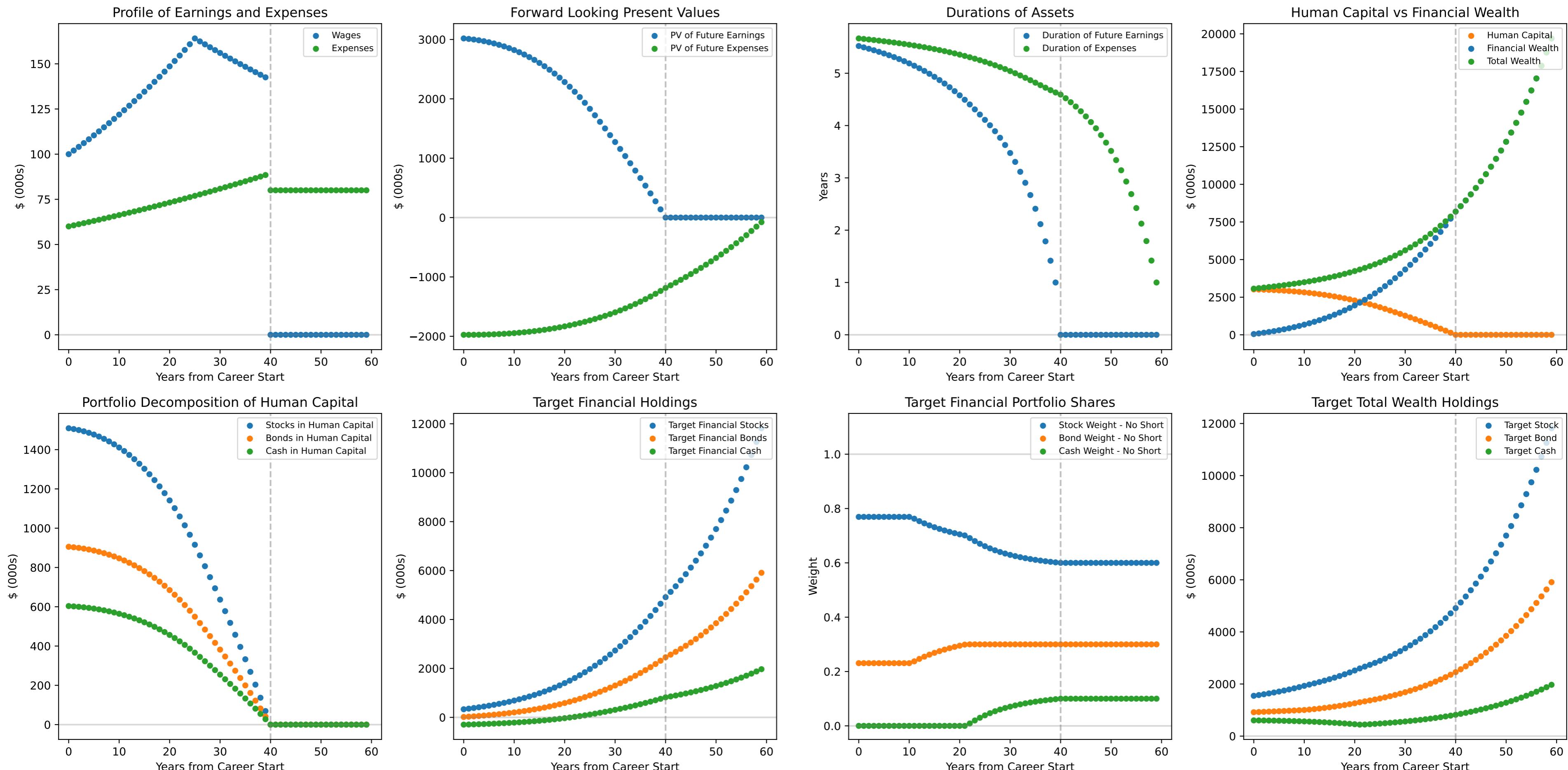
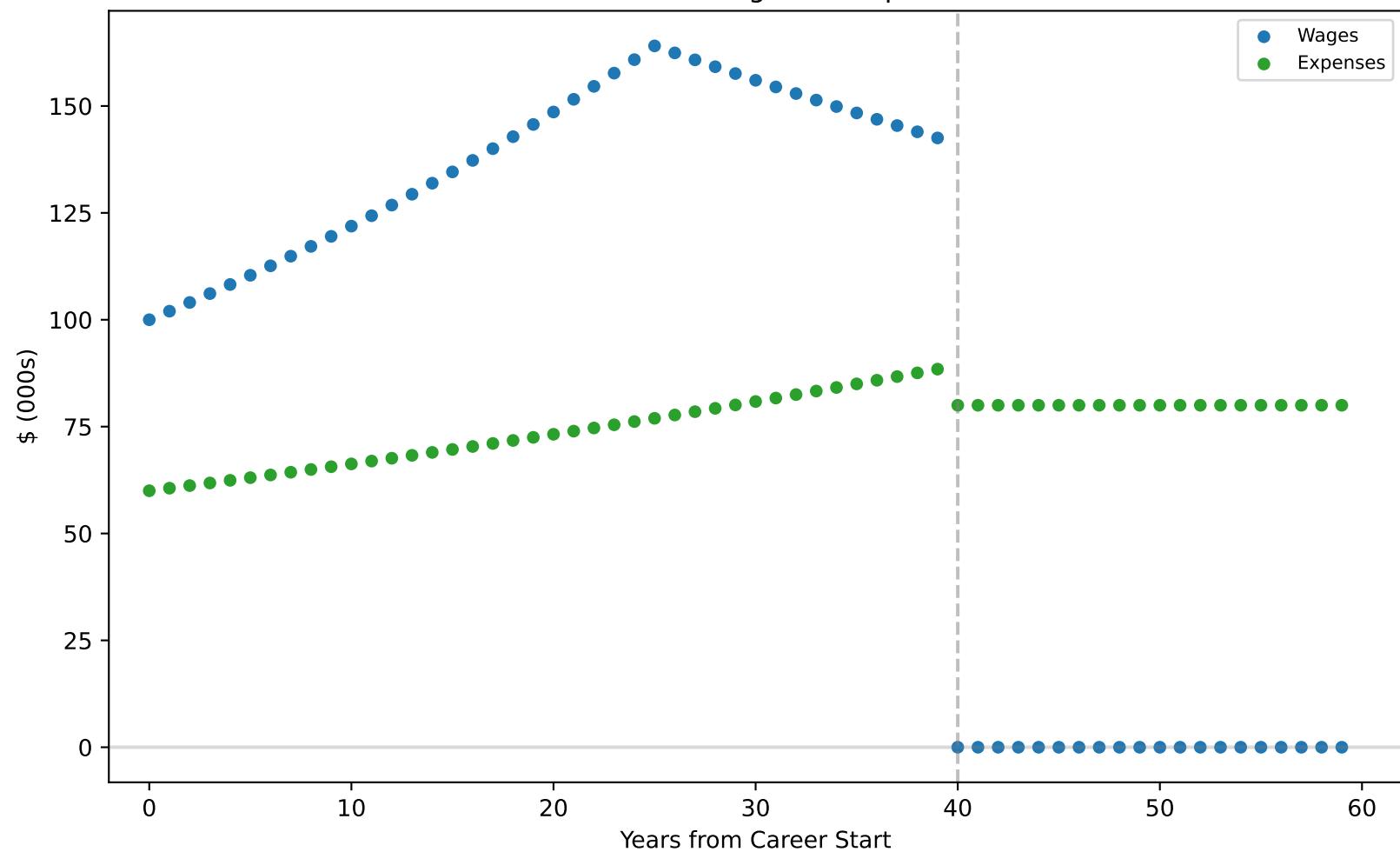


# Lifecycle