

AECOS has a story to tell.

aecos

THE AECOS PROGRAM

Use the AECOS program to customize your portfolio using both Traditional and Alternative investments.

Create your own portfolio, based on your own investment preferences, expectations for return and tolerance for risk.

The result is greater flexibility, diversification, reduced risk, stable long term performance.

Accounts are set up at the bank in your own name, with daily liquidity, and daily web-based access to your account information.

Create your portfolio

Standard Diversified Portfolio

[Go to Sharia Portfolio](#)

Model portfolios:

[Low](#) | [Moderate](#) | [High](#) | [Reset=0%](#)

[Tip]

Equity Portfolios

Major Market Stocks %

0

Max 100%

[Tip]

Emerging Market Stocks (including ETFs) %

0

Max 100%

[Tip]

Alternative Portfolios

Bonds %

0

Max 100%

[Tip]

Currencies %

0

Max 100%

[Tip]

Metals %

0

Max 100%

[Tip]

Energies %

0

Max 100%

[Tip]

Total Portfolio Allocation %

0.00%

[Tip]

Fees

Management Fee %

2

e.g. 2%

[Tip]

Performance Fee %

15

e.g. 20%

[Tip]

[Submit](#)

The AECOS program can do the following for investors:

Gives accurate return estimates of the separate component parts of the Aegis investment programs. These include:

A) Stocks

1. Traditional Major Markets High Cap Stocks---US, Japan and Europe
2. Emerging Markets Stocks—15 of the most important global regional stock markets—focus on Asia, Latin America and Eastern Europe

B) Alternative Investments

1. Bonds—major global bonds—US, Japan and Europe
2. Major Currencies—USD, Euro, Yen, Canadian Dollar, Australian Dollar
3. Metals—Precious and Industrial Metals
4. Energies—Crude Oil, Gasoline and Heating Oil

What the AECOS program does for investors:

Gives accurate return estimates of the separate component parts of the Aegis investment programs.

Adjusts returns for all fees—all results are calculated AFTER management, performance fees and brokerage commissions are deducted

Provides a good estimate of the kinds of risks investors can expect in order to obtain their return objectives.

What this program does NOT do for investors

Does **not** predict future returns—the program can only provide an accurate assessment of past results, adjusted for fees.

Does **not** recommend to the investor which sectors he should trade.
Investors determine this for themselves.

Does **not** give investors recommendations for their own risk/ return desires.
Investors determine this for themselves

The Golden Rule for Managing a Portfolio:

Diversify. “Spread your eggs into more than one basket.” Stocks are NOT the only game in town.

Let’s run 3 sample portfolios.

A. A standard “Stocks Only” Portfolio

The portfolio contains ONLY stocks—50% major markets and 50% emerging markets.

Create your portfolio

Standard Diversified Portfolio

[Go to Sharia Portfolio](#)

Model portfolios: [Low](#) | [Moderate](#) | [High](#) | [Reset=0%](#) [Tip]

Equity Portfolios

Major Market Stocks %	50	▼	Max 100%	[Tip]
Emerging Market Stocks (including ETFs) %	50	▼	Max 100%	[Tip]

Alternative Portfolios

Bonds %	0	▼	Max 100%	[Tip]
Currencies %	0	▼	Max 100%	[Tip]
Metals %	0	▼	Max 100%	[Tip]
Energies %	0	▼	Max 100%	[Tip]
Total Portfolio Allocation %	100.00%			[Tip]

Fees

Management Fee %	2		e.g. 2%	[Tip]
Performance Fee %	15		e.g. 20%	[Tip]

[Submit](#)

To test this portfolio, please complete the application as shown here and then click on Submit button

A. “Stocks Only” Portfolio

Create your portfolio

Standard Diversified Portfolio

Model portfolios: Go to Sharia Portfolio

Low | Moderate | High | Reset=0% [Tip]

Equity Portfolios

Major Market Stocks % 50 Max 100% [Tip]

Emerging Market Stocks (including ETFs) % 50 Max 100% [Tip]

Alternative Portfolios

Bonds % 0 Max 100% [Tip]

Currencies % 0 Max 100% [Tip]

Metals % 0 Max 100% [Tip]

Energies % 0 Max 100% [Tip]

Total Portfolio Allocation % **100.00%** [Tip]

Fees

Management Fee % 2 e.g. 2% [Tip]

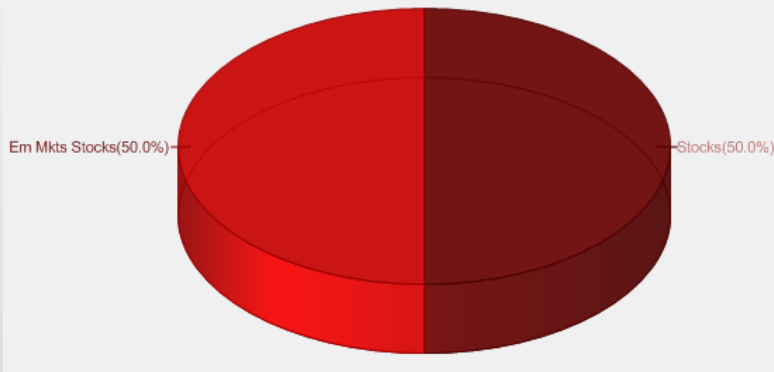
Performance Fee % 15 e.g. 20% [Tip]

Submit

We see the total Portfolio is 100% of capital. All money is invested in stocks.

