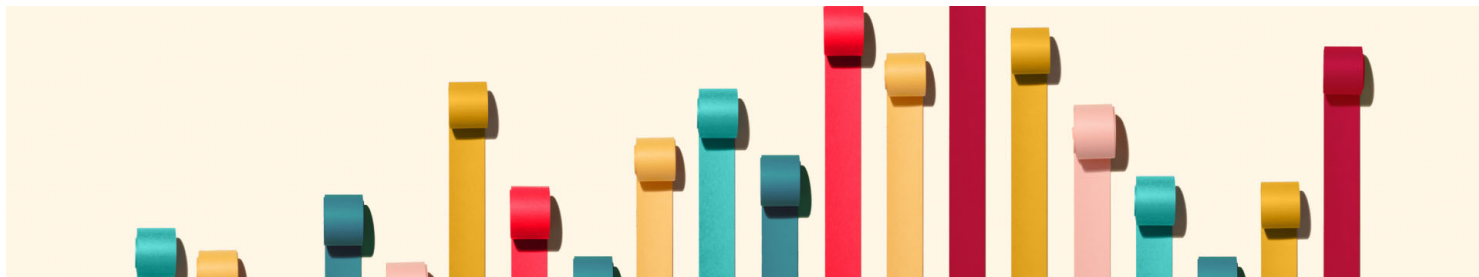


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Vanguard portfolio allocation models



## HOW TO INVEST

# Vanguard portfolio allocation models

How do you choose how much you want to invest in stocks or bonds? These allocation models can help you understand different goals-based investment strategies. There's no right or wrong model, so it's important to tune in to what you feel best fits your goals and risk tolerance.

## Income

An income portfolio consists primarily of dividend-paying stocks and coupon-yielding bonds. If you're comfortable with minimal risk and have a short- to midrange investment time horizon, this approach may suit your needs. Keep in mind, depending on the account, dividends and returns can be taxable.

