

# STOCKS VS. BONDS: THE TEN MILLION DOLLAR DECISION



# Mission of Merriman Financial Education Foundation:

Help Do It Yourself Investors Do It Better!



# Western Washington University Students Merriman Financial Literacy Program



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# The Boot Camp Series #1

## Stocks vs. Bonds: The \$10 Million Decision



"There is no risk in the past.

We always know what we should have done."



# Follow the Math

The Million Dollar Guarantee



**Table 1**  
**Impact of an additional 0.5% in annual return**

<u>Inputs</u>	Scenario 1	Scenario 2
<i>Accumulation Phase Average Return</i>	8.00%	8.50%
<i>Distribution Phase Average Return</i>	6.00%	6.50%
Starting Contribution Amount	\$6,000	
Annual Contribution Increase	0.00%	
Start Investing Age	25	
Accumulation Phase Duration	40	
Start Retirement Age	65	
Retirement Duration	30	
End Retirement Age	95	
Retirement Phase Withdrawal Rate	4.00%	

  

<u>Results</u>	Scenario 1	Scenario 2
Total Contributions (age to 64, years)	\$240,000	\$240,000
Portfolio Value @ Age 65 (Start Retirement)	\$1,678,686	\$1,924,893
Portfolio Value @ Age 95 (End Retirement)	\$2,833,234	\$3,741,381
Total Withdrawals (Age 65 to 95)	\$2,623,973	\$3,243,727
<b>Total Lifetime Benefit (Withdrawals + Ending Bal)</b>	<b>\$5,457,207</b>	<b>\$6,985,108</b>

**Increased Total Benefit of increasing returns 0.5%/year is: \$1,527,901**

**Table 2**  
**Impact of an additional 1% in annual return**

<u>Inputs</u>	Scenario 1	Scenario 3
<i>Accumulation Phase Average Return</i>	8.00%	9.00%
<i>Distribution Phase Average Return</i>	6.00%	7.00%
Starting Contribution Amount	\$6,000	
Annual Contribution Increase	0.00%	
Start Investing Age	25	
Accumulation Phase Duration	40	
Start Retirement Age	65	
Retirement Duration	30	
End Retirement Age	95	
Retirement Phase Withdrawal Rate	4.00%	

  

<u>Results</u>	Scenario 1	Scenario 3
Total Contributions (age to 64, years)	\$240,000	\$240,000
Portfolio Value @ Age 65 (Start Retirement)	\$1,678,686	\$2,209,751
Portfolio Value @ Age 95 (End Retirement)	\$2,833,234	\$4,943,035
Total Withdrawals (Age 65 to 95)	\$2,623,973	\$4,019,535
<b>Total Lifetime Benefit (Withdrawals + Ending Bal)</b>	<b>\$5,457,207</b>	<b>\$8,962,570</b>

**Increased Total Benefit of increasing returns 1%/year is: \$3,505,363**

**Table 3**  
**Impact of increasing your investment 3% a year**

<u>Inputs</u>	Scenario 3	Scenario 4
Accumulation Phase Average Return	9.00%	
Distribution Phase Average Return	7.00%	
Starting Contribution Amount	\$6,000	
<i>Annual Contribution Increase</i>	<i>0.00%</i>	<i>3.00%</i>
Start Investing Age	25	
Accumulation Phase Duration	40	
Start Retirement Age	65	
Retirement Duration	30	
End Retirement Age	95	
Retirement Phase Withdrawal Rate	4.00%	

  

<u>Results</u>	Scenario 3	Scenario 4
Total Contributions (age to 64, years)	\$240,000	\$452,408
Portfolio Value @ Age 65 (Start Retirement)	\$2,209,751	\$3,068,065
Portfolio Value @ Age 95 (End Retirement)	\$4,943,035	\$6,863,013
Total Withdrawals (Age 65 to 95)	\$4,019,535	\$5,580,807
<b>Total Lifetime Benefit (Withdrawals + Ending Bal)</b>	<b>\$8,962,570</b>	<b>\$12,443,820</b>

**Increased Total Benefit of increasing contributions 3%/year is: \$3,481,249**

**Table 4**  
**Impact of waiting 5 years to start investing**

<u>Inputs</u>	Scenario 4	Scenario 5
Accumulation Phase Average Return	9.00%	
Distribution Phase Average Return	7.00%	
Starting Contribution Amount	\$6,000	
Annual Contribution Increase	3.00%	
<i>Start Investing Age</i>	25	30
<i>Accumulation Phase Duration</i>	40	35
Start Retirement Age	65	
Retirement Duration	30	
End Retirement Age	95	
Retirement Phase Withdrawal Rate	4.00%	