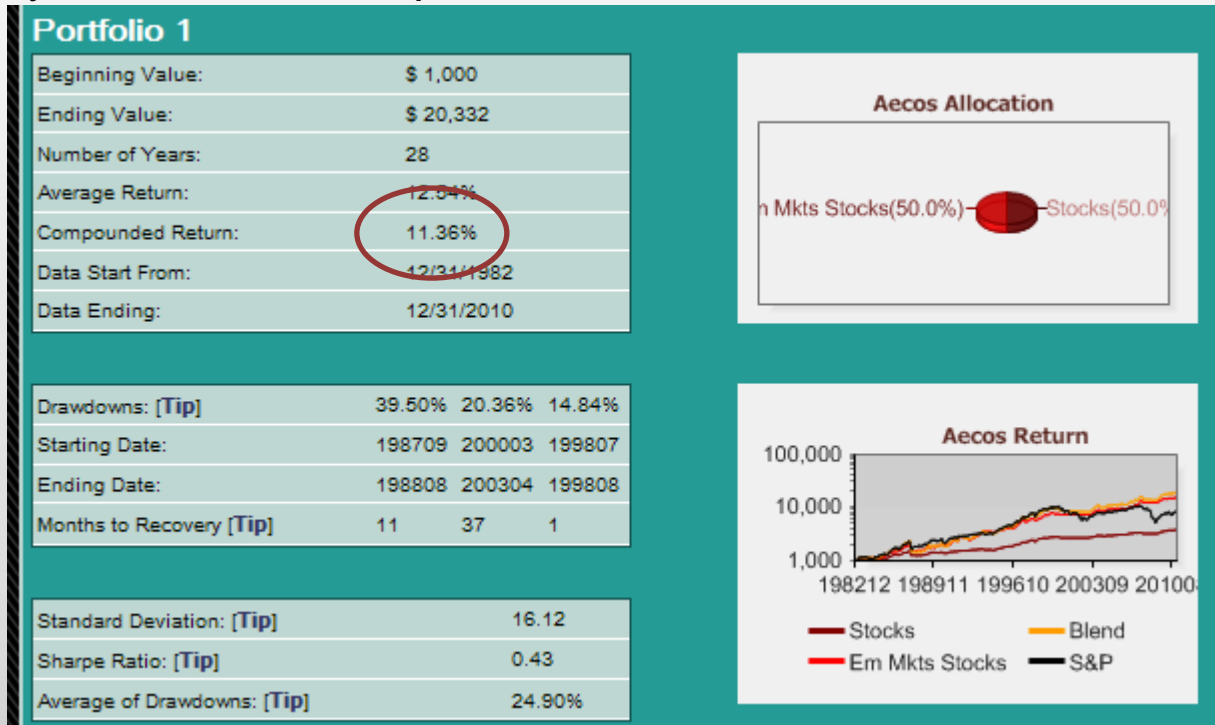
A. “Stocks Only” Portfolio

This portfolio contains ONLY stocks—50% major markets and 50% emerging markets



A. “Stocks Only” Portfolio

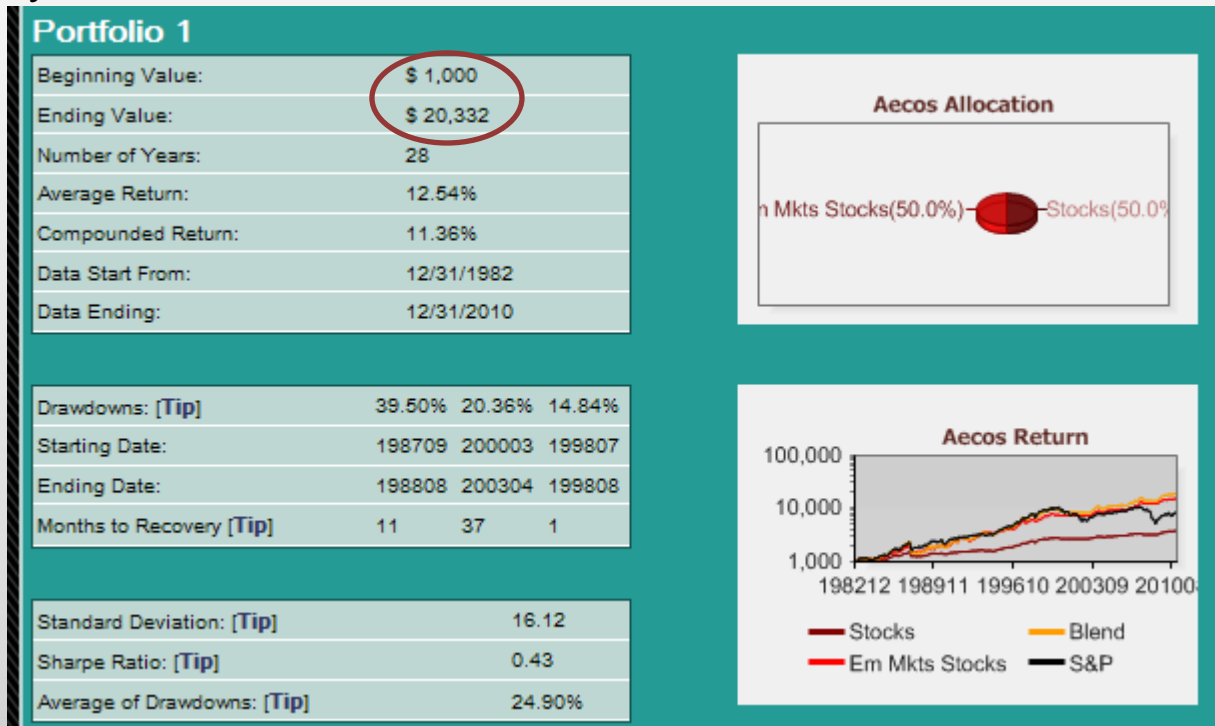
Let’s analyze the several important characteristics of these returns.



The compounded return is an annual 11.36% AFTER all fees, which is a respectable return over many years

A. “Stocks Only” Portfolio

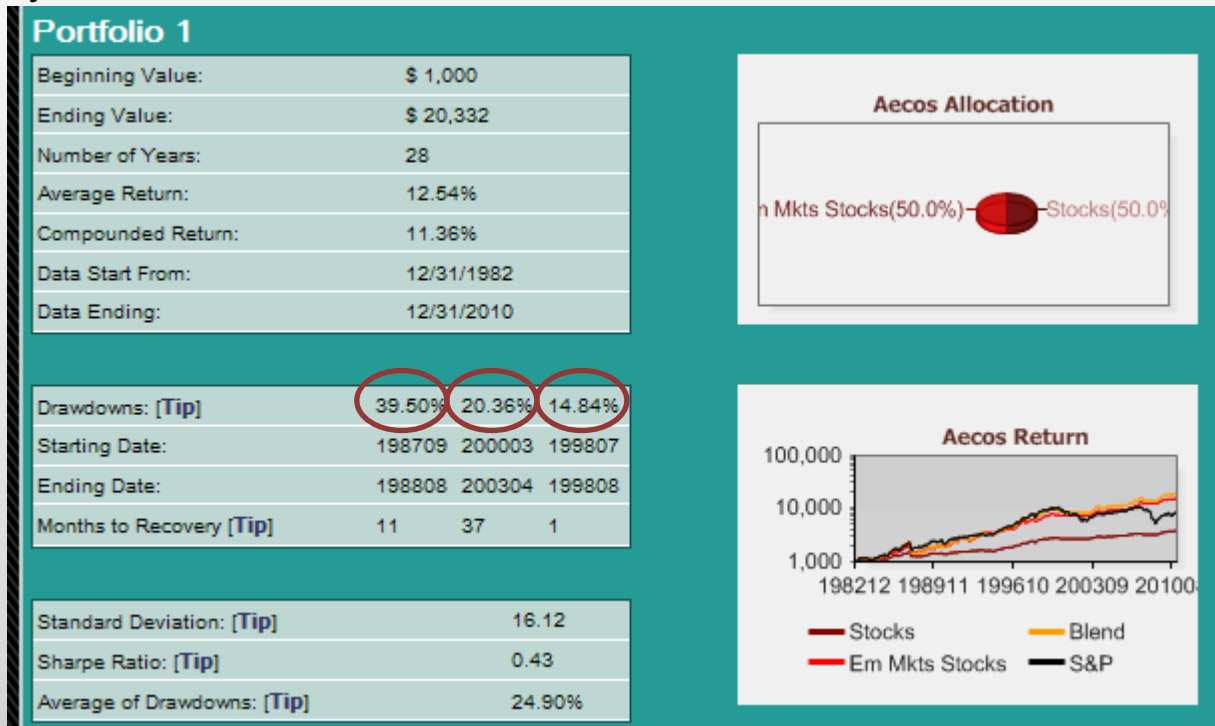
Let’s analyze the characteristics of these returns.



We see a \$1,000 investment 28 years ago, becomes \$20,332 BUT...

A. “Stocks Only” Portfolio

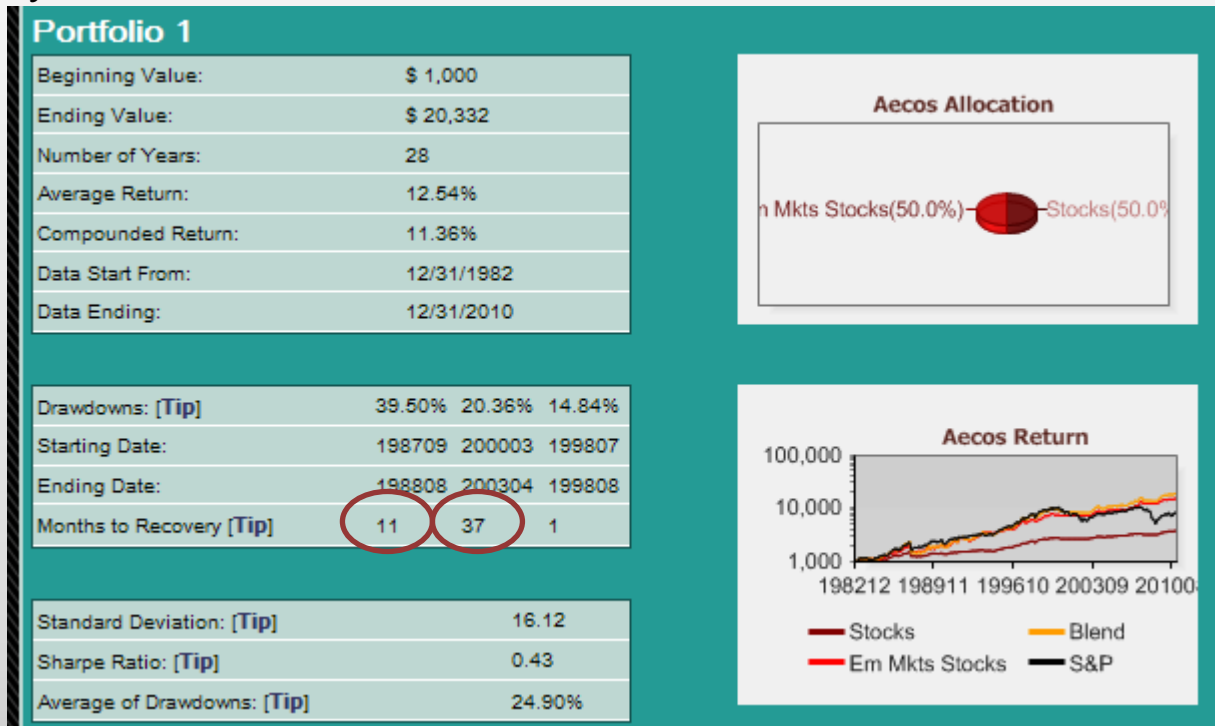
Let’s analyze the characteristics of these returns.



