Return Index, (23) BofA Merrill Lynch US Inflation-Linked Treasury Total Return Index, (24) Dow Jones Corporate Bond Return Index (with GFD Extension), (25) Bank of America Merrill Lynch US High Yield Master II Total Return Index Value, (26) GFD Indices All-World x/USA Countries Government Bond GDP-weighted Return Index, (27) GFD Spliced Gold Mining Stocks, (28) Silver Cash Price (US\$/Ounce) (with GFD Extension), (29) Gold Bullion Price-New York (US\$/Ounce) (with GFD Extension), (30) Palladium (USD per Troy Ounce) (with GFD Extension), (31) Platinum Cash Price (US\$/Ounce) (with GFD Extension), (32) ETFs Physical Precious Metals Basket Shares (GLTR), (33) Reuters CRB Total Return Index (with GFD extension), (34) World Bank Agriculture Commodity Price Index, (35) West Texas Intermediate Oil Price (US\$/Barrel) (with GFD Extension).

You may request to receive the historical monthly asset class weightings for the Index from your adviser. This data shows the exact composition of the Opportunistic Benchmark Index, month-by-month, throughout its entire history. You may also request to receive the average weightings to the five major asset categories comprising the Opportunistic Benchmark Index since inception. These major asset categories are defined as: U.S. stocks, International stocks, U.S. Treasury bonds, Other bonds, and Commodities.

Bear markets are defined herein using the inflation-adjusted total returns on the S&P 500 Index restricted to month-end values. This document adopts the definition of "stock bear markets" provided by Robert A. Brown, PhD, CFA and can be found at [www.robbrownonline.com](http://www.robbrownonline.com)

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