  

<u>Results</u>	Scenario 4	Scenario 5
Total Contributions during Accumulation Phase	\$452,408	\$362,772
Portfolio Value @ Age 65 (Start Retirement)	\$3,068,065	\$1,918,411
Portfolio Value @ Age 95 (End Retirement)	\$6,863,013	\$4,291,332
Total Withdrawals (Age 65 to 95)	\$5,580,807	\$3,489,589
<b>Total Lifetime Benefit (Withdrawals + Ending Bal)</b>	<b>\$12,443,820</b>	<b>\$7,780,920</b>

**Decreased Total Benefit of delaying 5 years is: (\$4,662,899)**

# The History of Investing

1928-2025



# BONDS

- I.O.U.
- “Guaranteed”
- Serving short term needs



## Table J2b - Fixed Income Returns: 1-yr Returns (1928 - 2025)

### Summary Results for 98 1-year Periods (1928-2025)

	Short-Term Gov't Bond (one-month)	Intmed-Term Gov't Bond (5-year)	Long-Term Gov't Bond (20-30-years)
In 98 years \$100 grows to: CRR over 98 years	\$2,386 3.3%	\$10,315 4.8%	\$11,636 5.0%
Best 1 year return	14.7%	29.1%	40.4%
Worst 1 year return	-0.02%	-9.4%	-26.1%
SD over 98 years	3.1%	5.8%	10.1%

Notes: 1) Source data from Dimensional Fund Advisors,  
2) Results exclude fees and expenses.

Abbreviations: STGB - Short-Term Government Bonds (One-Month US Treasury Bills),  
ITGB - Intermed-Term Government Bonds (Five-Year US Treasury Notes, LTGB - Long-Term Government Bonds, CRR - Compound Rate of Return, SD - Standard Deviation.

## Table J2c - Fixed Income Returns: 15-yr Returns (1928 - 2025)

### Summary Results for 84 15-year Periods (1928-2025)

	Short-Term Gov't Bond (one-month)	Intmed-Term Gov't Bond (5-year)	Long-Term Gov't Bond (20-30-years)
Avg 15 yr growth of \$100	\$169	\$214	\$225
Average 15 year CRR	3.5%	5.2%	5.6%
Best 15 year CRR	8.3%	11.3%	13.5%
Worst 15 year CRR	0.2%	1.4%	0.4%
Average 15 year SD	1.6%	4.8%	9.2%
Lowest 15 year SD	0.2%	0.9%	3.4%
Highest 15 year SD	3.2%	8.3%	15.5%

Notes: 1) Source data from Dimensional Fund Advisors,  
2) Results exclude fees and expenses.

Abbreviations: STGB - Short-Term Government Bonds (One-Month US Treasury Bills),  
ITGB - Intermed-Term Government Bonds (Five-Year US Treasury Notes, LTGB - Long-Term Government Bonds, CRR - Compound Rate of Return, SD - Standard Deviation.

## Table J2d - Fixed Income Returns: 40-yr Returns (1928 - 2025)

### Summary Results for 59 40-year Periods (1928-2025)

	Short-Term Gov't Bond (one-month)	Intmed-Term Gov't Bond (5-year)	Long-Term Gov't Bond (20-30-years)
Avg 40 yr growth of \$100	\$556	\$974	\$969
Average 40 year CRR	4.4%	5.9%	5.8%
Best 40 year CRR	6.1%	8.1%	9.4%
Worst 40 year CRR	1.6%	2.8%	2.3%
Average 40 year SD	2.8%	5.8%	9.9%
Lowest 40 year SD	1.4%	3.1%	5.2%
Highest 40 year SD	3.7%	7.0%	13.0%

Notes: 1) Source data from Dimensional Fund Advisors,

2) Results exclude fees and expenses.

Abbreviations: STGB - Short-Term Government Bonds (One-Month US Treasury Bills),  
ITGB - Intermed-Term Government Bonds (Five-Year US Treasury Notes, LTGB - Long-Term Government Bonds, CRR - Compound Rate of Return, SD - Standard Deviation.