Investment Strategy - Median Path Analysis



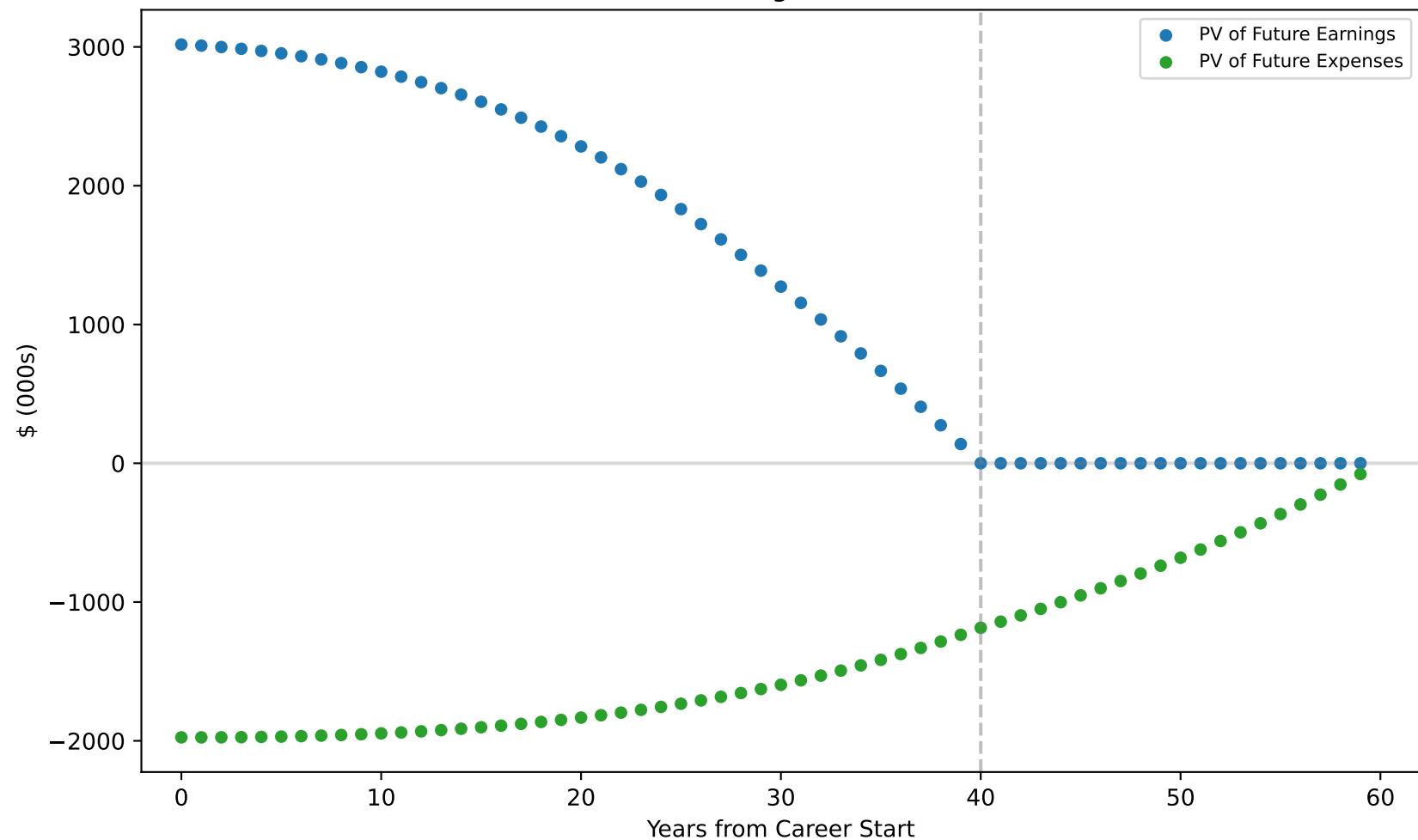
# Earnings and