

Diversification or Concentration



- 1. QQQ realignment. trim the tree, planet another tree
- 2. Playing to win, or playing NOT loss

What are you addicted to?

- 1. Dividends
- 2. Risk free interest
- 3. Growth
- 4. A singular successful stock
- 5. To thy own self be true.

Returns 2022

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SP 500 -19%

standard 60/40 allocation -16%

VIG -9.8%

Returns 2023 YTD

SP 500 +16%

60/40 allocation +10.5%
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Best return 6 months 2023

VIG +8.0%

- 1. NVDA +190%
- 2. META +138%

Worst return 6 months 2023

- 1. AAP -54%
- 2. DISH -54%
- 3. ZION -41% (4th)
- 4. SCHW -33.6% (8th)

Why is diversification valuable?

Portfolio diversification is important because it helps to reduce the overall risk and volatility of the portfolio by combining securities that have **low correlations** with each other, meaning they do not move in the same direction at the same time. This way, losses in one part of the portfolio can be offset by gains elsewhere

What are the down sides of diversification

- Generally leads to lower portfolio-wide returns.
- May cause investing to require more management.
- Can result in more and larger transaction fees.
- Does not eliminate all types of risk within a portfolio.
- May turn your attention away from large future winners.
- More investment means more mistakes can be made.

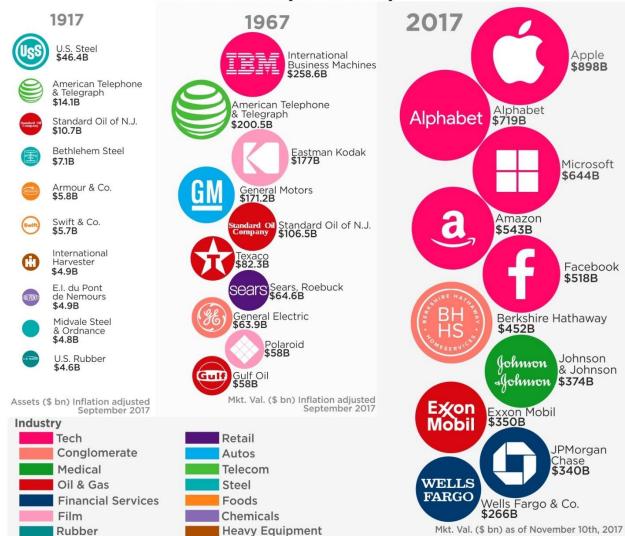
The argument of index funds is an argument for diversification

According to a Dow Joes study, from 01/2003 through 12/31/2022 less then 10% of active mutual funds out performed their respective tracking indexes

From the same study, once a fund was in the top 25% for a year, ZERO of them remained in the 25% for each of the next 5 years. There are no consistent winners

- 1. Top 25% performance doesn't imply the fund outperformed the index
- 2. Some fund might have been in the top 25% multiple years and still out performed the index in the other years.. don't know that

100 Years of America's Top 10 Companies



Source and Article: https://howmuch.net/articles/100-years-of-americas-top-10-companies https://forbes.com

howmuch net

ATT is the same price per share as it was in 1994... 29 years



For comparison KO was split adjusted 10.60 per share in 1994 and now is 60.00 per share

AAPL is a split adjusted 52 CENTS and is now 190.00 per share

MSFT is also split adjusted 2.65 and is now 345.00 per share

SPY starts in March 1993 @ 45.00 per share and is now 450.00