## 100% bonds



**100%**  
**Bonds**

## **Historical Risk/Return (1926-2021)**

Average annual return: **6.3%**

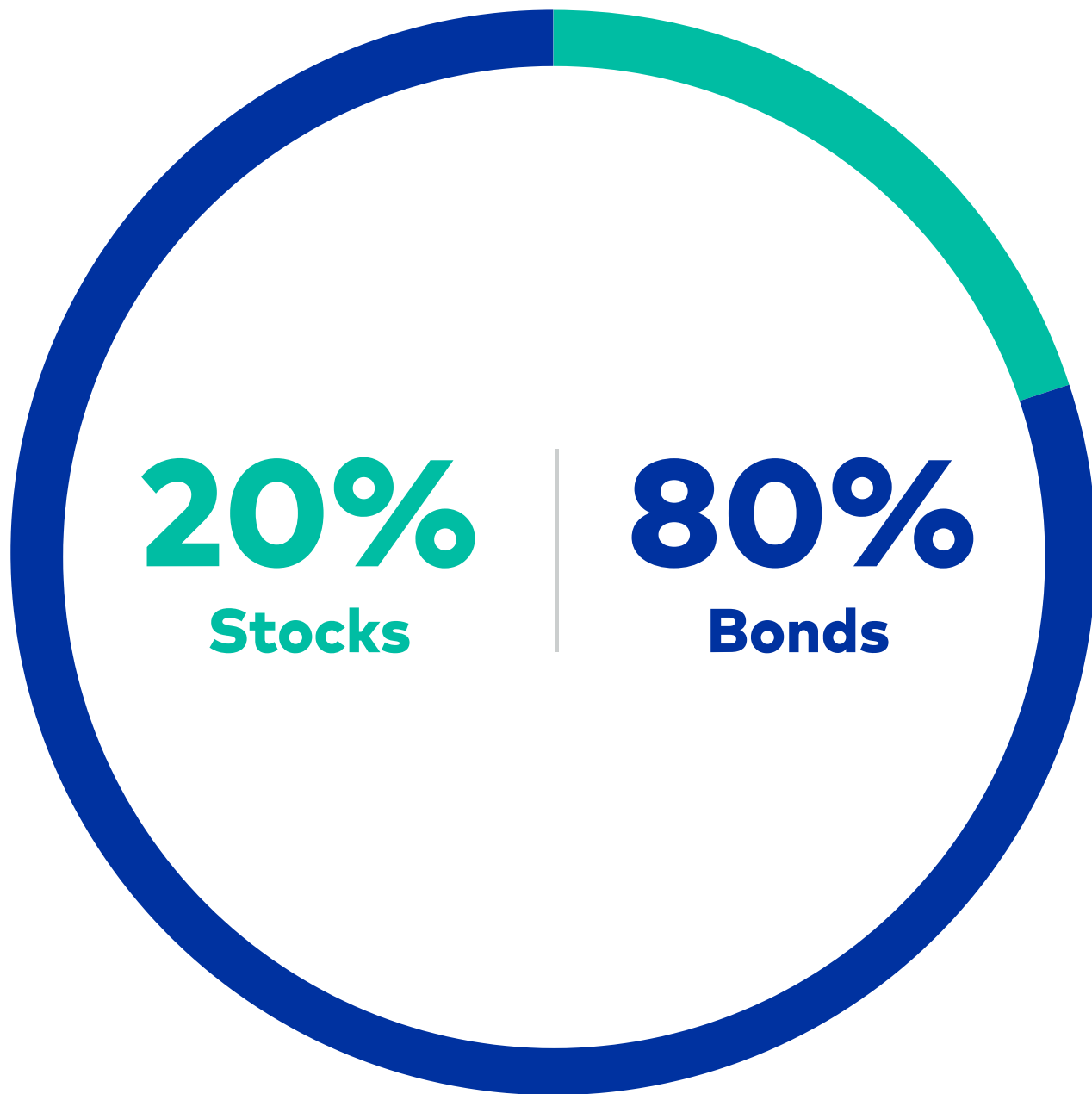
Best year (1982): **45.5%**

Worst year (1969): **-8.1%**

Years with a loss: **20 of 96**

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## 20% stocks / 80% bonds