...in order to achieve this return, this investor suffered 3 large losses during the life cycle of his investment

A. “Stocks Only” Portfolio

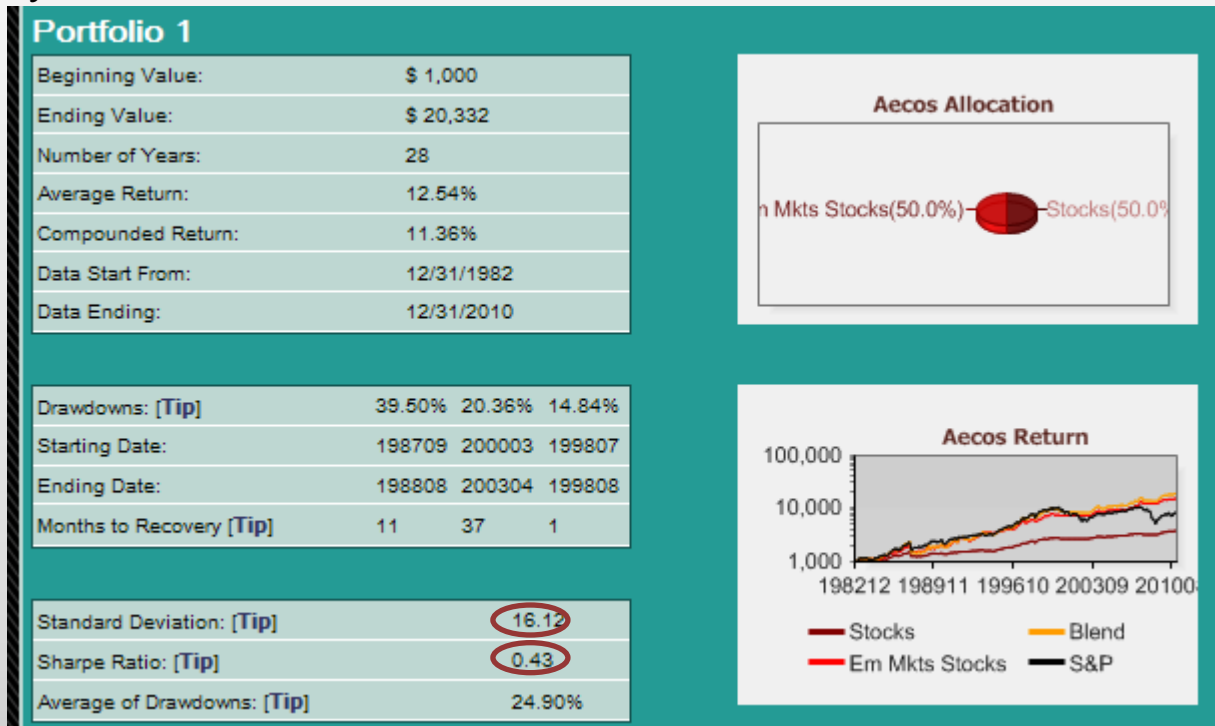
Let's analyze the characteristics of these returns.



The largest 2 losses took 11 and 37 months to recover from

A. “Stocks Only” Portfolio

Let’s analyze the characteristics of these returns.



The statistics show that volatility (as measured by standard deviation) was high, and the investor’s return above a risk-less portfolio (like cash or T-bills) was lower than 1, which means the portfolio tended to perform less than a portfolio of bonds

B. Diversified Portfolio.

We now run a second portfolio—again at 100% of capital—but this time reducing the allocation to stocks and spread the portfolio by adding “Alternative” investments to the portfolio. The total looks like this: 20% Traditional Stocks, 20% Emerging Market Stocks, 20% bonds, 20% currencies, 10% metals, 10% energies

Create your portfolio

Standard Diversified Portfolio

Model portfolios: Go to Sharia Portfolio

Low | Moderate | High | Reset=0% [Tip]

Equity Portfolios

Major Market Stocks % Max 100% [Tip]

Emerging Market Stocks (including ETFs) % Max 100% [Tip]

Alternative Portfolios

Bonds % Max 100% [Tip]

Currencies % Max 100% [Tip]

Metals % Max 100% [Tip]

Energies % Max 100% [Tip]

Total Portfolio Allocation % 100.00% [Tip]

Fees

Management Fee % e.g. 2% [Tip]

Performance Fee % e.g. 20% [Tip]

B. Diversified Portfolio.

Create your portfolio

Standard Diversified Portfolio

Model portfolios:

Go to Sharia Portfolio

Low | Moderate | High | Reset=0% [Tip]

Equity Portfolios

Major Market Stocks %	20	▼	Max 100%	[Tip]
Emerging Market Stocks (including ETFs) %	20	▼	Max 100%	[Tip]

Alternative Portfolios

Bonds %	20	▼	Max 100%	[Tip]
Currencies %	20	▼	Max 100%	[Tip]
Metals %	10	▼	Max 100%	[Tip]
Energies %	10	▼	Max 100%	[Tip]
Total Portfolio Allocation %	100.00%			[Tip]

Fees

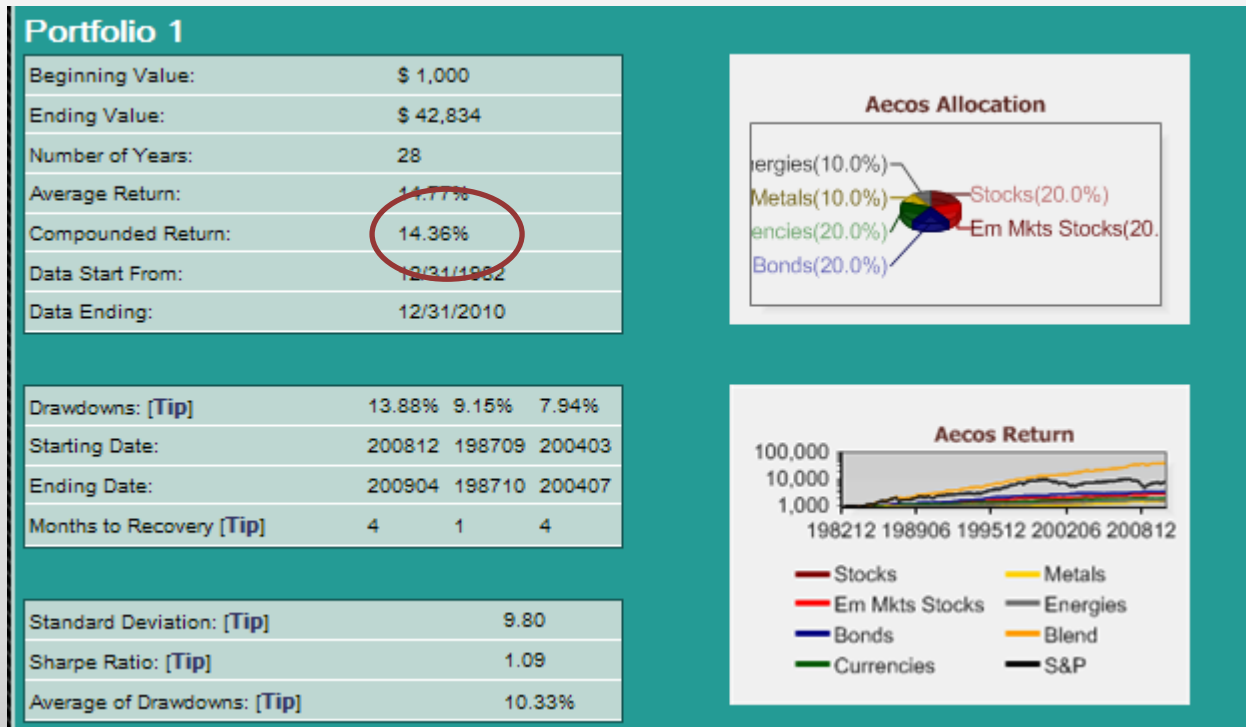
Management Fee %	2		e.g. 2%	[Tip]
Performance Fee %	15		e.g. 20%	[Tip]

Submit

Again, the total Portfolio is 100% of total capital invested

B. Diversified Portfolio.

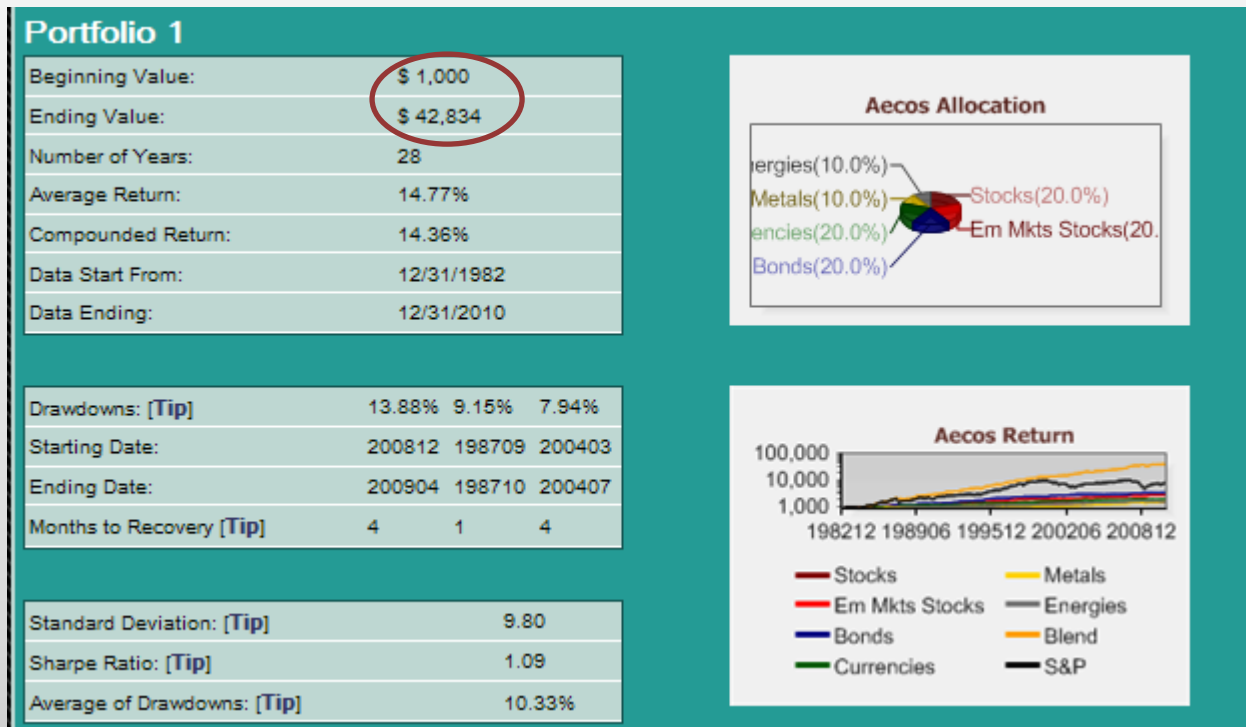
Let's analyze the characteristics of these returns.



