Momentum 60/40 Allocation Model

Universe	Rebalance	Signal	Positions	Trades
Vanguard LifeStrategy Funds	Monthly (EOM)	Relative momentum	Single fund	62 (~2/yr)

Key results (1/2/1996–2/23/2026)

Provide a disciplined alternative to static balanced allocations by adjusting risk exposure based on sustained market strength or stress—while remaining continuously diversified across global stocks and bonds.

	Model	60/40
Annual return (CAGR)	9.50%	8.06%
Max drawdown	-22.70%	-35.97%
Ending value (from $100k)	$1,544,293	$1,037,533
Net profit	$1,444,293	$937,533
Win rate	74.19%	—
Avg holding period	123 bars (~6 mo)	—

How it works

Step 1: On the first trading day of each month, compute a momentum score for each LifeStrategy fund.
Step 2: Rank the four funds by momentum.
Step 3: Hold the top-ranked fund for the remainder of the month; repeat monthly.

Eligible allocations (LifeStrategy®)

VASGX (80/20), **VSMGX** (60/40), **VSCGX** (40/60), **VASIX** (20/80). Each is a diversified, indexed fund-of-funds with automatic rebalancing.

Why monthly?

Monthly reallocation reduces whipsaw and avoids trading through short-term noise, while still responding to major regime shifts.

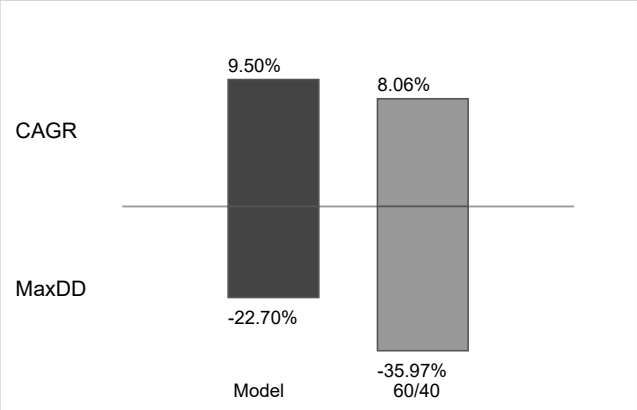
Plain talk about risk

The model is exposed to equity and bond market risk because it always holds a balanced fund. Momentum signals can lag during rapid reversals, and drawdowns can still be meaningful—especially when both stocks and bonds decline.

Trading frequency comparison

Daily: 8.42% CAGR, -20.48% MaxDD, 349 trades
Weekly: 8.39% CAGR, -20.59% MaxDD, 106 trades
Monthly: 9.50% CAGR, -22.70% MaxDD, 62 trades

Risk/return snapshot



Important disclosures

Performance shown is hypothetical backtested performance and does not represent actual trading. No fees, taxes, slippage, or transaction costs are included. Past performance is not a guarantee of future results.