INCREASING THE PURCHASING POWER

of

HIGH NET WORTH and TRUSTS-ESTATES INVESTORS

2021 and BEYOND

Most investors would like to protect their principal and simultaenously meaninfully increase their purchasing power over a forty-year horizon. As the chart on page two shows, from 1926 through 2020 there were mutiple opportunities as **U.S. balanced (50% stock + 50% bond) inflation-adjusted compounded annual returns averaged 5.3%. However, these calculations were before fees and taxes, and there were three long periods of a significant loss of purchasing power**. For example, the average decline-to-break-even period was 12.9 years before fees and taxes, and each 1.0% in total expenses increased the duration by about another two years.

Page three shows our *Fair Share Model*SM analyis with current forty-year balanced global return and inflation forecasts at 3.8% and 1.8% annually, and please note:

- A $1,000,000 portfolio that pays 0.5% in annual aggregate fees would have a 1.5% inflation-adjusted return, and the plan with a 1.5% fee only 0.5%.

  The 0.5% fee portfolio will earn an additional $1,181,206 and with less risk when all else is equal.

- While allocating 100% of the capital and taking 100% of the risk, informed investors will earn 77% of the total portfolio gain vs. 43% for those who are indifferent.

All-too-often investors unnecessarily pay 1.0% to 3.0% or more in annual fees. Accordingly, Midwest would be happy to provide a complementry return / risk analysis of your portfolio, and to discuss potential, low-cost solutions to increasee your returns protect your principal during economic contractions.

Contact **James.Byrd@quantmanagement.com** for more information to learn how easy it is to get started with this statistically sound and time-tested method.

www.quantmanagement.com

Managing Your Portfolio is our Only BusinessSM

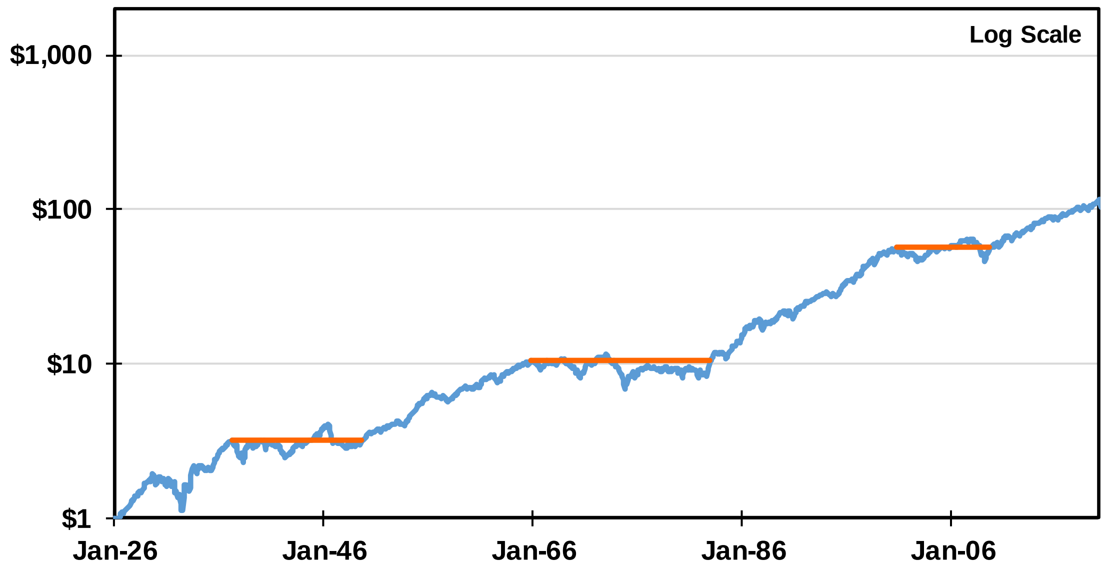
U.S. INFLATION-ADJUSTED ANNUAL RETURN ESTIMATE - 1926 to 2020

Balanced Portfolio (50 Stock + 50% Bond) = 5.3%

Before Fees and Taxes

Periods of Significant Loss of Purchasing Power

Average years to breakeven = 12.9 *before fees and taxes*



Notes: 1. 1926 to 2020 **U.S. Historical return and inflation results were about 8.3% and 2.9%**. All data are estimates due to methods of calculations, and aggregate actual U.S. stock and bond results were not available until 1971 and 1976.

2. Global historical estimates were quite similar.

Sources: Bloomberg Finance, L.P., Frank Russell Company, Ibbotson Associates, Midwest Asset Management, Inc., The Vanguard Group, Inc., Wilshire Associates, Inc., and U.S. Federal Reserve.

PAST RESULTS DO NOT GUARANTEE FUTURE SUCCESS.

Placing the Probability of Success in Your Favor[SM]

ARE YOU GETTING YOUR FAIR SHARE OF THE MARKET RETURNS?

Fair Share Model[SM] Analysis For <u>High Net Worth and Trusts-Estates</u>

Return / Risk Comparative Example (50% Stock + 50% Bond Global Balanced)

$ Amount Invested	=	$1,000,000		$1,000,000
# Years	=	40		40
% FORECASTED GROSS ANNUAL RETURN	**=**	**3.8**		**3.8**
% Aggregate Investment Expenses	**=**	**0.5**		**1.5**
RIA, Fund, Stated & Opaque Transaction (commissions and/or markups/markdowns), Etc.		Midwest		Peer
% NET ANNUAL RETURN	**=**	**3.3**		**2.3**
% Difference	**=**		**1.0**	
$ Total Gross Gain	**=**	**3,445,229**		**3,445,229**
$ Owner Gain	**=**	**2,664,484**		**1,483,278**
$ Difference	**=**		**1,181,206**	
% Owner Gain	**=**	**77**		**43**
% Difference	**=**		**34**	
% Owner Capital Allocated	=	100		100
% Owner Capital at Risk	=	100		100
% Forecasted Annual Inflation	**=**	**1.8**		**1.8**
% NET ANNUAL INF-ADJ RETURN	**=**	**1.5**		**0.5**
% Difference	**=**		**1.0**	

SOURCES: Risk Factor Components - By John Bogle, as cited in *Why Mutual Funds are Lousy Long-Term Investments* interview with Robert Kiyosaki, www.yahoo.com, June 27, 2006.

Return Ratio Calculations - By Midwest Asset Management, Inc. as of January 1, 2021.

NOTES: **Expected Return and Inflation %** - Various sources and methods were used to calculate the consenus global balanced return and inflation assumptions. To clearly document and illustrate the potential outcome, no cash flows were included in the calculations. **The reader may provide different $ amounts, periods, and expected expenses and inflation for customized analyses**.

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Expected Expenses % - Actual global annual aggregate portfolio management expenses can range from 0.1% to 3.0% or more, depending on many factors. <u>Most plans can reduce expenses by 25% to 50% or more to meaningfully increase returns and decrease risk</u>.

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