Expenses Profile

## Profile of Earnings and Expenses



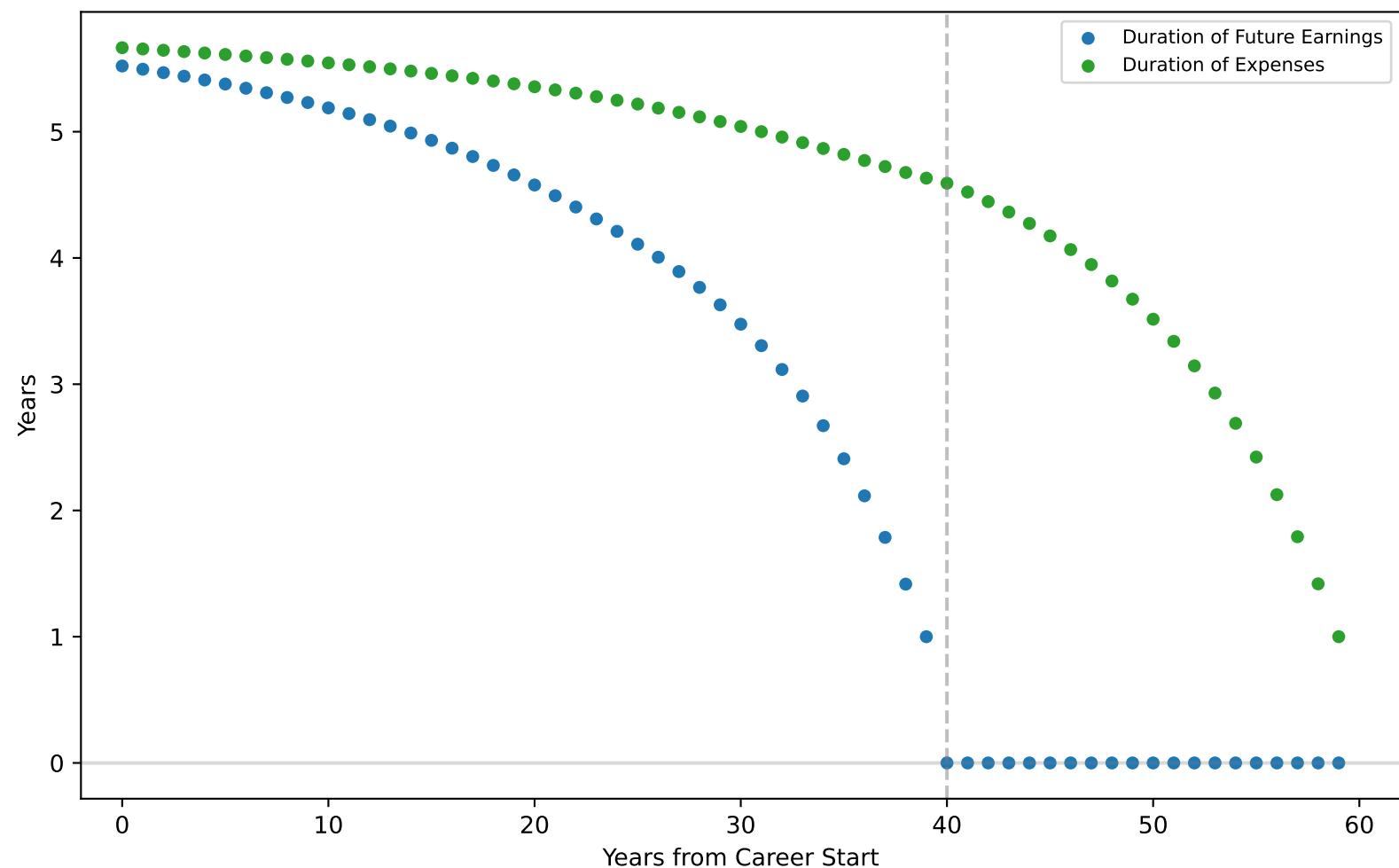
