THE WISDOM OF JOHN BOGLE

in a 2006 interview John Bogle, the legendary founder of The Vanguard Group, outlined the **alarming long-term negative consequences from needless and/or high expenses in portfolio**s.* As shown below, the below-average returns and above-average risks for accounts with egregious transparent and/or hidden fees is enormous – in this example the opportunity loss to the owner of a $1,000 portfolio was $110,000 while still taking 100% of the risk.

FACTORS	**PORTFOLIO A** **SELF-MANAGED BY OWNER**	**PORTFOLIO B** **MANAGED BY REGISTERED INVESTMENT ADVISOR OR BROKER**
Owner Present Investment ($)	1,000	1,000
Time (years)	65	65
Rate (%)	**8.0**	**5.5** after 2.5% fee
Owner Future Value Est ($)	140,000	30,000
Owner Gain (%)	100	20
Owner Capital Invested (%)	100	100
Owner Capital at Risk (%)	100	100

To verify Mr. Bogle's verbal estimates we analyzed the portfolios with our proprietary Fair Share Market℠ Expense Analysis on page 2. **As usual, his assertions were right on the money!** Additionally, please note:

- There are about **$1 trillion annual unnecessary expenses** in the global public securities market ($400 billion in the U.S.), and only a few firms like Vanguard and Midwest address the challenges in a transparent and forthright manner.

- **Below-average aggregate fees are generally the best predictor of future above-average results**. This is increasingly important now with lower forecasted returns.

- **Taking advantage of uninformed or indifferent investors, which has been openly legitimized by elected officials and regulators, further exacerbates the demise of our middle class, and is not sustainable in a free-market system**.

Midwest Asset recommends that most investors seek professional advice that have fully transparent, fair fees (especially with increasingly complex active and passive strategies). For example, *aggregate charges for portfolios managed by Midwest are generally below 0.5%, and above-average relative returns in most areas we invest (independently verified) should continue.*

For an immediate basic comparative expense analysis of your portfolio go to **WHAT ARE MY TOTAL FEES?** or contact **James.Byrd@quantmanatagement.com** for a complimentary customized analysis ($250,000 minimum please).

*http://finance.yahoo.com/columnist/article/richricher/6720, June 27, 2006.

ARE YOU GETTING YOUR FAIR SHARE OF THE MARKET RETURNS?

Fair Share Market℠ Expense Analysis For Bogle Example

Return / Risk Comparison

$ Amount Invested	=	$1,000		$1,000
# Years	=	65		65
% FORECASTED GROSS ANNUAL RETURN	**=**	**8.0**		**8.0**
% Aggregate Investment Expenses	**=**	**0.0**		**2.5**
RIA, Fund, Stated & Opaque Transaction (commissions and/or markups/markdowns), Etc.		Bogle Example		Peer
% NET ANNUAL RETURN	**=**	**8.0**		**5.5**
% Difference	**=**		**2.5**	
$ Total Gross Gain	**=**	**147,780**		**147,780**
$ Owner Gain	**=**	**147,780**		**31,465**
$ Difference	**=**		**116,315**	
% Owner Gain	**=**	**100**		**21**
% Difference	**=**		**79**	
% Owner Capital Allocated	=	100		100
% Owner Capital at Risk	=	100		100
% Forecasted Annual Inflation	**=**	**2.4**		**2.4**
% NET ANNUAL INF-ADJ RETURN	**=**	**5.6**		**3.1**
% Difference	**=**		**2.5**	

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, 2022.

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. Most plans can reduce expenses by 25% to 50% or more to meaningfully increase returns and decrease risk.

PAST RESULTS DO NOT GUARANTEE FUTURE SUCCESS.

Managing Your Portfolio is our Only Business ℠