

Portfolio Definitions & Assumptions

Project: *Capital Preservation vs Capital Growth: A Portfolio Comparison*

Portfolio 1: Capital Growth Portfolio

Capital Growth Portfolio

- 90% Stocks (VTI)
- 10% Bonds (BND)

Purpose:

To maximize long-term returns while accepting higher volatility and larger drawdowns.

Portfolio 2: Balanced Portfolio

Balanced Portfolio

- 60% Stocks (VTI)
- 40% Bonds (BND)

Purpose:

To balance growth and stability by reducing downside risk while maintaining meaningful exposure to equities.

Portfolio 3: Capital Preservation Portfolio

Capital Preservation Portfolio

- 30% Stocks (VTI)
- 70% Bonds (BND)

Purpose:

To minimize drawdowns and volatility, prioritizing capital stability over maximum returns.

Portfolio	stocks	Bonds	Main Goal
Growth	90%	10%	Maximize Growth
Balanced	60%	40%	Balance risk & return
Preservation	30%	70%	Minimize loss

Assumptions:

- Portfolios are rebalanced monthly to maintain target weights
- Monthly data is used to smooth short-term noise
- No taxes, transaction costs, or management fees are included
- All portfolios start with the same initial value (\$10,000)
- Historical data is used as a proxy and does not guarantee future results

Why these Choices: These portfolio allocations were intentionally kept simple and widely recognized to ensure clarity and comparability. The goal is not to optimize performance, but to isolate the impact of capital preservation versus capital growth under realistic market conditions.