# STOCKS

- Ownership of businesses
- High Risk
- Long Term Investing



## Table J1b - Equity Index Returns: 1-yr Periods (1928-2025)

### Summary Results for 98 1-year Periods (1928-2025)

	US LCB (S&P 500)	US LCV	US SCB	US SCV	US 4-Fund (SCV, LCV, SCB, LCB)	US All Value (SCV, LCV)	US 2-Fund (S&P 500, SCV)
In 98 yrs \$100 grows to:	\$1,398,153	\$2,995,154	\$5,934,277	\$17,581,909	\$5,590,514	\$8,435,109	\$6,425,538
CRR over 98 years	10.2%	11.1%	11.9%	13.1%	11.8%	12.3%	12.0%
Best 1 year return	54.0%	92.5%	111.2%	124.7%	96.2%	110.4%	89.9%
Worst 1 year return	-43.3%	-61.1%	-48.3%	-55.4%	-51.8%	-58.1%	-49.4%
SD over 98 years	19.6%	22.4%	27.8%	30.8%	24.1%	26.0%	23.9%

Notes: 1) Source data from Dimensional Fund Advisors, 2) Results exclude advisor fees and fund expenses.

Abbreviations: LCB - US Large Cap Blend, LCV - US Large Cap Value, SCB - US Small Cap Blend, SCV - US Small Cap Value, CRR - Compound Rate of Return, SD - Standard Deviation.

## Table J1c - Equity Index Returns: 15-yr Periods (1928-2025)

### Summary Results for 84 15-year Periods (1928-2025)

	US LCB (S&P 500)	US LCV	US SCB	US SCV	US 4-Fund (SCV, LCV, SCB, LCB)	US All Value (SCV, LCV)	US 2-Fund (S&P 500, SCV)
Avg 15 yr growth of \$100	\$466	\$595	\$657	\$865	\$646	\$731	\$655
Average 15 year CRR	10.8%	12.6%	13.4%	15.5%	13.2%	14.2%	13.3%
Best 15 year CRR	18.9%	21.7%	23.2%	26.5%	22.2%	24.2%	21.7%
Worst 15 year CRR	0.6%	-0.6%	1.6%	-1.9%	0.6%	-0.9%	0.5%
Average 15 year SD	18.0%	20.0%	25.7%	28.4%	22.0%	23.6%	21.8%
Lowest 15 year SD	12.4%	12.5%	16.1%	17.8%	14.8%	15.6%	14.5%
Highest 15 year SD	30.7%	38.6%	45.8%	52.0%	40.7%	44.8%	40.1%

Notes: 1) Source data from Dimensional Fund Advisors, 2) Results exclude advisor fees and fund expenses.

Abbreviations: LCB - US Large Cap Blend, LCV - US Large Cap Value, SCB - US Small Cap Blend, SCV - US Small Cap Value, CRR - Compound Rate of Return, SD - Standard Deviation.

## Table J1d - Equity Index Returns: 40-yr Periods (1928-2025)

### Summary Results for 59 40-year Periods (1928-2025)

	US LCB (S&P 500)	US LCV	US SCB	US SCV	US 4-Fund (SCV, LCV, SCB, LCB)	US All Value (SCV, LCV)	US 2-Fund (S&P 500, SCV)
Avg 40 yr growth of \$100	\$6,572	\$14,865	\$16,407	\$38,257	\$16,834	\$25,085	\$17,157
Average 40 year CRR	11.0%	13.3%	13.6%	16.0%	13.7%	14.8%	13.7%
Best 40 year CRR	12.5%	15.6%	16.7%	19.1%	15.9%	17.2%	15.8%
Worst 40 year CRR	8.9%	8.8%	10.6%	11.6%	10.8%	10.7%	10.8%
Average 40 year SD	17.6%	19.1%	25.6%	27.5%	21.3%	22.6%	21.1%
Lowest 40 year SD	15.6%	16.2%	19.2%	21.7%	17.4%	18.6%	17.0%
Highest 40 year SD	23.2%	28.3%	34.8%	39.4%	30.4%	33.3%	30.3%

Notes: 1) Source data from Dimensional Fund Advisors, 2) Results exclude advisor fees and fund expenses.

Abbreviations: LCB - US Large Cap Blend, LCV - US Large Cap Value, SCB - US Small Cap Blend, SCV - US Small Cap Value, CRR - Compound Rate of Return, SD - Standard Deviation.



