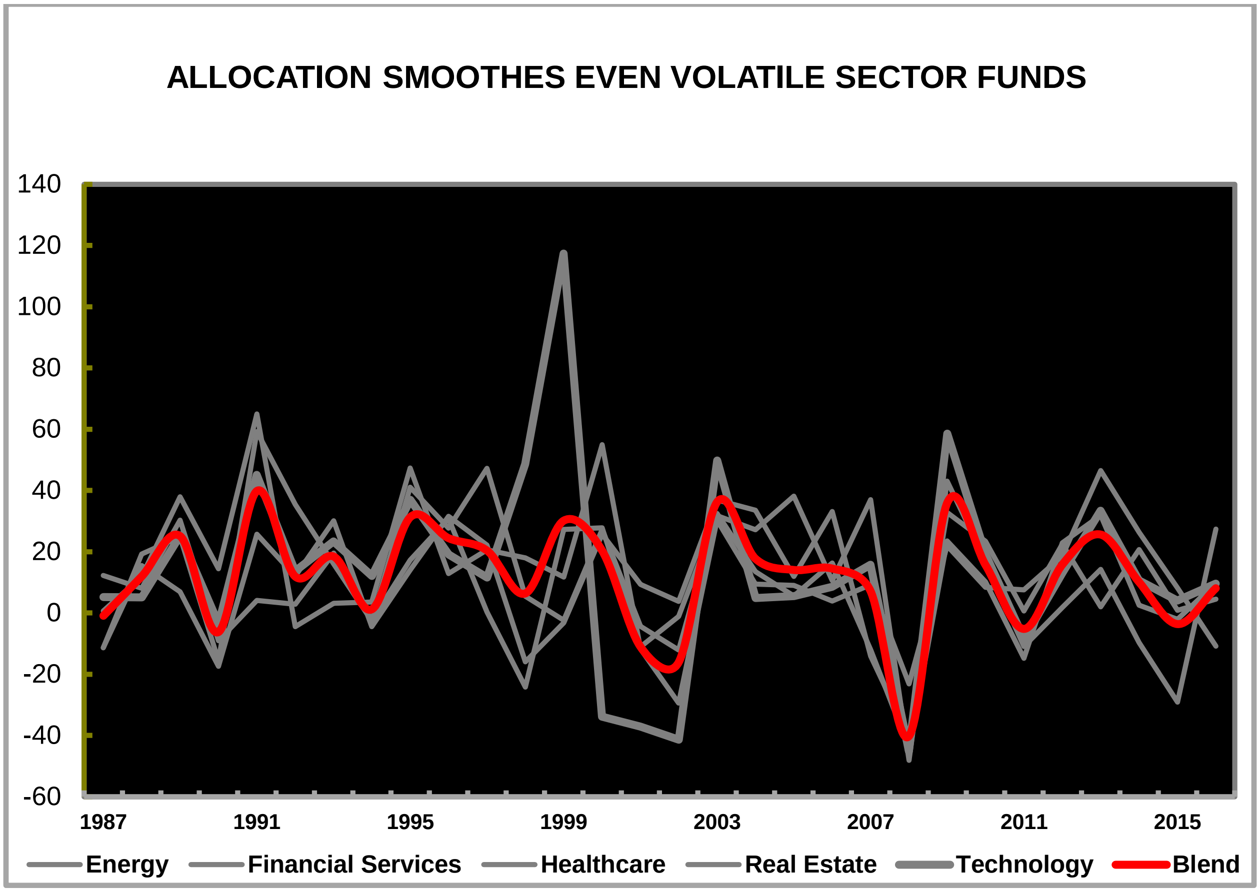
Allocation Really Works

In setting out to prove the virtue of asset allocation, we wondered if we could allocate the most volatile fund categories in an attempt to reduce volatility without sacrificing return. What we got was a most impressive promotion of asset allocation.

We selected the following sector fund categories for the study:

Category →	Energy	Financial Services	HealthCare	Real Estate	Technology
15-Yr Standard Deviation →	23.56	18.08	17.24	19.20	28.07



Even highly volatile sector funds behave better with allocation! Do you think an unweighted portfolio of these sector funds could outperform the S&P 500 Composite Total Return?

Read on!

These fund categories experienced some dreadful years during this 30 year study, but an un-weighted blend of all five impressively performed admirably against an industry stalwart – the S&P 500. The blended sector categories outperformed the S&P 500 in both aggregate and in 14 of the 30 calendar years (shaded in green).

Asset allocation — it really works!

Year	Blend	S&P 500
1987	-0.92%	5.25%
1988	11.95%	16.61%
1989	25.09%	31.69%
1990	-6.24%	-3.11%
1991	39.86%	30.47%
1992	11.91%	7.62%
1993	18.45%	10.08%
1994	1.21%	1.32%
1995	31.31%	37.58%
1996	24.35%	22.96%
1997	20.39%	33.36%
1998	6.39%	28.57%
1999	30.16%	21.05%
2000	20.35%	-9.11%
2001	-11.03%	-11.88%
2002	-16.07%	-22.10%
2003	36.26%	28.69%
2004	17.66%	10.87%
2005	14.04%	4.89%
2006	14.44%	15.80%
2007	7.15%	5.50%
2008	-40.26%	-40.00%
2009	35.99%	26.46%
2010	15.51%	15.07%
2011	-3.98%	2.12%
2012	15.83%	15.98%
2013	26.74%	32.40%
2014	10.08%	13.69%
2015	-3.63%	1.39%
2016	8.07%	11.96%

cum	**1889%**	**1723%**