The compounded return has risen to an annual 14.36% AFTER all fees, which is a better return

B. Diversified Portfolio.

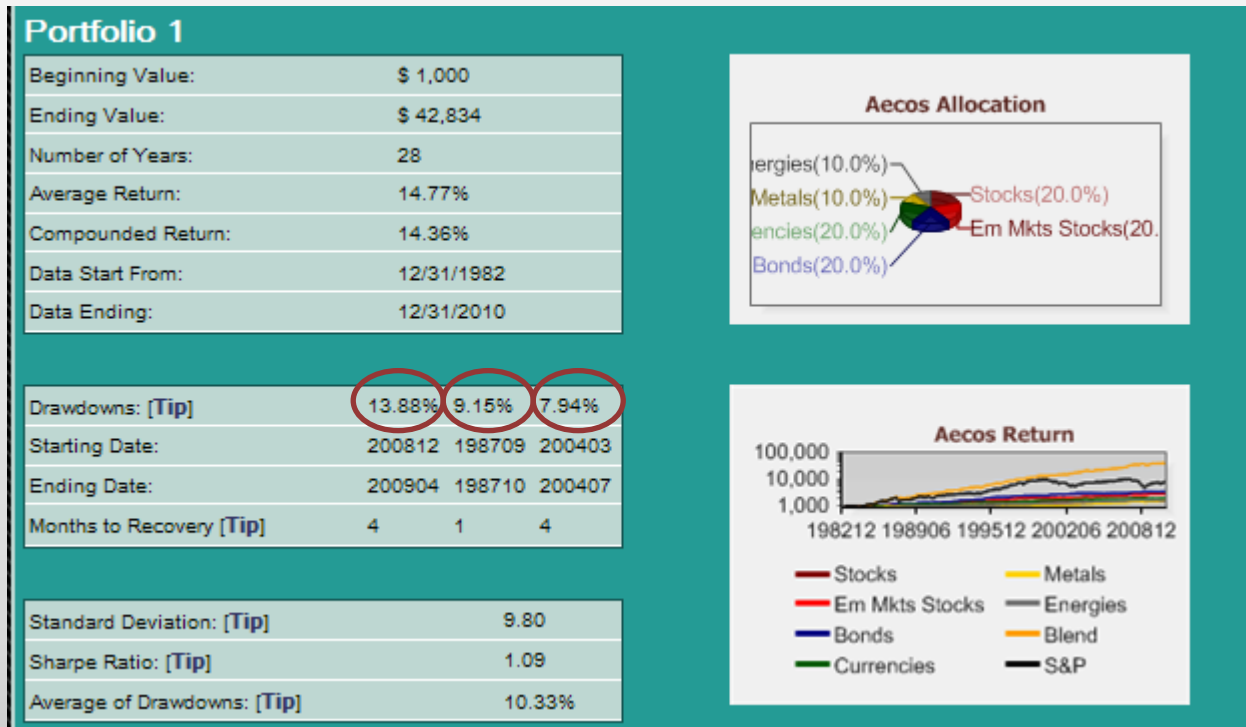
Let's analyze the characteristics of these returns.



A \$1,000 investment 28 years ago, has become \$42,834

B. Diversified Portfolio.

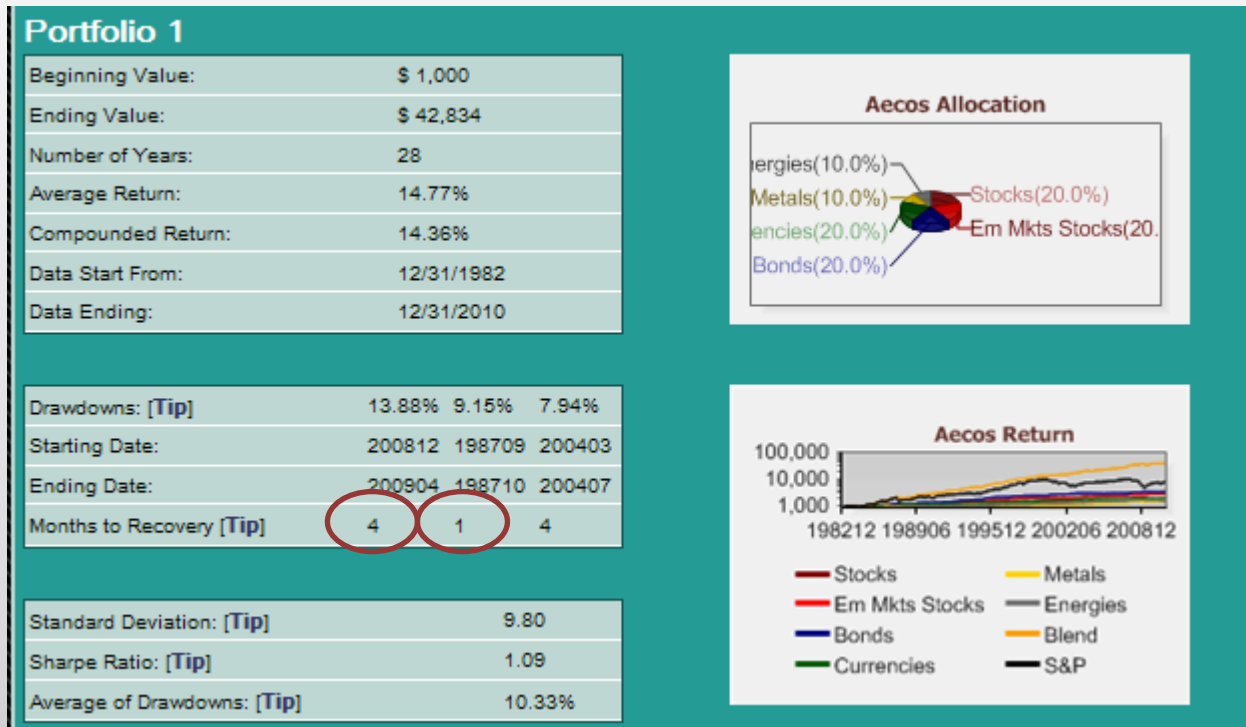
Let's analyze the characteristics of these returns.



...in order to achieve this return, the 3 largest losses during the life cycle of the investment were much lower than in the first portfolio.

B. Diversified Portfolio.

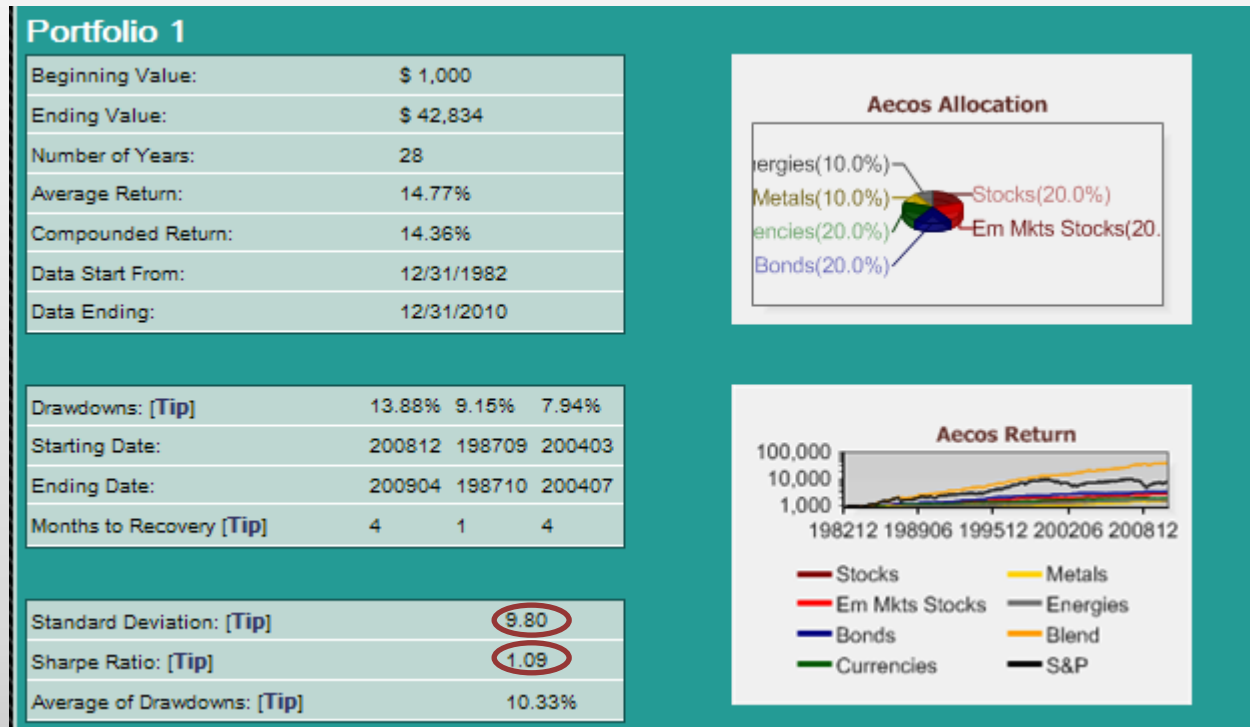
Let's analyze the characteristics of these returns.