# Daryl Bahls' Famous Quilt Charts

**Large Cap Blend**

**Large Cap Value**

**Small Cap Blend**

**Small Cap Value**

**4 Fund Combo**

Table K1a - 4 US Asset Class Indexes & 4 Fund Combo Relative Return Ranking (1928-2025)

		1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947
Quintile Rank	1	S&P 500 43.6%	LCV 2.8%	S&P 500 -24.9%	S&P 500 -43.3%	S&P 500 -8.2%	SCV 124.7%	SCB 15.6%	SCB 56.1%	SCV 66.6%	S&P 500 -35.0%	SCB 39.8%	S&P 500 -0.4%	SCB -3.6%	LCV 1.0%	SCV 34.1%	SCV 78.6%	SCV 52.6%	SCV 65.4%	LCV -6.3%	SCV 8.8%
	2	SCB 42.8%	S&P 500 -8.4%	LCV -34.1%	SCB -46.3%	4 Fund -10.3%	SCB 111.2%	4 Fund -0.2%	4 Fund 48.5%	SCB 52.6%	LCV -36.6%	SCV 32.6%	SCB -0.8%	LCV -5.4%	SCV -0.2%	4 Fund 25.4%	SCB 56.9%	SCB 42.1%	SCB 64.0%	S&P 500 -8.1%	LCV 7.2%
	3	4 Fund 35.8%	4 Fund -19.2%	4 Fund -34.7%	4 Fund -51.5%	SCV -10.5%	4 Fund 95.8%	S&P 500 -1.4%	SCV 47.7%	4 Fund 50.5%	4 Fund -42.6%	S&P 500 31.1%	4 Fund -2.5%	4 Fund -6.7%	4 Fund -5.5%	SCB 25.3%	4 Fund 48.1%	4 Fund 36.0%	4 Fund 51.9%	4 Fund -8.7%	S&P 500 5.7%
	4	SCV 32.0%	SCB -34.0%	SCB -38.3%	SCV -55.4%	LCV -10.7%	LCV 92.5%	SCV -6.2%	S&P 500 47.7%	LCV 49.1%	SCB -48.3%	4 Fund 30.4%	SCV -3.8%	SCV -8.1%	SCB -11.0%	LCV 22.0%	LCV 31.0%	LCV 29.7%	SCB 41.9%	4 Fund -9.9%	4 Fund 5.3%
	5	LCV 24.6%	SCV -37.0%	SCV -43.5%	LCV -61.1%	SCB -11.8%	S&P 500 54.0%	LCV -8.7%	LCV 42.4%	S&P 500 33.9%	SCV -50.5%	LCV 18.1%	LCV -4.9%	S&P 500 -9.8%	S&P 500 -11.6%	S&P 500 20.3%	S&P 500 25.9%	S&P 500 19.7%	S&P 500 36.4%	SCV -10.5%	SCB -0.7%
		1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967
Quintile Rank	1	S&P 500 5.5%	SCB 20.8%	SCV 63.4%	S&P 500 24.0%	S&P 500 18.4%	S&P 500 -1.0%	SCV 64.3%	S&P 500 31.5%	SCB 8.2%	S&P 500 -10.8%	SCV 77.3%	SCB 19.3%	S&P 500 0.5%	SCB 29.8%	LCV -4.4%	SCV 29.5%	SCV 25.2%	SCV 40.0%	LCV -5.7%	SCB 79.1%
	2	LCV 1.5%	SCV 19.7%	LCV 47.2%	LCV 19.2%	LCV 15.0%	SCB -3.0%	LCV 63.5%	4 Fund 25.0%	LCV 7.2%	LCV -14.1%	SCB 61.3%	SCV 15.2%	LCV -0.2%	SCV 29.3%	SCV -8.7%	LCV 24.7%	LCV 19.6%	SCB 37.4%	SCV -7.3%	SCB 69.8%
	3	4 Fund -0.8%	S&P 500 18.8%	4 Fund 45.4%	4 Fund 16.7%	4 Fund 13.0%	4 Fund -5.0%	4 Fund 59.8%	4 Fund 23.6%	4 Fund 6.6%	4 Fund -14.6%	4 Fund 57.5%	4 Fund 14.2%	4 Fund -2.7%	4 Fund 27.9%	4 Fund -9.8%	4 Fund 23.5%	4 Fund 18.9%	4 Fund 26.8%	4 Fund -8.1%	4 Fund 49.4%
	4	SCV -4.9%	4 Fund 18.7%	SCB 39.2%	SCB 13.8%	SCB 9.7%	SCB -5.3%	SCB 58.9%	SCB 23.5%	SCB 6.0%	SCB -14.8%	LCV 48.1%	S&P 500 12.0%	4 Fund -3.3%	S&P 500 26.9%	S&P 500 -10.3%	S&P 500 22.8%	S&P 500 17.6%	LCV 17.4%	SCV -9.6%	LCV 24.8%
	5	SCB -5.4%	LCV 15.5%	S&P 500 31.7%	SCV 9.9%	SCV 9.0%	SCV -10.6%	S&P 500 52.6%	SCB 21.3%	SCV 1.8%	SCV -18.6%	S&P 500 43.4%	LCV 10.2%	SCV -10.8%	SCB 25.6%	SCB -15.7%	SCB 17.0%	S&P 500 16.5%	S&P 500 12.5%	S&P 500 -10.0%	S&P 500 24.0%
		1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Quintile Rank	1	SCV 49.1%	S&P 500 -8.5%	LCV 11.0%	SCB 20.3%	S&P 500 19.0%	LCV -8.8%	LCV -17.6%	65.6%	58.4%	22.8%	SCV 23.4%	SCB 38.8%	SCB 37.2%	SCV 20.5%	SCV 36.9%	SCV 48.9%	LCV 13.2%	SCB 32.8%	LCV 19.2%	LCV 5.5%
	2	SCB 40.0%	LCV -18.1%	S&P 500 4.0%	SCV 15.4%	SCV 17.1%	S&P 500 -14.7%	SCV -17.9%	SCB 54.4%	SCB 48.0%	22.2%	SCB 22.2%	SCV 35.2%	SCB 32.4%	LCV 9.1%	SCB 30.6%	SCB 38.8%	SCB 6.3%	S&P 500 32.2%	S&P 500 18.5%	S&P 500 5.2%
