



Automated Allocations

*The Strategy That Adjusts...
Automatically.*

Video Script Video 2 Understanding Returns

Let's discuss investment returns. Many people misunderstand investment returns because they focus only on percentage gain and ignore time.

If someone says they “doubled their money” on an investment, we know that's a 100% total gain. But that information alone is incomplete. To accurately compare one investment with another, we also need to know how long it took to achieve that gain.

That's why we use the Annualized Rate of Return. Annualized return converts a total gain over any time period into an equivalent yearly return, allowing apples-to-apples comparisons between investments held for different lengths of time.

Here's an example using the exact same result—doubling your money.
Double your money in six months, and that's a 300% annualized return.
Double it in one year: 100%.
Three years: about 26%.
Ten years: only about 7%.

In every case, the investor doubled their money – a 100% total gain. But those are obviously very different investment results. Time makes the difference.

Annualized return puts those results into context and makes them much easier to compare. Now let's look at a real-world example.

On December 31, 2025, a friend tells you their Bitcoin investment grew to nearly 18 times what they originally invested—a 1,681% total return. That's certainly impressive. But there's still a piece of information missing. When did they buy it? Your friend tells you they purchased Bitcoin on April 4, 2019. Now we have what we need.

Your friend wasn't wrong. But once we account for the time involved, that 1,681% total return translates to an Annualized Rate of Return of about 53%. Now we can meaningfully compare that result with other investments.

For accurate comparisons, Automated Allocations uses Annualized Rate of Return throughout The Studies.

Below this video you'll also find a table showing the annualized returns of the stocks commonly known as the Magnificent Seven over the period shown.

These have been some extraordinarily successful investments. As you examine the results achieved by Automated Allocations in The Studies, you'll be able to compare them using the same measurement: Annualized Rate of Return.

Next, we'll look at the two investment securities Automated Allocations uses—and why they were selected.
Enjoy.

The Magnificent Seven						
Ticker	Start Date	End Date	Start Price	End Price	Annualized Return	
AMZN	1/2/15	12/31/25	\$15.39	\$230.82	27.90%	
TSLA	1/2/15	12/31/25	\$14.62	\$449.72	36.53%	
NVDA	1/2/15	12/31/25	\$0.48	\$186.50	71.93%	
MSFT	1/2/15	12/31/25	\$39.86	\$483.62	25.46%	
AAPL	1/2/15	12/31/25	\$24.21	\$271.86	24.58%	
META	1/2/15	12/31/25	\$77.91	\$660.09	21.43%	
GOOGL	1/2/15	12/31/25	\$26.32	\$313.00	25.24%	