NOW, instead of the top 2 losses taking 11 and 37 months to recover, the recovery period drops to 1 and 4 months

B. Diversified Portfolio.

Let's analyze the characteristics of these returns.

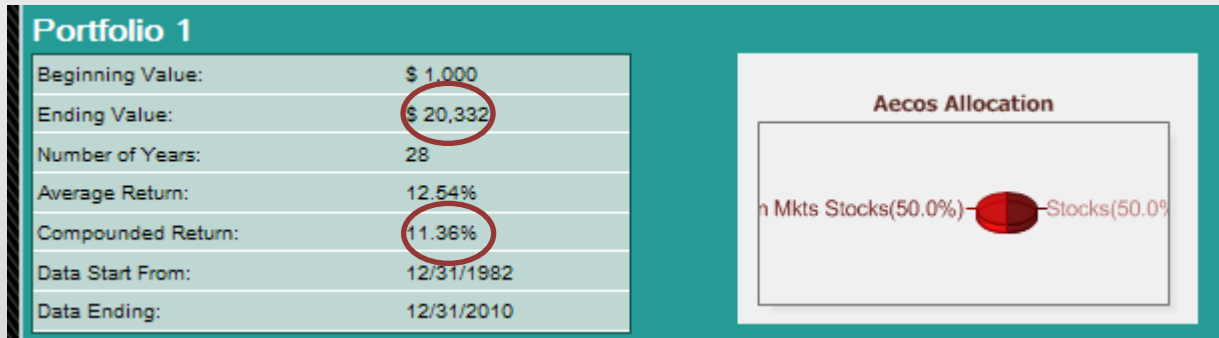


The statistics show that volatility has dropped by **half** from the stock only portfolio AND the return above a risk-less portfolio (like cash or T-bills) is 1, which is much better than with the portfolio of all stocks.

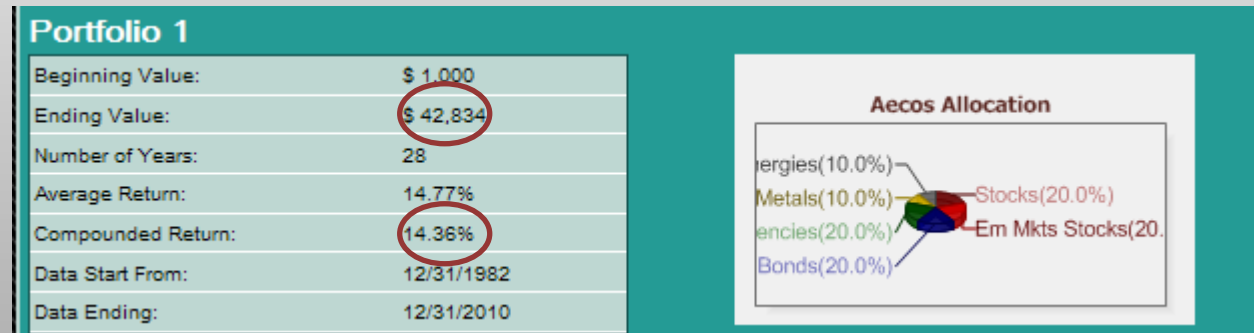
Conclusions

- a. Portfolio returns increase as a result of portfolio diversification

A. "Stocks Only" Portfolio



B. Diversified Portfolio.

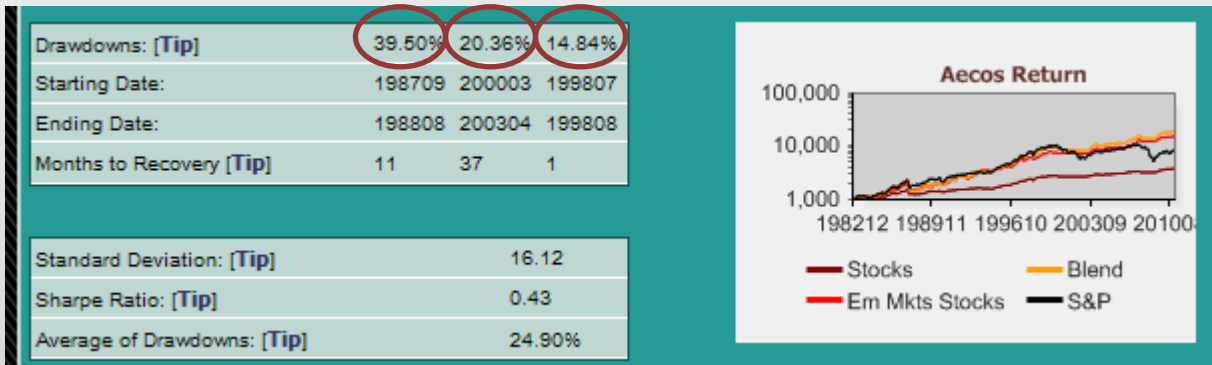


B. Diversified Portfolio.

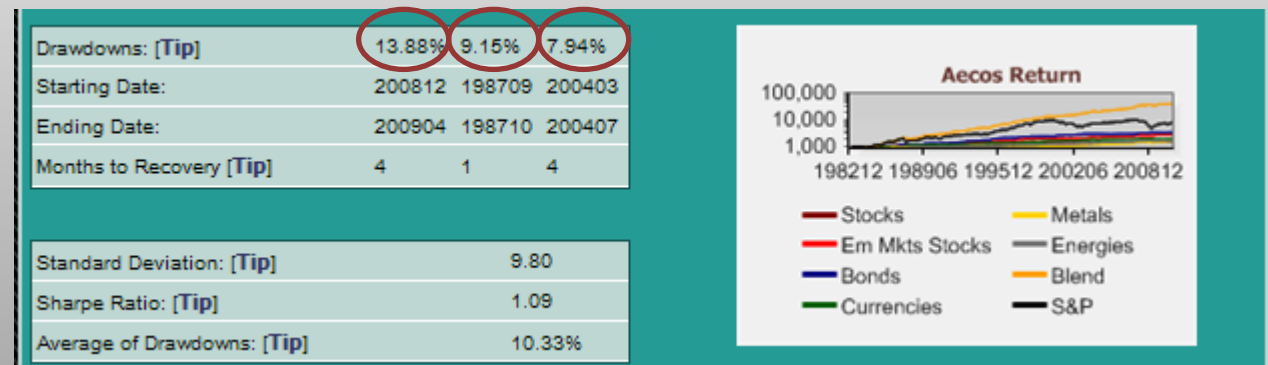
Conclusions

b. Risk is lower by diversifying the portfolio.

