
INCREASING the PURCHASING POWER
of
HIGH NET WORTH and TRUST-ESTATE INVESTORS
2022 and Beyond

Most investors would like to protect their principal and simultaneously meaningfully increase their purchasing power over a forty-year horizon. As the chart on page two shows, from 1926 through 2021 there were multiple 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, page 2 shows the average decline-to-break-even period was 12.9 years before fees and taxes, and each 1.0% in total expenses increased the average time by almost 2 years.

Page three shows our *Fair Share Model*SM analysis with current forty-year balanced global return and inflation forecasts at 3.4% and 2.4% annually, and please note:

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

The 0.5% fee portfolio will earn an additional \$1,014,641 with less risk when all else is equal.

- ❖ While allocating 100% of the capital and taking 100% of the risk, informed investors will earn 76% of the total portfolio gain vs. 40% 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 [complementary return/risk/expense analysis of your portfolio](#), and to discuss potential, low-cost solutions to increase your relative returns and protect your principal during above-average inflation and/or 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

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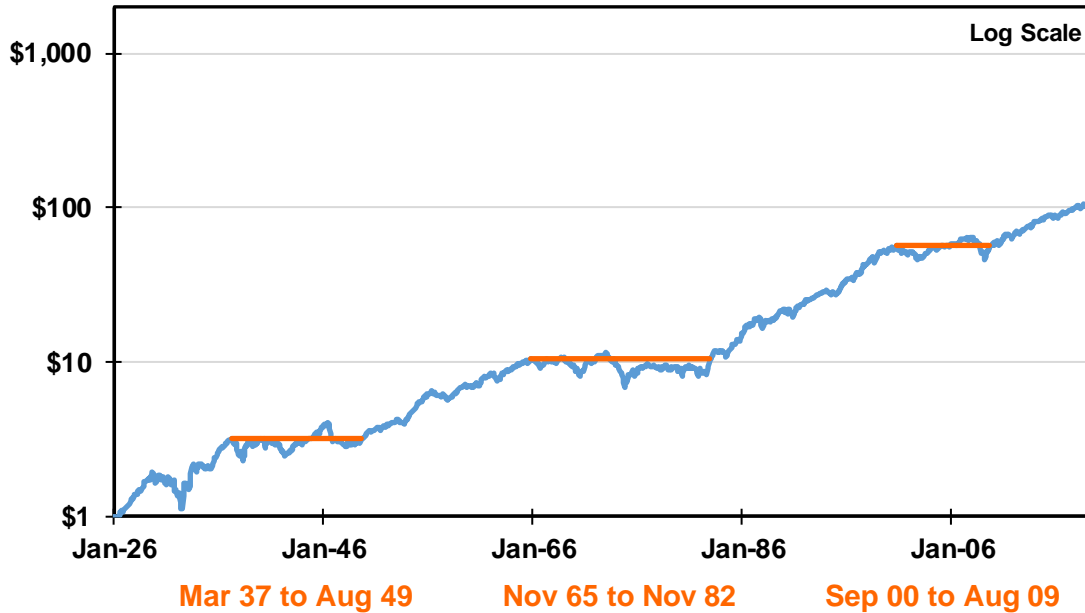
Managing Your Portfolio is our Only BusinessSM

U.S. INFLATION-ADJUSTED ANNUAL RETURN ESTIMATE - 1926 to 2021

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

Periods of Significant Loss of Purchasing Power

Before Fees and Taxes



The average decline-to-break-even period was 12.9 years, and each 1.0% in total expenses increased the average time by almost 2 years.

- Notes:** 1. 1926 to 2021 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.

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ARE YOU GETTING YOUR FAIR SHARE OF THE MARKET RETURNS?

Fair Share MarketSM Analysis For High Net Worth and Trusts-Estates

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	=	3.4	3.4
% Aggregate Investment Expenses	=	0.5	1.5
RIA, Fund, Stated & Opaque Transaction (commissions and/or markups/markdowns), Etc.		Midwest	Peer
% NET ANNUAL RETURN	=	2.9	1.9
% Difference	=		1.0
<hr/>			
\$ Total Gross Gain	=	2,809,093	2,809,093
\$ Owner Gain	=	2,137,726	1,123,085
\$ Difference	=		1,014,641
<hr/>			
% Owner Gain	=	76	40
% Difference	=		36
<hr/>			
% Owner Capital Allocated	=	100	100
% Owner Capital at Risk	=	100	100
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% Forecasted Annual Inflation	=	2.4	2.4
<hr/>			
% NET ANNUAL INF-ADJ RETURN	=	0.5	-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, 2022.

NOTES: Expected Return and Inflation % - Various sources and methods were used to calculate the consensus 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.**

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 simultaneously decrease risk.

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