Understanding Returns…

Many people don't understand returns on an investment. We can't just calculate the percent gain on an investment. We must also must consider time. We can properly compare investments by using the annualized return. Many retail investors are looking for that "Ten-Bagger". Let's look at a 10-bagger scenario and add the element of time to our comparisons - $10,000 becomes $100,000…

In 1 year	-	900%
In 3 years	-	115%
In 7 years	-	39%

Not only do many retail investors waste valuable time and money seeking the elusive "Ten-Bagger", you'll also hear many stories and discussions using the "Woulda, Coulda, Shoulda" verbiage. In a nutshell, this is *the lament of missed opportunities*. Years ago, it seemed everyone used IBM in this way. "If you only would have bought IBM x years ago…". This was followed by the magnificent gains one would have made. Gold is another that seems to come up every so many years. "If you would have bought gold so long ago, what it would be worth today". Lately, of course, the so called Magnificent Seven have captured the spotlight.

Let's look at IBM from 1970, and then gold, bitcoin, and the Magnificent Seven from 2015 – a full 10 ½ years. Note the starting prices were adjusted for splits as necessary. Except for gold, these are mostly 10-plus baggers. Note the annualized returns. If you take out the anomalies BTCUSD and NVDA, you have an excellent idea of what very successful returns look like. For reference, at the bottom of the chart, we have added SPY which represents the S&P 500 index and QQQ which represents the Nasdaq index. These will be used and explained as we delve deeper into AUTOMATED ALLOCATIONS.

Ticker	Start Date	End Date	Start Price	End Price	Return Price Only	Return W/Dividends
IBM	1/2/70	6/27/25	$9.29	$287.75	6.38%	9.00%
Gold	1/2/15	6/27/25	$1,188.73	$3,330.97	10.32%	10.32%
BTCUSD	1/2/15	6/27/25	$315.00	$110,787.00	74.87%	74.87%
AMZN	1/2/15	6/27/25	$15.43	$223.30	29.03%	29.03%
TSLA	1/2/15	6/27/25	$14.62	$323.63	34.30%	34.30%
NVDA	1/2/15	6/27/25	$0.50	$157.75	73.10%	73.20%
MSFT	1/2/15	6/27/25	$40.00	$495.94	27.10%	28.30%
APPL	1/2/15	6/27/25	$24.29	$201.08	22.30%	24.00%
META	1/2/15	6/27/25	$78.45	$733.63	23.70%	23.70%
GOOGL	1/2/15	6/27/25	$26.32	$178.53	20.00%	20.30%
SPY	1/2/15	6/27/25	$171.09	$613.21	12.94%	12.94%
QQQ	1/2/15	6/27/25	$94.76	$547.46	18.20%	18.20%

Understanding Returns II…

As we are contemplating returns, we asked Chat GBT what is considered a good annualized rate of return in the investment world. The answer was interesting…

In the world of investment gurus and professional investors, a **"good" annualized rate of return** depends on the strategy, risk tolerance, and market environment. Here's a rough benchmark based on typical expectations:

🏦 General Benchmarks

Investor Type	Annualized Return Considered "Good"
Passive Index Investor (e.g. S&P 500)	**7–10%** after inflation (historical average)
Value Investors (e.g. Buffett-style)	**12–20%** is excellent over many years
Aggressive Traders / Hedge Funds	**20%+** is very good, but hard to sustain long-term
Private Equity / Venture Capital	**25–35%** is considered strong, but with high risk and illiquidity
Top-tier Gurus (rare, consistent outperformers)	**20%+** over 10+ years is elite-level

🧠 Examples

- **Warren Buffett** (Berkshire Hathaway): ~19–20% compounded over decades
- **Peter Lynch** (Fidelity Magellan, 1977–1990): ~29% annualized
- **Ray Dalio** (Bridgewater): ~12% for institutional portfolios
- **Cathie Wood** (ARK Invest): highly variable; peaked around 40% in early years but unsustainable

🎯 Takeaway

For most investors—even highly skilled ones—**15–20% annualized over a decade is exceptional**. If someone claims consistent 30%+ annualized returns, skepticism is warranted unless backed by strong, audited performance.

KEEP THIS PAGE AND THE PREVIOUS PAGE IN MIND AS WE SHARE THE RESULTS OF AUTOMATED ALLOCATIONS ON THE FOLLOWING PAGES.