A. "Stocks Only" Portfolio



B. Diversified Portfolio.

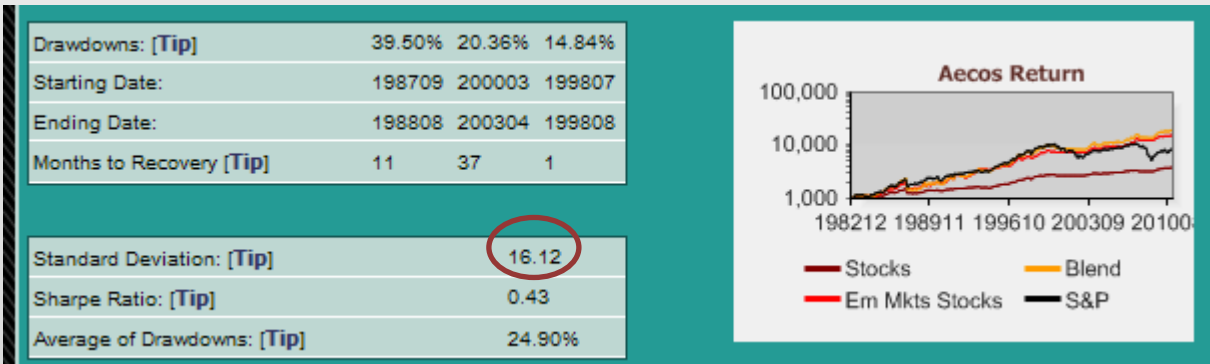


B. Diversified Portfolio.

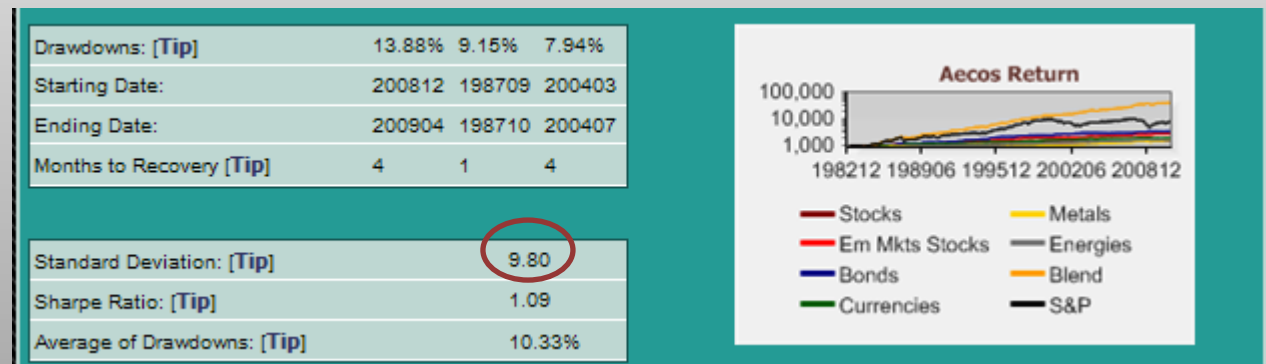
Conclusions

c. Portfolio volatility drops dramatically through diversification

A. "Stocks Only" Portfolio



B. Diversified Portfolio.

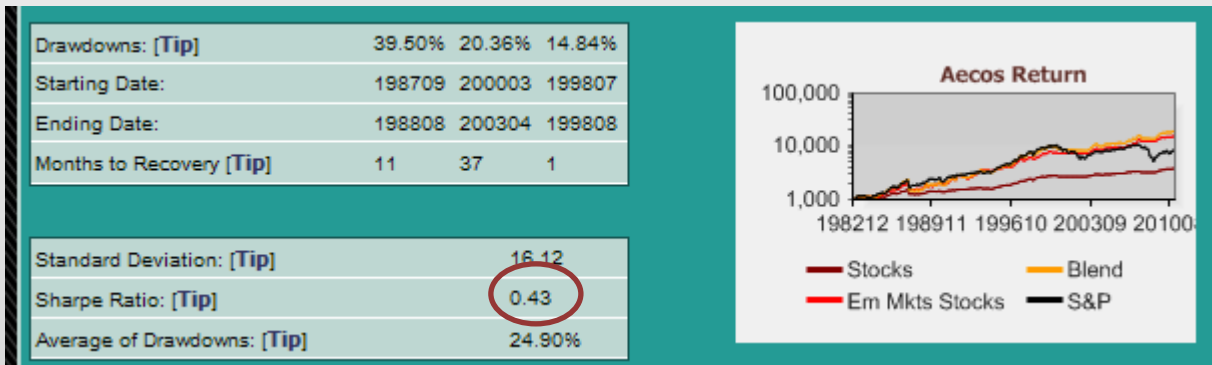


B. Diversified Portfolio.

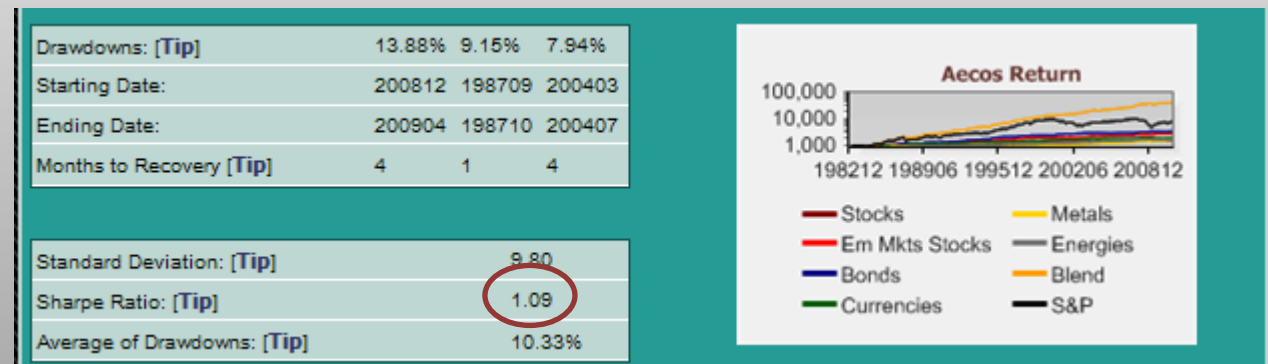
Conclusions

d. The rate of increase over a risk-less benchmark like T-bills is much greater than with the stock only portfolio.

A. "Stocks Only" Portfolio



B. Diversified Portfolio.



B. Diversified Portfolio.

In addition, the following results now appear with this new investment strategy:

The investor now has:

- More options than just buying stocks
- A better chance of profiting in more investment sectors
- A better long term success strategy because of...
- ...much less of a chance of “blowing up” the portfolio through investments in single sectors or high leverage

NOW, with less risk in the portfolio because of greater diversification, investors can add responsible leverage to the portfolio to achieve much higher returns. Still, investors need to check that they are comfortable with the risk they will have to endure for a given rate of return.

C. Diversified PLUS Leverage Portfolio

This third portfolio shows the potential for higher returns using responsible portfolio diversification. We run this portfolio using the same allocation to stocks as in Portfolio B—20% in Major Markets and 20% in Emerging Markets stocks. But we **double** the allocations for each of the “alternative” sectors. 40% bonds, 40% currencies, 20% metals and 20% energies.

Create your portfolio

Standard Diversified Portfolio

[Go to Sharia Portfolio](#)
[Low](#) | [Moderate](#) | [High](#) | [Reset=0%](#) [Tip]

Model portfolios:

Equity Portfolios

Major Market Stocks %	20	Max 100%	[Tip]
Emerging Market Stocks (including ETFs) %	20	Max 100%	[Tip]

Alternative Portfolios

Bonds %	40	Max 100%	[Tip]
Currencies %	40	Max 100%	[Tip]
Metals %	20	Max 100%	[Tip]
Energies %	20	Max 100%	[Tip]
Total Portfolio Allocation %	160.00%		[Tip]

Fees

Management Fee %	2	e.g. 2%	[Tip]
Performance Fee %	15	e.g. 20%	[Tip]

Submit

C. Diversified PLUS Leverage Portfolio

Create your portfolio

Standard Diversified Portfolio

[Go to Sharia Portfolio](#)
[Low](#) | [Moderate](#) | [High](#) | [Reset=0%](#) [Tip]

Model portfolios:

Equity Portfolios

Major Market Stocks %	20	Max 100%	[Tip]
Emerging Market Stocks (including ETFs) %	20	Max 100%	[Tip]

Alternative Portfolios

Bonds %	40	Max 100%	[Tip]
Currencies %	40	Max 100%	[Tip]
Metals %	20	Max 100%	[Tip]
Energies %	20	Max 100%	[Tip]
Total Portfolio Allocation %	160.00%		[Tip]

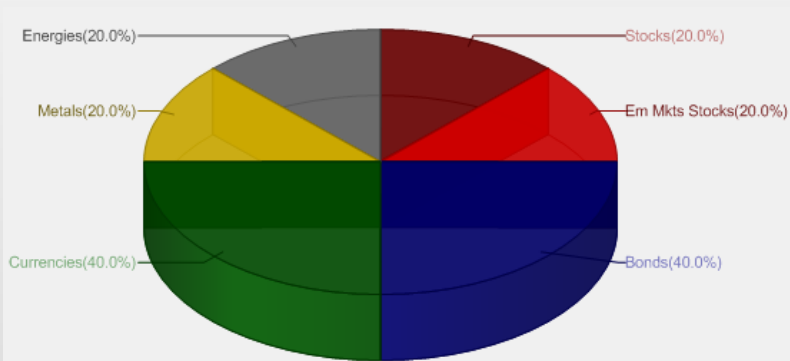
Fees

Management Fee %	2	e.g. 2%	[Tip]
Performance Fee %	15	e.g. 20%	[Tip]

[Submit](#)

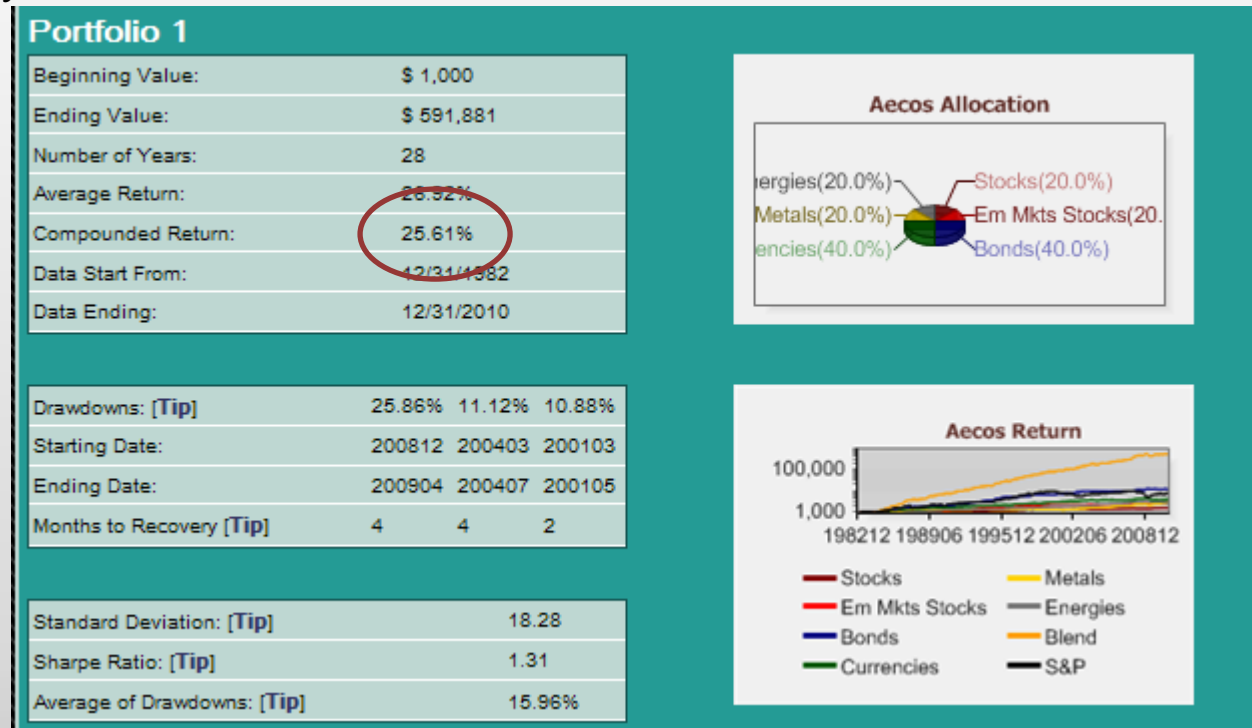
Total Portfolio is now 160% of total capital invested

