Automated Allocations

The Strategy That Adjusts... Automatically.

Video Script
Video 7b
Bonus Video

Let's leave our example portfolio for now. We'll first look at our study where we started with the maximum allowable contribution to a Roth IRA in 2015 and added the maximum allowable contribution each year in the beginning of January.

Let's look at the Header information and see where the portfolio was on December 31st of 2025. We started with a $5500 contribution in 2015, added $61,000 over 11 years for a total investment of $66,500. The total account value is now just over $400,000 giving us a $334,000 gain. 29% year in, year out for 11 years.

With our pinned first trade at the top of our history, it's easy to see the number of shares we started with and how the average cost of those shares has changed. With one glance, we can see the market value of those shares, the cash we have on hand, and our dollar gain. Let's scroll down to the very beginning of this example, 11 years' worth of activity.

We have our first trade when we started. Remember, in this example, we will only be doing an AA Plus once a year since that will be the maximum allowable for that year.

After 4 months, we have a PAMMY. And then a buy, and then on schedule another PAMMY.

We have another buy, and at this point 12 months has passed. There's enough cash in the account for a PAMMY, and it's also time to make the annual contribution to the portfolio. We can do a PAMMY Plus, adding a new $5500 to the account.

Now, this PAMMY Plus has drained all of our cash. We won't be able to do a PAMMY in May since we don't have the cash available. We also won't be doing an AA Plus because we have already fully funded the IRA account for this year.

We can see the scenario continues. The market goes up, the market goes down. There are some buys and some sells. PAMMYs on schedule when there is cash.

AA Pluses on the first of every year. Nothing extraordinary here, just Automated Allocations doing its thing. And then February of 2020 comes. The COVID-19 bear market, one of the fastest market declines in history.

In the beginning of February, we were sitting pretty, we had shares, we had cash, we had gains. How did AA handle this crash? It calculated precise price targets and the number of shares to buy, building a larger position at a lower cost. As the market declined, AA continued purchasing until cash had run out.

Once again, May came and nothing could be done. After 5 months, the market recovered to the point where the sell targets Automated Allocations had set began being hit. For nearly a year and a half, AA sold some shares, raising cash. Mind you, the user was able to do PAMMYs, and at the beginning of each year, a PAMMY Plus.

And then came the 2022 bear market. After a 21-month nonstop climb that started in March of 2020, the market fell off a cliff on the third trading day of 2022. The S&P 500 dropped 28% in 10 months.

It took two full years for the market to recover to the same levels it had attained in December of 2021. How did AA perform under these circumstances? The bottom of this screen is the beginning of this terrible bear market. The top of the screen is just 18 months later. AA was already selling and looking good.

It wasn't until January of 2024, another 6 months in the future, that the S&P 500 had fully regained the previous market high. Notice, AA used this bear market to increase the number of shares held by 194%. Automated Allocations doing its thing. 2022 was a busy year, but it was well worth it. The next two years were more of the same, Automated Allocations, building a portfolio of more shares at a lower cost.

We've got to get a look at our second example of PAMMYs, AA Pluses, and the PAMMY Plus. This example will be the same time frame but a totally different approach.

We have a 20-year-old that was gifted $1000. He or she was to put it into an Automated Allocations portfolio, save $100 each month. And then under Rule Number 2, every 4 months, add the $400 saved to the AA account.

So let's take a look at the Header first. We started with that $1000 gift. We added a total of $12,800 over the years. It's interesting how $3.29 a day, a cup of coffee, adds up. Anyway, after 11 years, this now 31-year-old has an account worth over $88,000. As pointed out in our video $3000, $5000, or $50,000 this smaller account had the same percentage return as the larger account we just reviewed. The number of trades was very similar also.

Before we leave this view, compare the orange pinned first trade line to the last transaction line. Those numbers are the result of consistency, patience, and Automated Allocations.

Let's scroll down to the beginning and just take a quick look. We have our humble beginnings, but that's OK. Then we come right out of the gate with a PAMMY Plus. There's a buy, another PAMMY Plus, another buy, and it looks like we ran out of cash on that one. So we can't do a PAMMY.

We have two straight AA Pluses. We were fortunate to get a sell, so for the next Rule Number 2 time we could do a PAMMY Plus. You get the idea. The market goes up and down and AA does its thing. We are buying and selling according to AA's algorithms.

As planned, we are adding our $400 to the portfolio every 4 months using the AA Plus. When cash is available, we are buying more shares via the PAMMY. If we are doing both, we use the PAMMY Plus.

We're getting close to the COVID-19 Bear Market and crash of 2020. Just like the larger account, we had shares, cash, and gains. Also like the larger account, AA systematically bought as the market fell, accumulating more shares at a much lower cost. Remember, discipline and patience are key here. There it is, right on schedule.

That was a brutal crash to live through, but, it really didn't last long. The interesting thing to note here is that it took the S&P 500 until August to get back to where it had started. By that time, Automated Allocations was deep in the green again. Just like the larger account, the recovery lasted about a year and a half. With cash on hand from the sells, we can see a PAMMY Plus every 4 months. Another $400 added to the account and another PAMMY performed.

And now we're coming up on the Bear Market of 2022. Let's see how this portfolio fared. Wow. Compared to where we started, we had 5 times the number of shares at a negative cost, a ton of cash and value. The price of UPRO was $75.08. And then came the bear market of 2022. The market finally bottomed in October. By then, the portfolio was out of cash and had a ton of shares. The AA Plus was done for January and May of 2023, and AA finally started selling in June. Again, similar to the larger account, 2022 was busy. Things calmed down after that, and the rhythm of some sells, some buys, and a PAMMY Plus every four months ensued.

This concludes our bonus video about the PAMMY, AA Plus, and the PAMMY Plus. Let's take a second and look a little deeper at this scenario about the 20-year-old. He or she is now 31 years old, with a portfolio worth over $88,000. If we put the parameters into any calculator, this person would be a millionaire, somewhere between the age of 40 and 41. There are three calculators on our website, plenty on the web. $1000 to start with. Add $1200 each year, 29.43% interest, 21 years. Interesting.
Enjoy.