# Forward Looking Present Values

## Forward Looking Present Values



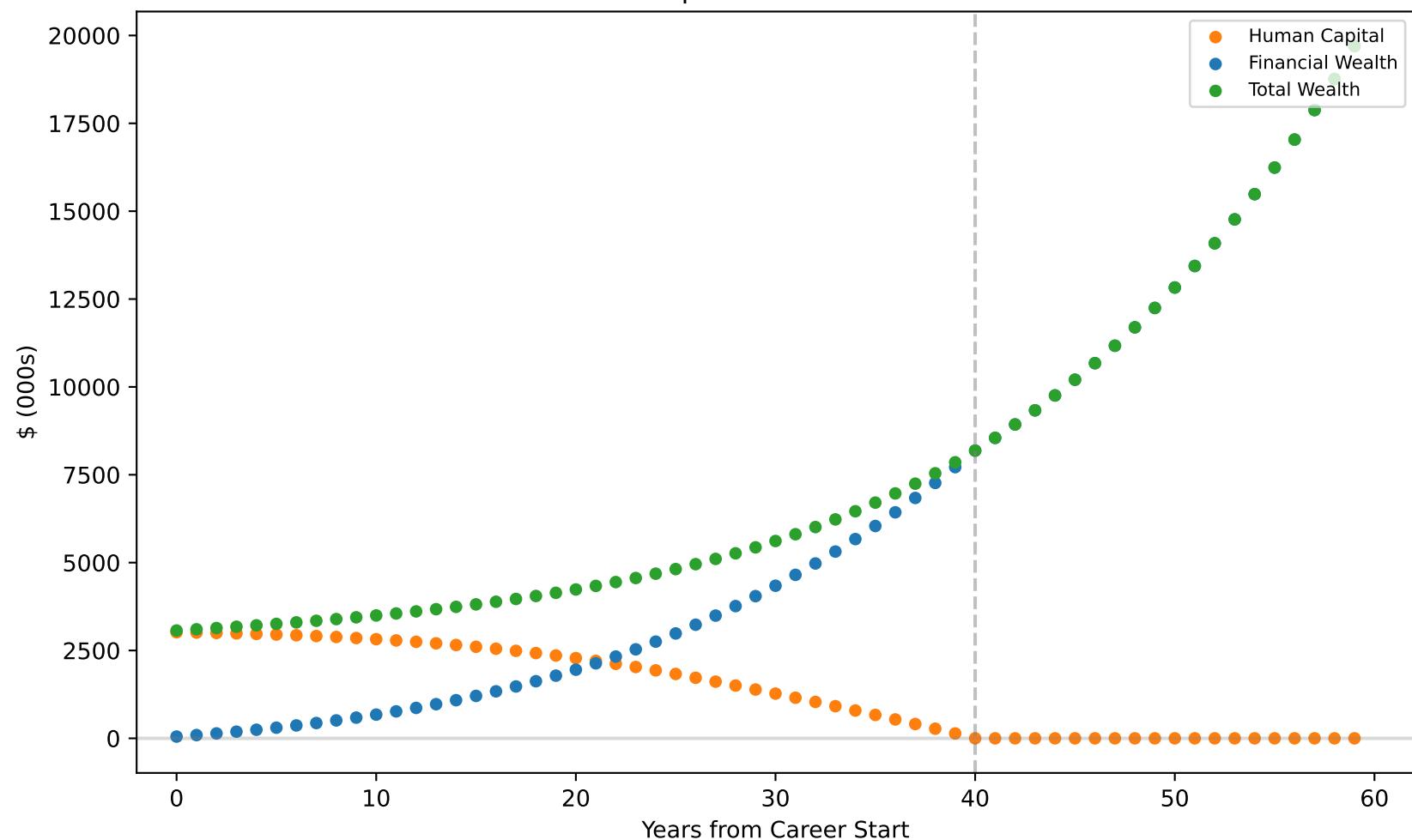