C. Diversified PLUS Leverage Portfolio



C. Diversified PLUS Leverage Portfolio

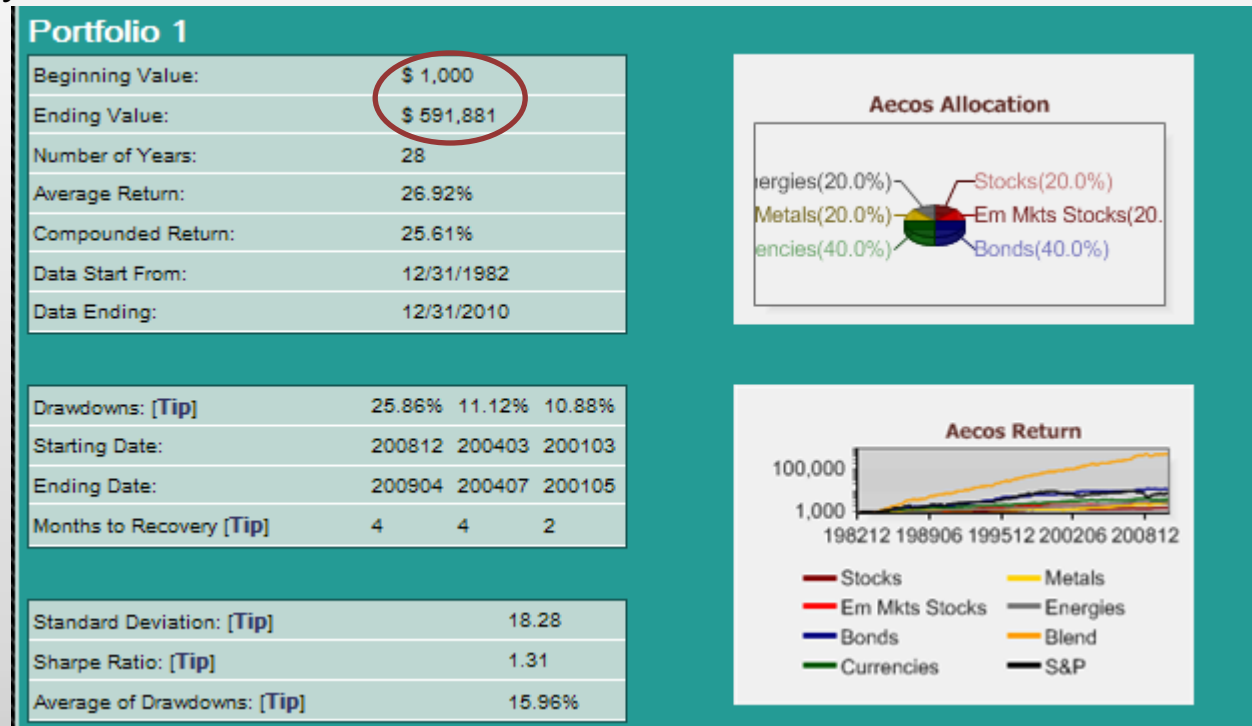
Let's analyze the characteristics of these returns.



The compounded return has now risen dramatically, almost twice as high as Portfolio B, to an annual return of 25.61% AFTER all fees

C. Diversified PLUS Leverage Portfolio

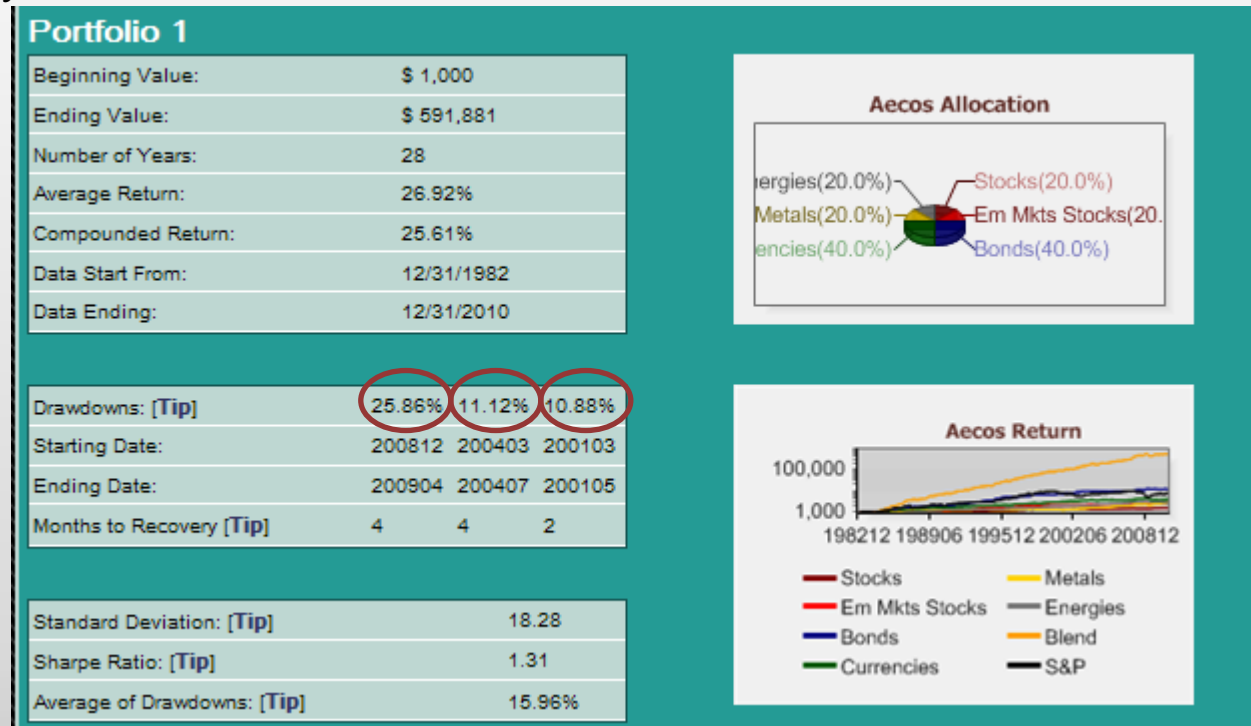
Let's analyze the characteristics of these returns.



A \$1,000 investment 28 years ago, has become \$591,881 ...increasing **more than 10 times** from the previous portfolio!

C. Diversified PLUS Leverage Portfolio

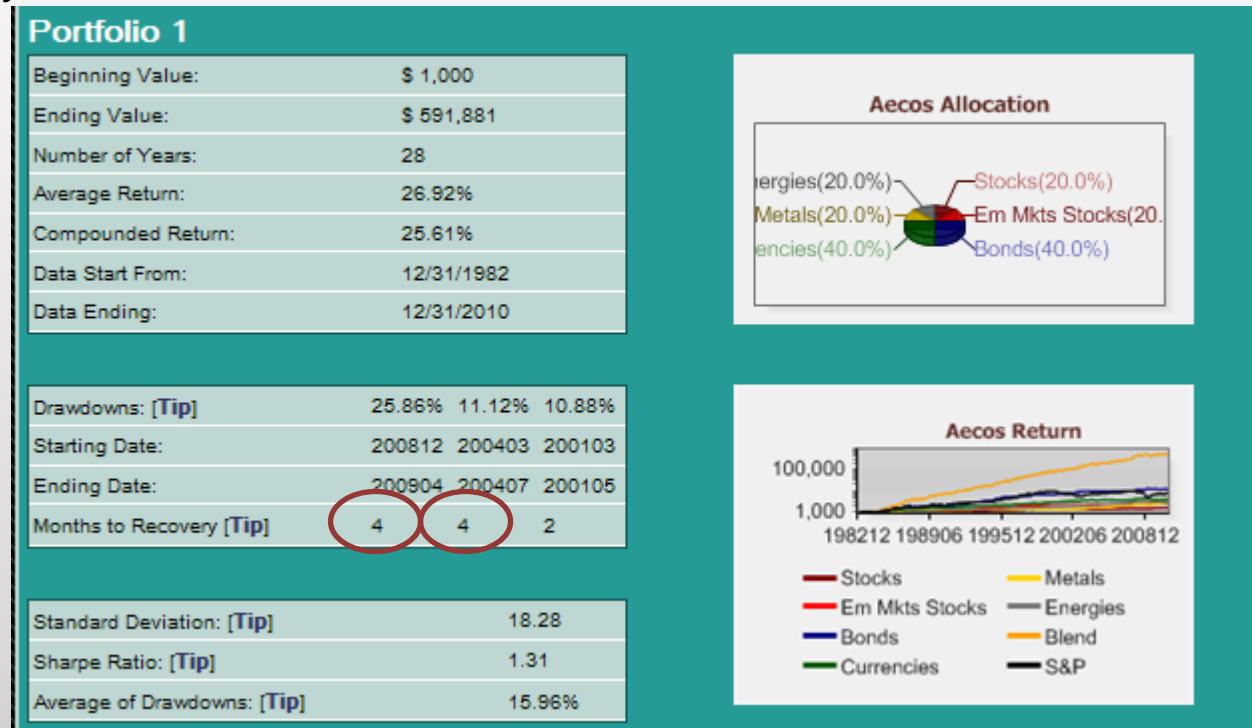
Let's analyze the characteristics of these returns.