	3	4 Fund 30.7%	4 Fund -20.7%	4 Fund 0.3%	4 Fund 14.9%	4 Fund 12.0%	4 Fund -22.5%	4 Fund -22.2%	4 Fund 51.5%	4 Fund 43.9%	9.6%	4 Fund 15.0%	4 Fund 29.6%	4 Fund 28.7%	4 Fund 7.6%	4 Fund 27.2%	4 Fund 35.6%	4 Fund 4.5%	4 Fund 31.5%	4 Fund 13.6%	4 Fund -0.8%
	4	LCV 22.5%	SCB -27.3%	SCV -0.3%	S&P 500 14.3%	SCV 7.6%	SCV -30.0%	SCV -26.5%	4 Fund 48.9%	4 Fund 43.8%	0.6%	LCV 7.8%	LCV 26.1%	SCV 24.6%	SCB 5.7%	SCV 21.4%	SCV 32.1%	SCV 2.1%	SCV 30.7%	SCB 8.5%	SCV -5.3%
	5	S&P 500 11.1%	SCV -28.8%	SCB -13.5%	LCV 9.4%	SCB 4.3%	SCB -36.7%	SCB -27.0%	S&P 500 37.2%	S&P 500 23.8%	S&P 500 -7.2%	S&P 500 6.6%	S&P 500 18.4%	LCV 20.7%	S&P 500 -4.9%	S&P 500 19.9%	S&P 500 22.5%	S&P 500 -3.5%	S&P 500 30.2%	SCV 8.3%	SCB -8.7%
		1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Quintile Rank	1	SCV 34.3%	S&P 500 31.5%	S&P 500 -3.1%	SCV 47.2%	SCV 34.9%	LCV 26.2%	LCV 2.5%	LCV 41.4%	LCV 27.0%	SCV 39.2%	S&P 500 28.6%	SCB 22.9%	SCB 19.7%	SCV 28.4%	SCV -6.8%	SCV 67.1%	SCV 23.3%	LCV 11.0%	SCV 21.2%	S&P 500 5.5%
	2	LCV 28.5%	LCV 31.0%	LCV -14.8%	SCB 46.6%	SCB 24.1%	LCV 21.3%	SCV 2.5%	S&P 500 37.6%	SCV 25.1%	SCV 36.7%	SCB 8.4%	S&P 500 21.0%	SCB 13.2%	SCB 14.7%	SCB -13.0%	SCB 55.7%	SCB 22.3%	4 Fund 7.8%	LCV 20.7%	SCB -5.1%
	3	4 Fund 26.4%	4 Fund 22.5%	4 Fund -15.4%	4 Fund 38.7%	4 Fund 20.8%	SCB 20.7%	SCB 1.5%	4 Fund 35.4%	4 Fund 24.3%	4 Fund 34.7%	4 Fund 7.4%	4 Fund 15.1%	4 Fund 7.1%	4 Fund 8.3%	4 Fund -13.7%	4 Fund 47.4%	4 Fund 19.4%	SCV 7.6%	SCB 19.4%	4 Fund -5.6%
	4	SCB 26.0%	SCB 14.0%	SCB -20.2%	S&P 500 30.5%	SCB 16.5%	LCV 4 Fund 19.6%	SCB 1.3%	S&P 500 31.4%	SCB 23.0%	S&P 500 33.4%	SCB -2.3%	SCB 8.7%	SCB 2.0%	SCB -13.9%	SCB 38.3%	SCB 19.0%	4 Fund 7.4%	SCB 19.3%	LCV -10.2%	SCV -12.5%
	5	S&P 500 16.8%	SCV 13.3%	SCV -23.6%	LCV 30.5%	S&P 500 7.6%	S&P 500 10.1%	SCB -0.2%	SCV 31.4%	SCB 22.2%	SCB 29.5%	SCV -5.1%	SCV 7.8%	S&P 500 -9.1%	S&P 500 -11.9%	S&P 500 -22.1%	S&P 500 28.7%	S&P 500 10.9%	S&P 500 4.9%	S&P 500 15.8%	SCV -12.5%
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Quintile Rank	1	SCB -36.3%	SCV 49.6%	SCV 31.3%	2.1%	LCV 20.8%	SCB 44.8%	SCB 13.7%	SCB 1.4%	SCV 37.3%	SCV 21.8%	S&P 500 -4.4%	S&P 500 31.5%	SCB 18.4%	SCB 42.6%	SCV -4.9%	S&P 500 26.3%	S&P 500 25.0%	S&P 500 17.9%		
	2	SCV -36.6%	SCV 39.1%	SCB 29.7%	LCV -2.6%	SCB 18.5%	SCV 42.6%	LCV 9.7%	SCB -3.8%	SCB 26.8%	LCV 16.9%	4 Fund -10.8%	LCV 28.1%	SCB 15.2%	4 Fund 31.3%	LCV -7.1%	4 Fund 18.9%	4 Fund 14.7%	LCV 16.4%		
	3	S&P 500 -37.0%	4 Fund 36.0%	4 Fund 23.9%	4 Fund -2.6%	4 Fund 18.2%	4 Fund 39.7%	4 Fund 7.8%	4 Fund -3.9%	4 Fund 25.0%	4 Fund 14.9%	4 Fund 7.4%	4 Fund 25.5%	4 Fund 8.8%	4 Fund 28.7%	4 Fund -11.0%	4 Fund 18.5%	4 Fund 13.3%	4 Fund 12.2%		
	4	4 Fund -38.2%	LCV 28.9%	LCV 19.5%	SCB -4.2%	SCV 17.3%	SCV 38.9%	SCB 4.3%	SCB -5.4%	LCV 24.0%	SCB 13.3%	4 Fund -13.5%	SCV 23.5%	SCB 3.8%	4 Fund 27.5%	SCV -13.8%	SCB 16.7%	SCB 11.9%	SCB 8.4%		
	5	LCV -42.8%	SCB 26.5%	S&P 500 15.1%	SCV -5.8%	S&P 500 16.0%	S&P 500 32.4%	SCV 3.4%	SCV -7.9%	S&P 500 12.0%	SCV 7.6%	SCV -13.5%	SCV 19.1%	SCV -2.1%	SCV 26.4%	SCV -18.1%	SCV 15.0%	SCV 8.7%	SCV 6.2%		