### Historical Risk/Return (1926-2021)

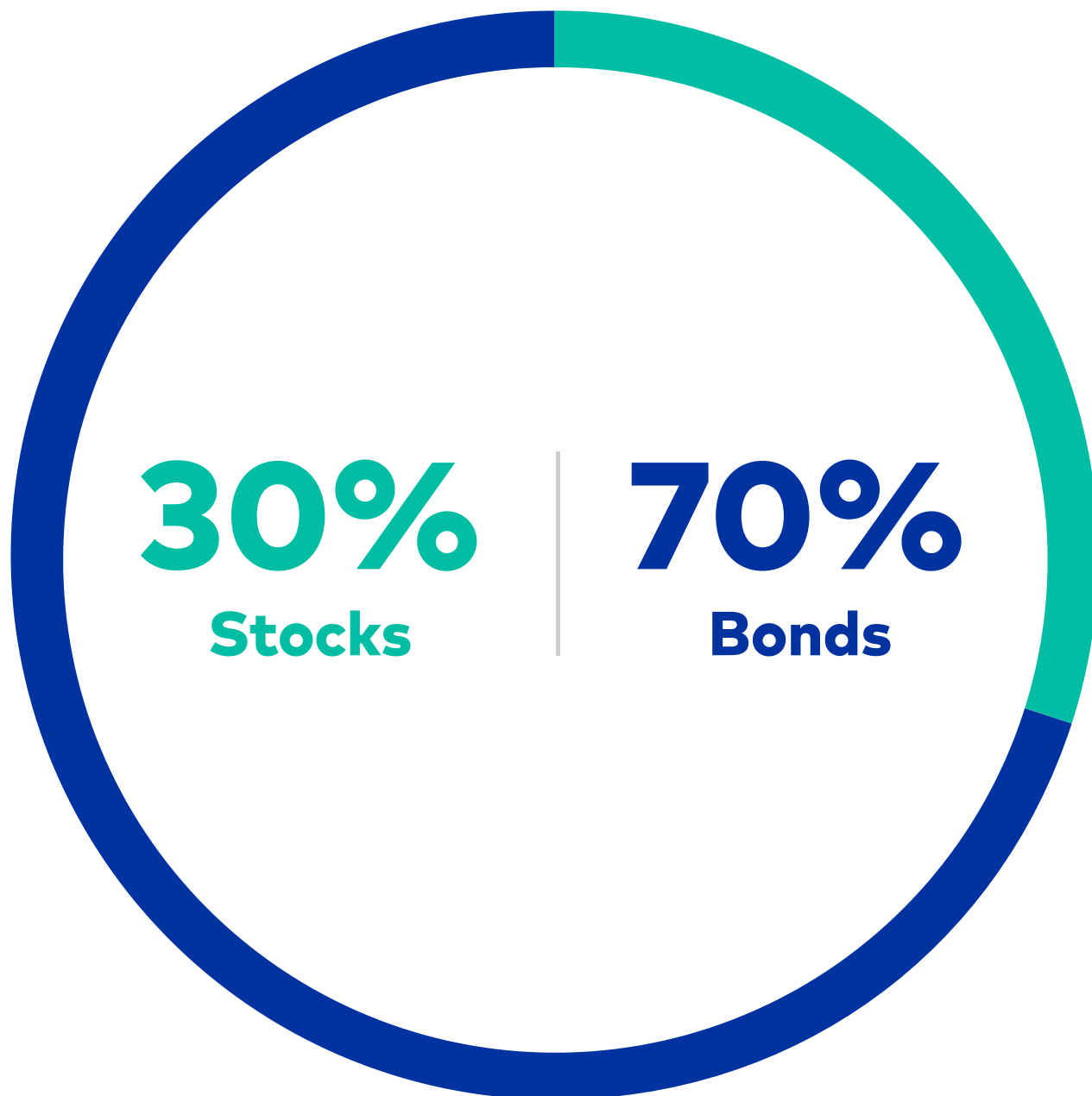
Average annual return: **7.5%**

Best year (1982): **40.7%**

Worst year (1931): **-10.1%**

Years with a loss: **16 of 96**

## 30% stocks / 70% bonds



### Historical Risk/Return (1926-2021)

Average annual return: **8.1%**

Best year (1982): **38.3%**

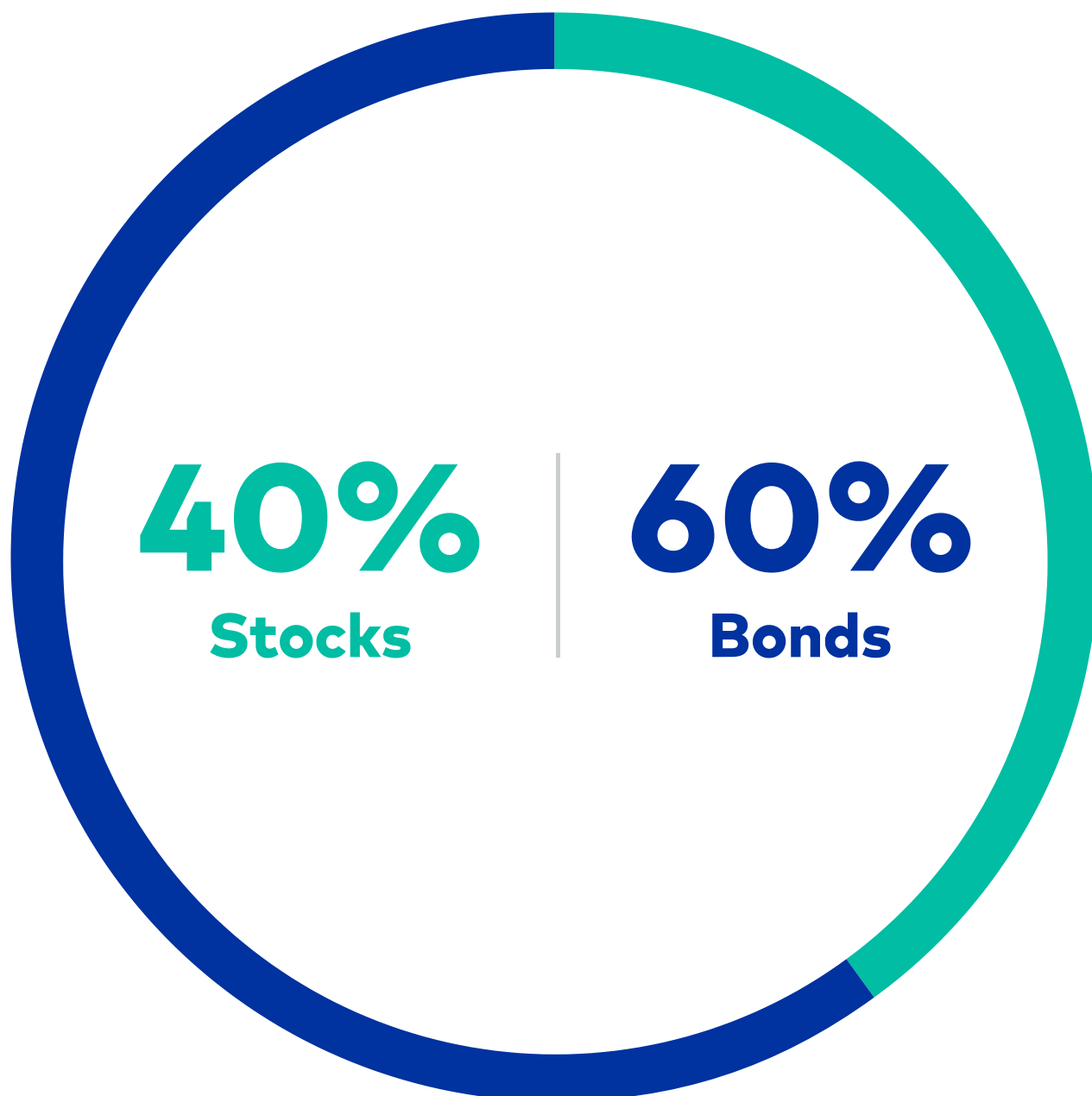
Worst year (1931): **-14.2%**

Years with a loss: **18 of 96**

# Balanced

A balanced portfolio invests in both stocks and bonds to reduce potential volatility. An investor seeking a balanced portfolio is comfortable tolerating short-term price fluctuations, is willing to tolerate moderate growth, and has a mid- to long-range investment time horizon.