YET, in order to achieve this high return, the 3 largest losses this portfolio suffered during the life cycle of the investment are better than the first portfolio.

C. Diversified PLUS Leverage Portfolio

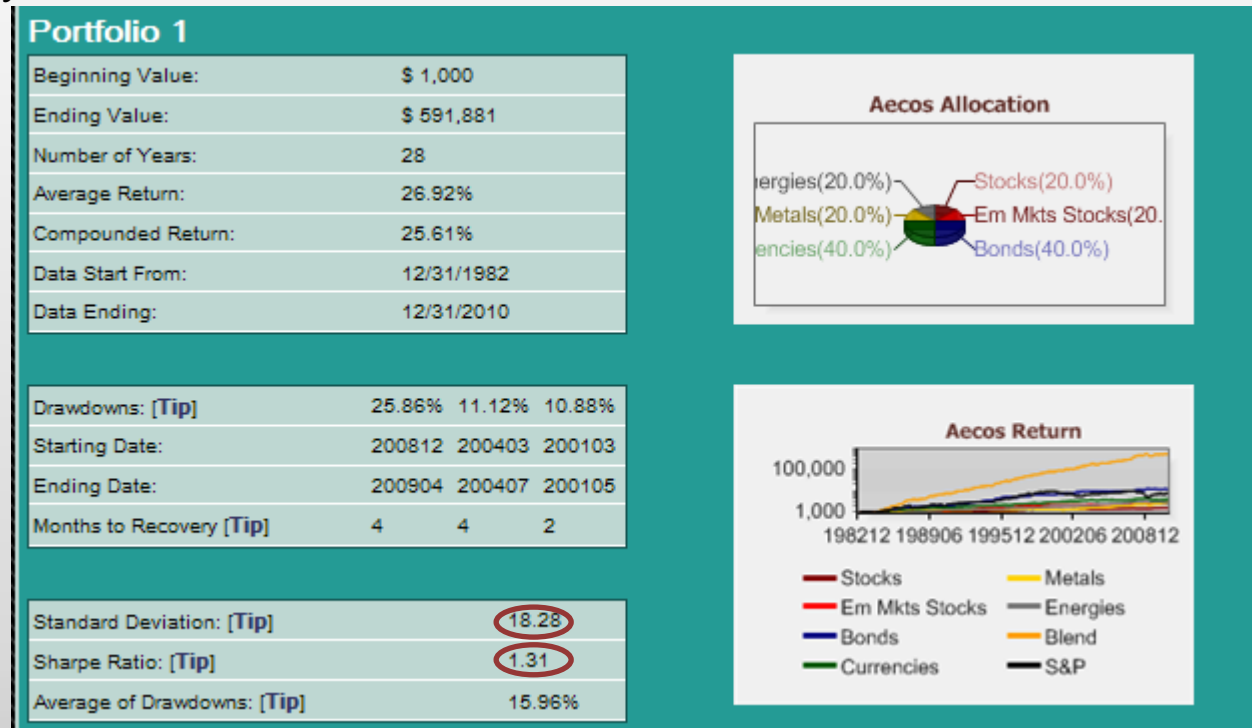
Let's analyze the characteristics of these returns.



The recover time from losses is almost the same as Portfolio B. Instead of the top 2 losses taking 1 and 4 months to recover, the recovery period is now 4 and 4 months respectively

C. Diversified PLUS Leverage Portfolio

Let's analyze the characteristics of these returns.



The statistics show that volatility has risen slightly, but the return above a risk-less portfolio like T-bills has risen dramatically to 13.75, which is a figure normally very difficult to achieve with such low risk, and more than 3 times higher than a portfolio of stocks alone!

C. Diversified PLUS Leverage Portfolio

Conclusions

- 1) Diversification among many low-correlated sectors is a portfolio's best friend.
- 2) Diversification into different trading strategies is a secondary form of diversification, and can help when market conditions change.
- 3) Thinking long term is the best way to invest
- 4) A well thought out strategy is better than being driven by fear or greed.

Portfolio Comparisons.

A. "Stocks Only" Portfolio

Portfolio 1	
Beginning Value:	\$ 1,000
Ending Value:	\$ 20,332
Number of Years:	28
Average Return:	12.54%
Compounded Return:	11.36%
Data Start From:	12/31/1982
Data Ending:	12/31/2010

B. Diversified Portfolio.

Portfolio 1	
Beginning Value:	\$ 1,000
Ending Value:	\$ 42,834
Number of Years:	28
Average Return:	14.77%
Compounded Return:	14.36%
Data Start From:	12/31/1982
Data Ending:	12/31/2010

C. Diversified PLUS Leverage Portfolio

Portfolio 1	
Beginning Value:	\$ 1,000
Ending Value:	\$ 591,881
Number of Years:	28
Average Return:	26.92%
Compounded Return:	25.61%
Data Start From:	12/31/1982
Data Ending:	12/31/2010

Portfolio Comparisons.

A. "Stocks Only" Portfolio

Drawdowns: [Tip]	39.50%	20.36%	14.84%
Starting Date:	198709	200003	199807
Ending Date:	198808	200304	199808
Months to Recovery [Tip]	11	37	1
Standard Deviation: [Tip]	16.12		
Sharpe Ratio: [Tip]	0.43		
Average of Drawdowns: [Tip]	24.90%		

B. Diversified Portfolio.

Drawdowns: [Tip]	13.88%	9.15%	7.94%
Starting Date:	200812	198709	200403
Ending Date:	200904	198710	200407
Months to Recovery [Tip]	4	1	4
Standard Deviation: [Tip]	9.80		
Sharpe Ratio: [Tip]	1.09		
Average of Drawdowns: [Tip]	10.33%		

C. Diversified PLUS Leverage Portfolio

Drawdowns: [Tip]	25.86%	11.12%	10.88%
Starting Date:	200812	200403	200103
Ending Date:	200904	200407	200105
Months to Recovery [Tip]	4	4	2
Standard Deviation: [Tip]	18.28		
Sharpe Ratio: [Tip]	1.31		
Average of Drawdowns: [Tip]	15.96%		

Portfolio Comparisons.

A. "Stocks Only" Portfolio

Drawdowns: [Tip]	39.50%	20.36%	14.84%
Starting Date:	198709	200003	199807
Ending Date:	198808	200304	199808
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C. Diversified PLUS Leverage Portfolio

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Months to Recovery [Tip]	4	4	2
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Average of Drawdowns: [Tip]	15.96%		

Portfolio Comparisons.

A. "Stocks Only" Portfolio

Drawdowns: [Tip]	39.50%	20.36%	14.84%
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Standard Deviation: [Tip]		16.12	
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Average of Drawdowns: [Tip]		24.90%	

B. Diversified Portfolio.

Drawdowns: [Tip]	13.88%	9.15%	7.94%
Starting Date:	200812	198709	200403
Ending Date:	200904	198710	200407
Months to Recovery [Tip]	4	1	4
Standard Deviation: [Tip]		9.80	
Sharpe Ratio: [Tip]		1.09	
Average of Drawdowns: [Tip]		10.33%	

C. Diversified PLUS Leverage Portfolio

Drawdowns: [Tip]	25.86%	11.12%	10.88%
Starting Date:	200812	200403	200103
Ending Date:	200904	200407	200105
Months to Recovery [Tip]	4	4	2
Standard Deviation: [Tip]		18.28	
Sharpe Ratio: [Tip]		1.31	
Average of Drawdowns: [Tip]		15.96%	

Final Analysis

The AECOS program allows investors to test different portfolio strategies to determine the best mix of sectors, and the proper leverage to apply. Results for each sector are from the Aegis investment programs. Past results cannot predict future returns, but the AECOS program is designed primarily to show viewers the dramatic benefits of increasing portfolio diversification using time honored rules that are basic and common to our industry. As recent events in the global markets illustrate, investors who ignore these rules can pay a dear price.

We recommend viewers use the AECOS system to locate a suitable combination of sectors and leverage to meet their investment objectives. Results will vary for each investor.

<http://www.aecosystem.com>