

Hi. This is David Stein and welcome to Money for the Rest of Us, Plus. This is a short video on the asset allocation and portfolio tools section of the website.

The purpose of Plus membership is to provide you professional-grade portfolio tools and a process and a community to help you stay on track with your investment portfolio as you save and invest for retirement, or if you're already in retirement.

It's to help you tune out the noise. There's so much noise about the financial markets and what's going on. And we want to filter that and focus on what is most important. And these tools have helped me grow my wealth. And I'm hopeful they will help you grow your wealth and be a more confident investor.

Ultimately the outcome we seek is better investment performance. To save time, so that we're not spending hours and hours managing our investments. To gain confidence and to have a sense of community, as we all take this financial journey together.

This section of the website is set up in 7 modules. The first is investment vehicles. Then asset classes. Return and risk assumptions. Choosing an asset mix. Portfolio examples. Portfolio implementation. And adapting your portfolio.

The investment vehicle section describes what investment vehicles are and how we use them. How they're classified. Differences between direct and indirect investment vehicles. Public and private. There's an overview lesson on investment vehicles. And then lessons on exchange-traded products, ETFs and ETNs. Lesson on open-end and closed-end mutual funds. And on selecting a brokerage account.

The next module is specific lessons on different asset classes. On the site, we classify assets classes by stocks, fixed income, which includes bonds and the various segments of the bond markets such as treasury inflation-protected securities, non-investment grade bonds, and then income strategies, which would include real estate investment trusts, preferred stocks, and convertible bonds. There are lessons on each of those. And these are constantly being updated to improve their depth and quality.

The next module is return and risk assumptions. So for those different asset classes, there is a 10-year expected return based on the principle of cash, cash flow growth, and what investors are paying for that cash flow. There are lessons on the methodology for developing the asset class return assumptions. And then these return assumptions are updated every 6 months. There's also risk assumptions. On the site, risk is measured by maximum drawdown. How much money could we lose investing in that specific asset class based on worst case historical losses? And then how long has it taken to recover those losses?

The next module, module 4, is on choosing an asset mix. There's an asset allocation model spreadsheet with those expected return and risk assumptions for each asset class. And you can

input specific weights in the different asset types and it'll generate an expected return over the next decade, a range of returns, the maximum drawdown expectation, and the months to recover. There's also a retirement spending and retirement saving spreadsheet to help you better gauge how much should you be spending. And how long would your money last if you achieved a specific rate of return which can be derived based on that asset allocation model.

Module 5 is portfolio examples. There's a list of example ETFs and index mutual funds. There are 5 model portfolios using publicly-traded ETFs and mutual funds. Ranging from ultra-conservative to aggressive with a description of the role this type of portfolio would play. The type of investor that might use an aggressive portfolio versus, let's say, a conservative portfolio. I also share my portfolio on a monthly basis. What are my weights in different asset classes? What are the changes I might have made? And what are my holdings? So these are examples, implementation examples, to help you decide what type of portfolio you would like and which specific investment vehicles you would like to use.

The next module is on portfolio implementation. Once we have a target allocation we have to transition our portfolio to that new target. There are lessons on that transition process. Which assets are better in a tax-deferred vehicle versus a taxable account. And there are lessons on rebalancing and the process in which approach to rebalancing would be appropriate for your portfolio.

The seventh module is on adapting your portfolio. And deciding whether you want to make changes based on investment conditions. There's a monthly investment conditions report where we look at the valuations of different asset classes, economic trends, and what are known as market internals, the level of fear and greed, and the pace of which markets are rising or falling. We use that investment conditions report to quickly get an idea of where we stand. Are risks increasing or decreasing? And should we make any adjustments to our asset mix?

Money for the Rest of Us, Plus is always changing, being updated. Markets change and Money for the Rest of Us, Plus also changes. There's a weekly Plus where we answer member questions. I've mentioned the monthly investment conditions report. There are updates to the model portfolios as the investment conditions change. The models are there to be examples of adjustments based on current investment conditions. When I make a trade, I share that and the logic behind that.

And finally, there are obviously updates on the member forums. As you interact with other members, where you can interact with me as we take this investment journey together. And try to navigate increasingly complex financial markets.

Thanks for being a member and taking this financial journey with us.