



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 to another, we need to account for how long it took to achieve that gain.

That's why we use the annualized Rate of Return. It converts a total gain over any time period into an equivalent yearly return, allowing apples-to-apples comparisons between investments with different timelines and cash flows.

Here are some examples of doubling your money...

To double your money in 6 months would be a 300% annualized return. To double your money in 1 year would be a 100% annualized return. In 3 years it would be 26% and in 10 years it would be a 7% annualized return.

Two investors can both say they had a 100% gain on investment X. One may have earned extraordinary performance while the other achieved only modest results - depending entirely on time. Annualized return is what makes investment performance meaningful, honest, and easy to compare.

Let's look at a real-life example of this. On December 31, 2025, a friend tells you they made 18 times their money... a one thousand six hundred eighty one percent return on Bitcoin! After you collect your thoughts, you ask your friend when they originally purchased their Bitcoin. They tell you it was on April fourth of 2019. Now you have the information to make this statement a bit more accurate. Your friend wasn't wrong in the facts. However, the actual Annualized Rate of Return was 53%. Now, you can accurately compare the friend's results to other investments. For accurate comparisons, Automated Allocations uses the Annualized Rate of Return on all of its studies.

We would challenge the listener to research the following... "What is considered a good annualized rate of return in the investment world?"

The answer will basically be as follows...

7 to 10% for the passive, index investor.
12 to 20% is excellent over many years.
20% plus is very good, but hard to sustain long-term.
20% plus over ten plus years is elite-level.

In 2023 the term "Mag 7" was coined to describe seven prominent technology stocks in the U.S. stock market that have had significant gains in recent years. Below this video is a table showing the returns of the seven stocks in the group known as the Magnificent Seven. As you examine the returns achieved by Automated Allocations, keep this information in mind for comparison purposes.

Next, we'll look at the two investment securities Automated Allocations uses for its investments.
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%