Table K1a - 4 US Asset Class Indexes & 4 Fund Combo Relative Return Ranking (1928-2025)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
1	SCV 34.3%	S&P 500 31.5%	S&P 500 -3.1%	SCV 47.2%	SCV 34.9%	SCV 26.2%	LCV 2.5%	LCV 41.4%	LCV 27.0%	SCV 39.2%
2	LCV 28.5%	LCV 31.0%	LCV -14.8%	SCB 46.6%	SCB 24.1%	LCV 21.3%	SCV 2.5%	S&P 500 37.6%	SCV 25.1%	LCV 36.7%
3	4 Fund 26.4%	4 Fund 22.5%	4 Fund -15.4%	4 Fund 38.7%	4 Fund 20.8%	SCB 20.7%	4 Fund 1.5%	4 Fund 35.4%	4 Fund 24.3%	4 Fund 34.7%
4	SCB 26.0%	SCB 14.0%	SCB -20.2%	S&P 500 30.5%	LCV 16.5%	4 Fund 19.6%	S&P 500 1.3%	SCB 31.4%	S&P 500 23.0%	S&P 500 33.4%
5	S&P 500 16.8%	SCV 13.3%	SCV -23.6%	LCV 30.5%	S&P 500 7.6%	S&P 500 10.1%	SCB -0.2%	SCV 31.4%	SCB 22.2%	SCB 29.5%