**40% stocks / 60% bonds**



## Historical Risk/Return (1926-2021)

Average annual return: **8.7%**

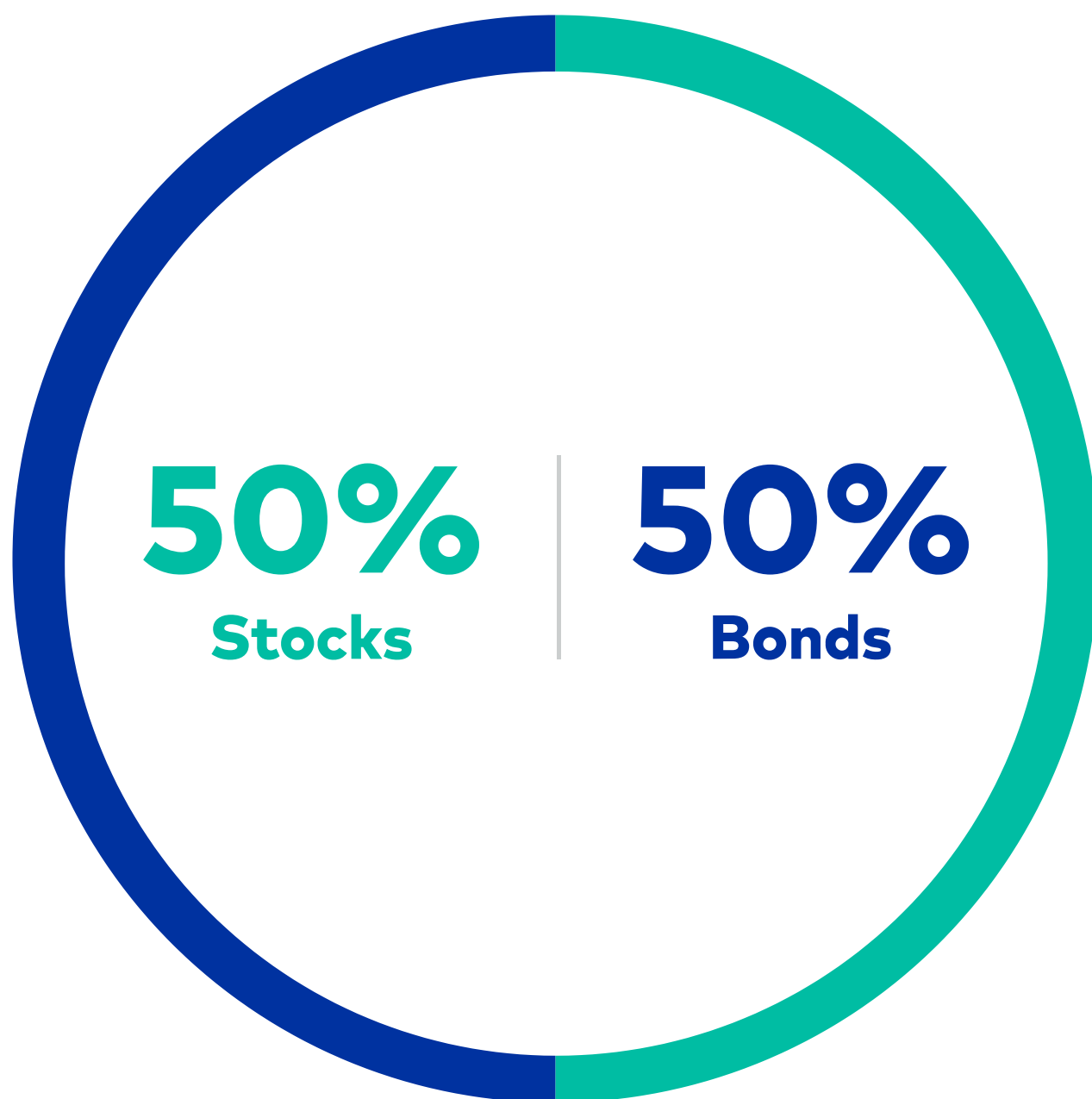
Best year (1982): **35.9%**

Worst year (1931): **-18.4%**

Years with a loss: **19 of 96**

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## 50% stocks / 50% bonds



## Historical Risk/Return (1926-2021)

Average annual return: **9.3%**

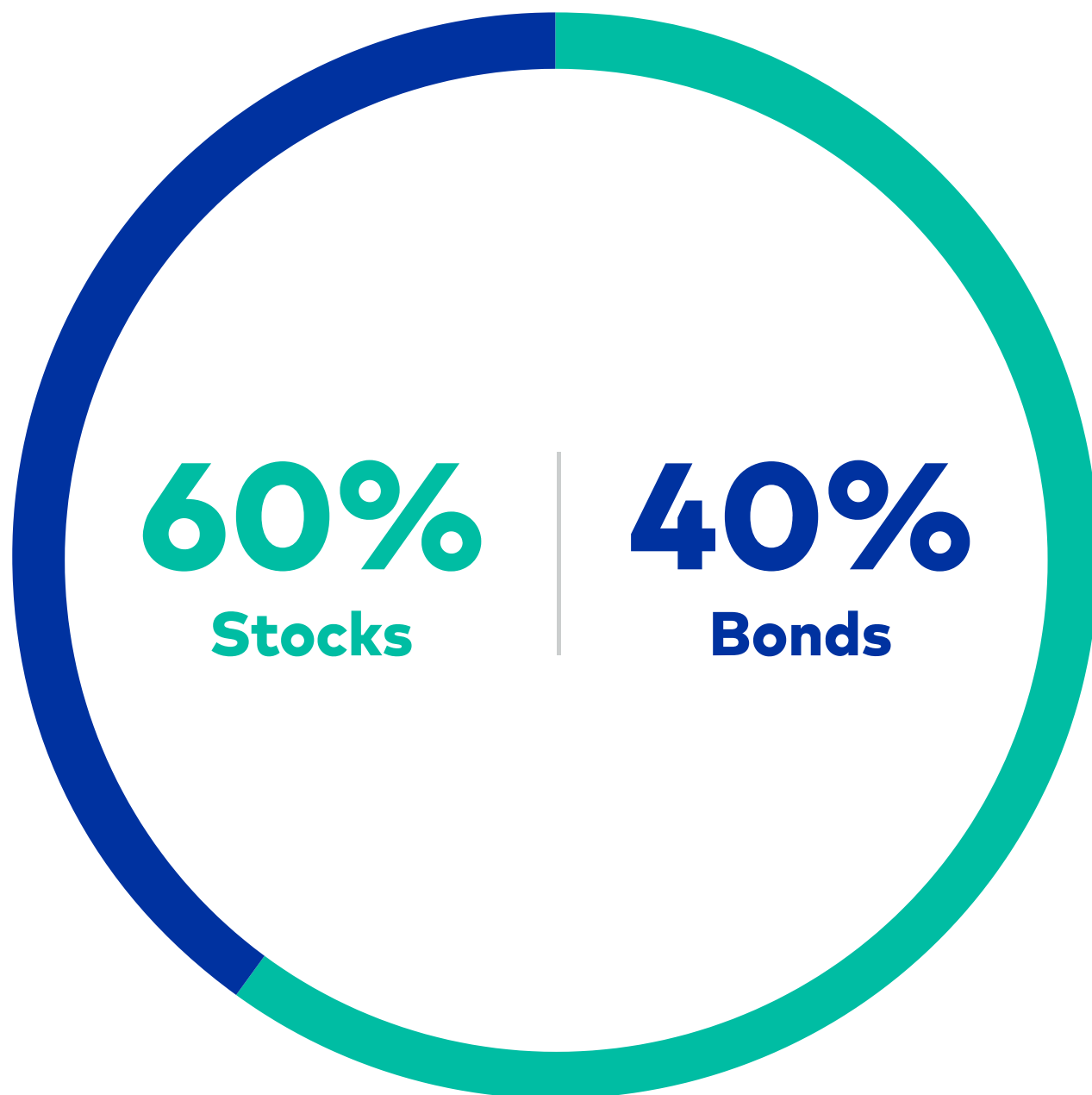
Best year (1982): **33.5%**

Worst year (1931): **-22.5%**

Years with a loss: **20 of 96**

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**60% stocks / 40% bonds**



## Historical Risk/Return (1926-2021)

Average annual return: **9.9%**

Best year (1933): **36.7%**

Worst year (1931): **-26.6%**

Years with a loss: **22 of 96**

## Growth



A growth portfolio consists of mostly stocks expected to appreciate, taking into account long-term potential and potentially large short-term price fluctuations. An investor seeking this portfolio has a high risk tolerance and a long-term investment time horizon. Generating current income isn't a primary goal.