# Durations of Assets

## Durations of Assets



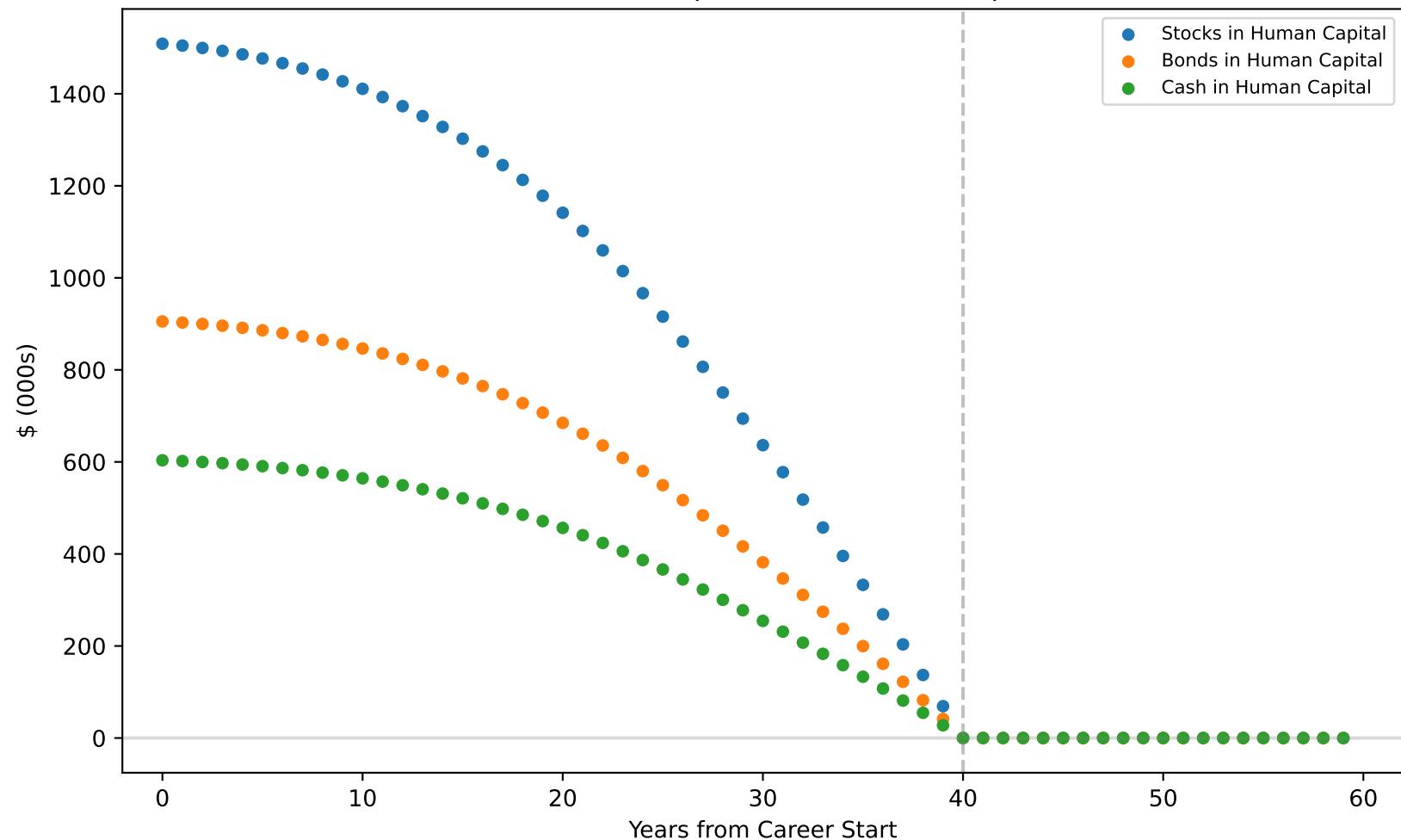