Table K1a - 4 US Asset Class Indexes & 4 Fund Combo Relative Return Ranking (1928-2025)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Quintile Rank	S&P 500 28.6%	SCB 22.9%	SCV 19.7%	SCV 28.4%	SCV -6.8%	SCV 67.1%	SCV 23.3%	LCV 11.0%	SCV 21.2%	S&P 500 5.5%
	LCV 8.4%	S&P 500 21.0%	LCV 13.2%	SCB 14.7%	SCB -13.0%	SCB 55.7%	SCB 22.3%	4 Fund 7.8%	LCV 20.7%	SCB -5.1%
	4 Fund 7.4%	4 Fund 15.1%	4 Fund 7.1%	4 Fund 8.3%	LCV -13.7%	4 Fund 47.4%	LCV 19.4%	SCV 7.6%	SCB 19.4%	4 Fund -5.6%
	SCB -2.3%	LCV 8.7%	SCB 4.7%	LCV 2.0%	4 Fund -13.9%	LCV 38.3%	4 Fund 19.0%	SCB 7.4%	4 Fund 19.3%	LCV -10.2%
	SCV -5.1%	SCV 7.8%	S&P 500 -9.1%	S&P 500 -11.9%	S&P 500 -22.1%	S&P 500 28.7%	S&P 500 10.9%	S&P 500 4.9%	S&P 500 15.8%	SCV -12.5%

Table K1a - 4 US Asset Class Indexes & 4 Fund Combo Relative Return Ranking (1928-2025)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Quintile Rank	SCB -36.3%	SCV 49.6%	SCV 31.3%	S&P 500 2.1%	LCV 20.8%	SCB 44.8%	S&P 500 13.7%	S&P 500 1.4%	SCV 37.3%	S&P 500 21.8%
	SCV -36.6%	SCB 39.1%	SCB 29.7%	LCV -2.6%	SCB 18.5%	SCV 42.6%	LCV 9.7%	LCV -3.8%	SCB 26.8%	LCV 16.9%
	S&P 500 -37.0%	4 Fund 36.0%	4 Fund 23.9%	4 Fund -2.6%	4 Fund 18.2%	4 Fund 39.7%	4 Fund 7.8%	4 Fund -3.9%	4 Fund 25.0%	4 Fund 14.9%
	4 Fund -38.2%	LCV 28.9%	LCV 19.5%	SCB -4.2%	SCV 17.3%	LCV 38.9%	SCB 4.3%	SCB -5.4%	LCV 24.0%	SCB 13.3%
	LCV -42.8%	S&P 500 26.5%	S&P 500 15.1%	SCV -5.8%	S&P 500 16.0%	S&P 500 32.4%	SCV 3.4%	SCV -7.9%	S&P 500 12.0%	SCV 7.6%

Table K1a - 4 US Asset Class Indexes & 4 Fund Combo Relative Return Ranking (1928-2025)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Quintile Rank	S&P 500 -4.4%	S&P 500 31.5%	S&P 500 18.4%	SCV 42.6%	SCV -4.9%	S&P 500 26.3%	S&P 500 25.0%	S&P 500 17.9%		
	4 Fund -10.8%	LCV	SCB	4 Fund 31.3%	LCV -7.1%	4 Fund 18.9%	4 Fund 14.7%	LCV 16.4%		
	SCB -12.6%	4 Fund 25.5%	4 Fund 8.8%	S&P 500 28.7%	4 Fund -11.0%	SCB 18.5%	LCV 13.3%	4 Fund 12.2%		
	SCV -12.6%	SCB 23.5%	SCV 3.8%	LCV 27.5%	SCB -13.8%	SCV 15.7%	SCB 11.9%	SCB 8.4%		
	LCV -13.5%	SCV 19.1%	LCV -2.1%	SCB 26.4%	S&P 500 -18.1%	LCV 15.0%	SCV 8.7%	SCV 6.2%		

