

Investment Objective

Long-term, tax-efficient returns comparable to traditional stock and bond portfolios with greater consistency across changing investment climates, achieved through better asset class diversification. These strategies are intended to function as replacements for 60/40, 70/30, etc type portfolios. They have no tactical components, but as buy-and-hold portfolios they pair nicely with dynamic models, and of course can stand on their own as one-and-done solutions.

Investment Methodology

We use low-cost funds from providers like Vanguard to capture exposure to US and foreign equities, fixed income, real estate investment trusts, and gold, for a total of 5 asset classes. As you can see in the tables, these models tend to offer similar long-term returns with more stability and less downside than conventional stock & bond portfolios, due to moderately lower stock market correlation. They remain buy & hold portfolios with no tactical input and very low tax profiles.

Performance Statistics

Strategy Name	Year to Date	1yr Return	3yr Return	5yr Return	10yr Return	Since 1973
Enhanced Diversification Agg	3.42%	15.75%	13.51%	6.18%	7.26%	9.13%
Enhanced Diversification Stnd	4.16%	16.26%	13.94%	6.83%	7.37%	8.92%
Enhanced Diversification Bal	2.99%	12.36%	10.57%	4.43%	5.12%	7.93%
Enhanced Diversification Cons	1.80%	10.21%	9.38%	3.67%	4.16%	7.33%
70/30 Benchmark	6.67%	14.10%	14.49%	8.63%	10.93%	10.15%

Strategy	Standard Deviation	Sortino Ratio	Maximum Drawdown	Worst Year	CAGR / Max Drawdown	Correlation to S&P 500
Enhanced Diversification Agg	10.59%	0.68	-29.79%	-18.78%	0.31	0.77
Enhanced Diversification Stnd	9.80%	0.69	-27.92%	-16.38%	0.32	0.77
Enhanced Diversification Bal	7.81%	0.66	-19.02%	-15.18%	0.42	0.71
Enhanced Diversification Cons	6.95%	0.62	-17.19%	-14.02%	0.43	0.61
70/30 Benchmark	11.37%	0.78	-35.10%	-22.81%	0.29	0.97

Disclaimer: All return streams are based on modeled results and no actual client or account received these returns. All Enhanced Diversification performance numbers are inclusive of Fortuna's 1% asset management fee and estimated or actual commissions, trade slippage, underlying fund fees. Benchmark data does not include management fees. Data courtesy of Norgate Data & Global Financial Data.

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