## **70% stocks / 30% bonds**



**Historical Risk/Return  
(1926-2021)**

Average annual return: **10.5%**

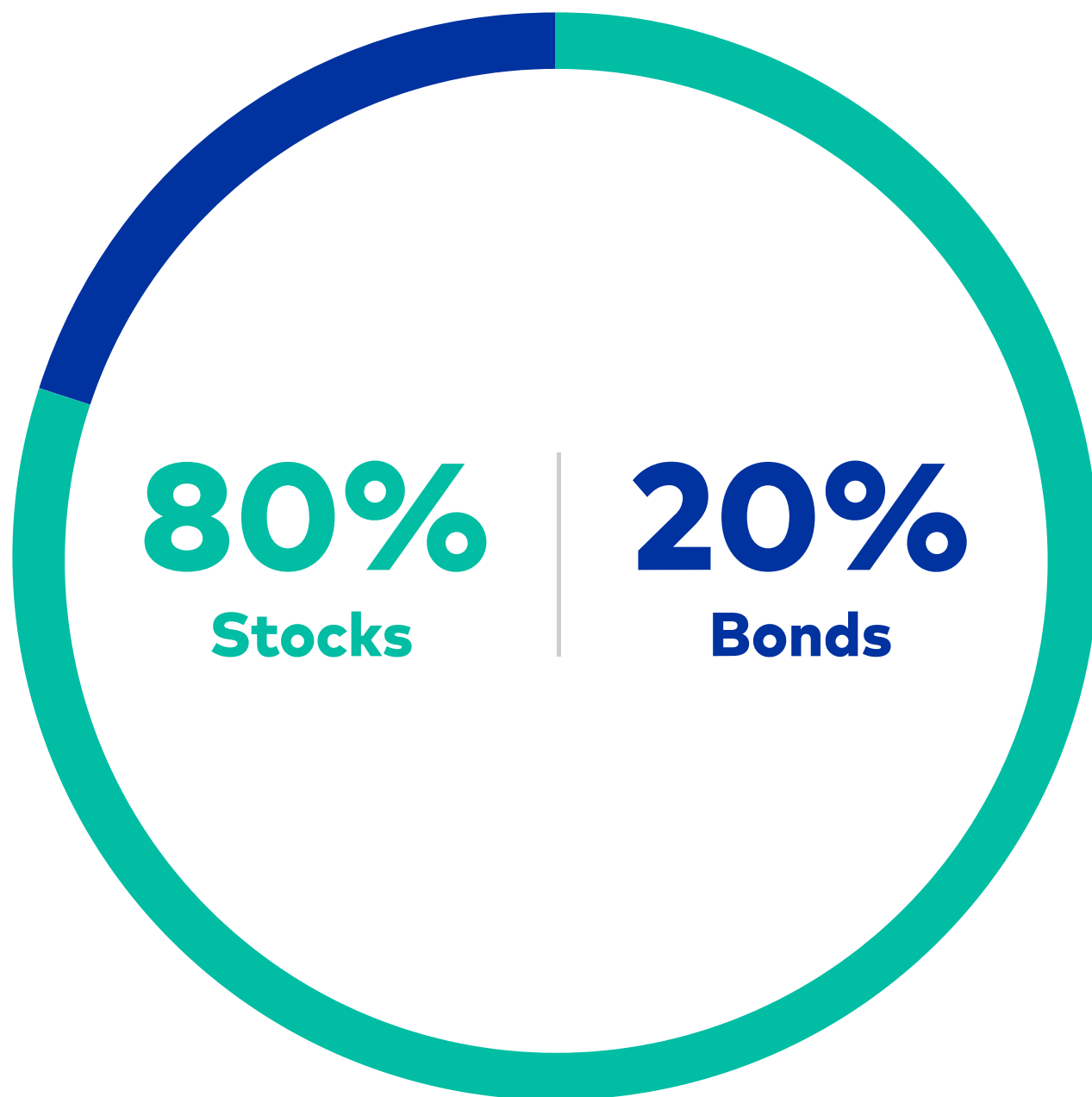
Best year (1933): **41.1%**

Worst year (1931): **-30.7%**

Years with a loss: **23 of 96**

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## 80% stocks / 20% bonds



**Historical Risk/Return**  
**(1926-2021)**

Average annual return: **11.1%**

Best year (1933): **45.4%**

Worst year (1931): **-34.9%**

Years with a loss: **24 of 96**

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## **100% stocks**



**100%**  
**Stocks**

**Historical Risk/Return  
(1926-2021)**

Average annual return: **12.3%**

Best year (1933): **54.2%**

Worst year (1931): **-43.1%**

Years with a loss: **25 of 96**

When determining which index to use and for what period, we selected the index we deemed a fair representation of the characteristics of the referenced market, given the information currently available.

For U.S. stock market returns, we use the Standard & Poor's 90 Index from 1926 to March 3, 1957, and the Standard & Poor's 500 Index thereafter.

For U.S. bond market returns, we use the Standard & Poor's High Grade Corporate Index from 1926 to 1968, the Salomon High Grade Index from 1969 to 1972, and the Barclays U.S. Long Credit Aa Index thereafter.

For U.S. short-term reserves, we use the Ibbotson U.S. 30-Day Treasury Bill Index from 1926 to 1977 and the FTSE 3-Month U.S. Treasury Bill Index thereafter.

*Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.*

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