**Table K2a - Asset Classes & 4 Fund Combo (1928-2025)**

**- Return Rank Frequency -**

Portfolio	Asset Alloc.	CAGR	Quintile Rank Frequency				
			1	2	3	4	5
US SCV	100% US SCV	13.1%	36	14	3	19	26
			37%	14%	3%	19%	27%
				<----- 37% ----->			
US SCB	100% US SCB	11.9%	17	30	6	29	16
			17%	31%	6%	30%	16%
				<----- 66% ----->			
US 4 Fund	25% US SCV 25% US SCB 25% US LCV 25% S&P 500	11.9%	0	11	76	11	0
			0%	11%	78%	11%	0%
				<----- 100% ----->			
US LCV	100% US LCV	11.1%	16	31	6	28	17
			16%	32%	6%	29%	17%
				<----- 66% ----->			
S&P 500	100% S&P 500	10.2%	29	12	7	11	39
			30%	12%	7%	11%	40%
				<----- 31% ----->			

**S&P 500 Index: Max Intra-Year Drawdowns vs. End of Year Total Returns  
(1950-2024)**

Year	DD	TR									
1950	-14.0%	31.7%	1969	-16.0%	-8.5%	1988	-7.6%	16.6%	2007	-10.1%	5.5%
1951	-8.1%	24.0%	1970	-25.9%	3.9%	1989	-7.6%	31.7%	2008	-48.8%	-37.0%
1952	-6.8%	18.4%	1971	-13.9%	14.3%	1990	-19.9%	-3.1%	2009	-27.6%	26.5%
1953	-14.8%	-1.0%	1972	-5.1%	19.0%	1991	-5.7%	30.5%	2010	-16.0%	15.1%
1954	-4.4%	52.6%	1973	-23.4%	-14.7%	1992	-6.2%	7.6%	2011	-19.4%	2.1%
1955	-10.6%	31.6%	1974	-37.6%	-26.5%	1993	-5.0%	10.1%	2012	-9.9%	16.0%
1956	-10.8%	6.6%	1975	-14.1%	37.2%	1994	-8.9%	1.3%	2013	-5.8%	32.4%
1957	-20.7%	-10.8%	1976	-8.4%	23.9%	1995	-2.5%	37.6%	2014	-7.4%	13.7%
1958	-4.4%	43.4%	1977	-15.6%	-7.2%	1996	-7.6%	23.0%	2015	-12.4%	1.4%
1959	-9.2%	12.0%	1978	-13.6%	6.6%	1997	-10.8%	33.4%	2016	-10.5%	12.0%
1960	-13.4%	0.5%	1979	-10.2%	18.6%	1998	-19.3%	28.6%	2017	-2.8%	21.8%
1961	-4.4%	26.9%	1980	-17.1%	32.5%	1999	-12.1%	21.0%	2018	-19.8%	-4.4%
1962	-26.9%	-8.7%	1981	-18.4%	-4.9%	2000	-17.2%	-9.1%	2019	-6.8%	31.5%
1963	-6.5%	22.8%	1982	-16.6%	21.5%	2001	-29.7%	-11.9%	2020	-33.9%	18.4%
1964	-3.5%	16.5%	1983	-6.9%	22.6%	2002	-33.8%	-22.1%	2021	-5.2%	28.7%
1965	-9.6%	12.5%	1984	-12.7%	6.3%	2003	-14.1%	28.7%	2022	-25.4%	-18.1%
1966	-22.2%	-10.1%	1985	-7.7%	31.7%	2004	-8.2%	10.9%	2023	-10.3%	26.3%
1967	-6.6%	24.0%	1986	-9.4%	18.7%	2005	-7.2%	4.9%	2024	-8.5%	25.0%
1968	-9.3%	11.1%	1987	-33.5%	5.3%	2006	-7.7%	15.8%	2025		

# Do Stocks Outperform Treasury Bills?

- 96% of stocks earn T-Bill returns
- 4% of stocks earn 14%
- Market return 10%
- 58.6% make less than T-Bills



# Lessons from Stocks vs. Bonds

- Stocks: high probability of one company making very little
- Key to long term success: Diversification
- Short term needs: Bonds



# Bootcamp #2

What equities should we have in our  
portfolio for a lifetime?

The Ultimate Buy and Hold Portfolio



Please send questions or comments to [Paul@paulmerriman.com](mailto:Paul@paulmerriman.com). A telephone number is helpful if Paul has to ask for additional information before answering the question. Please remember that Paul is a teacher, not an investment advisor or financial planner.