# Human Capital vs Financial Wealth

Human Capital vs Financial Wealth



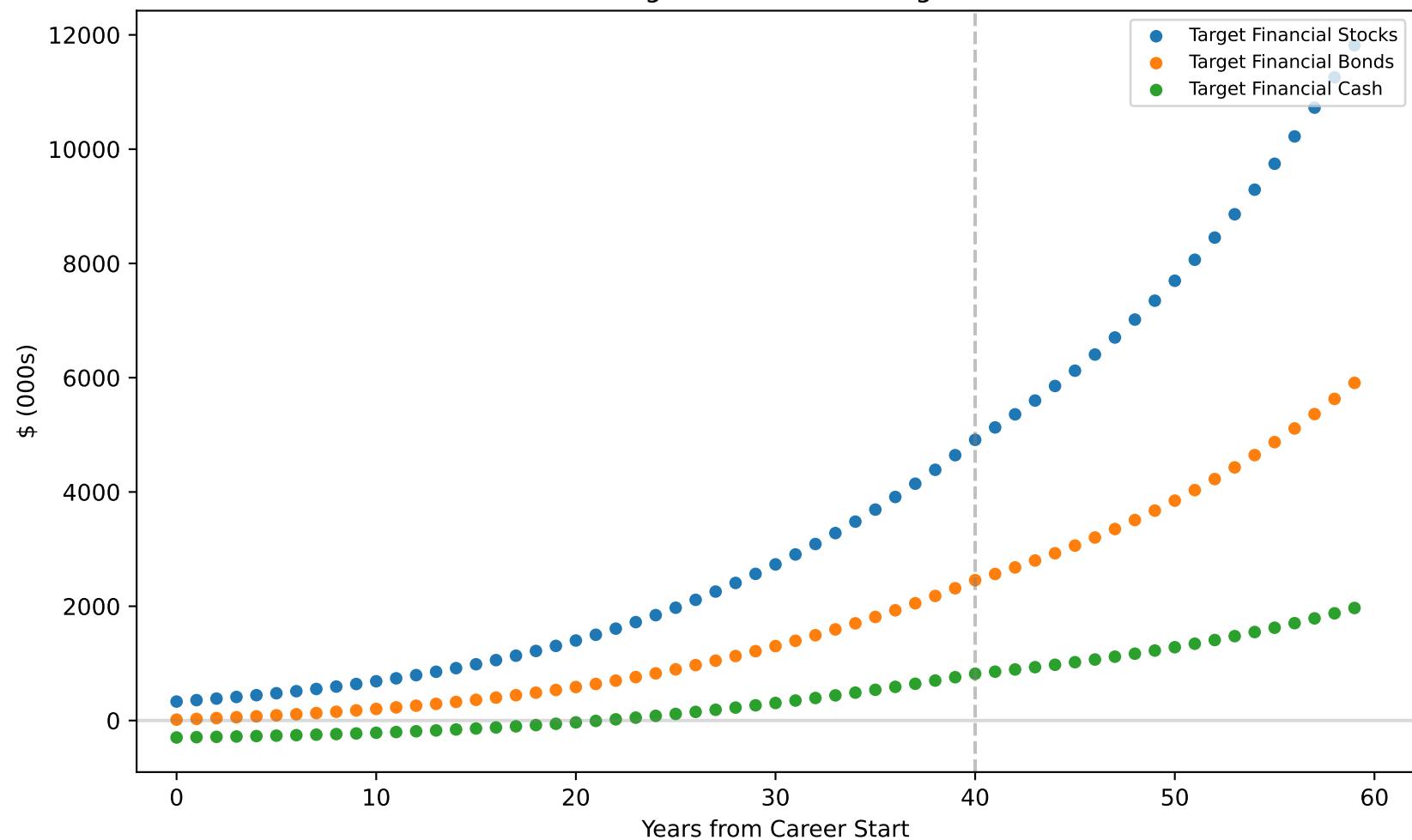
# Portfolio Decomposition of Human Capital

## Portfolio Decomposition of Human Capital



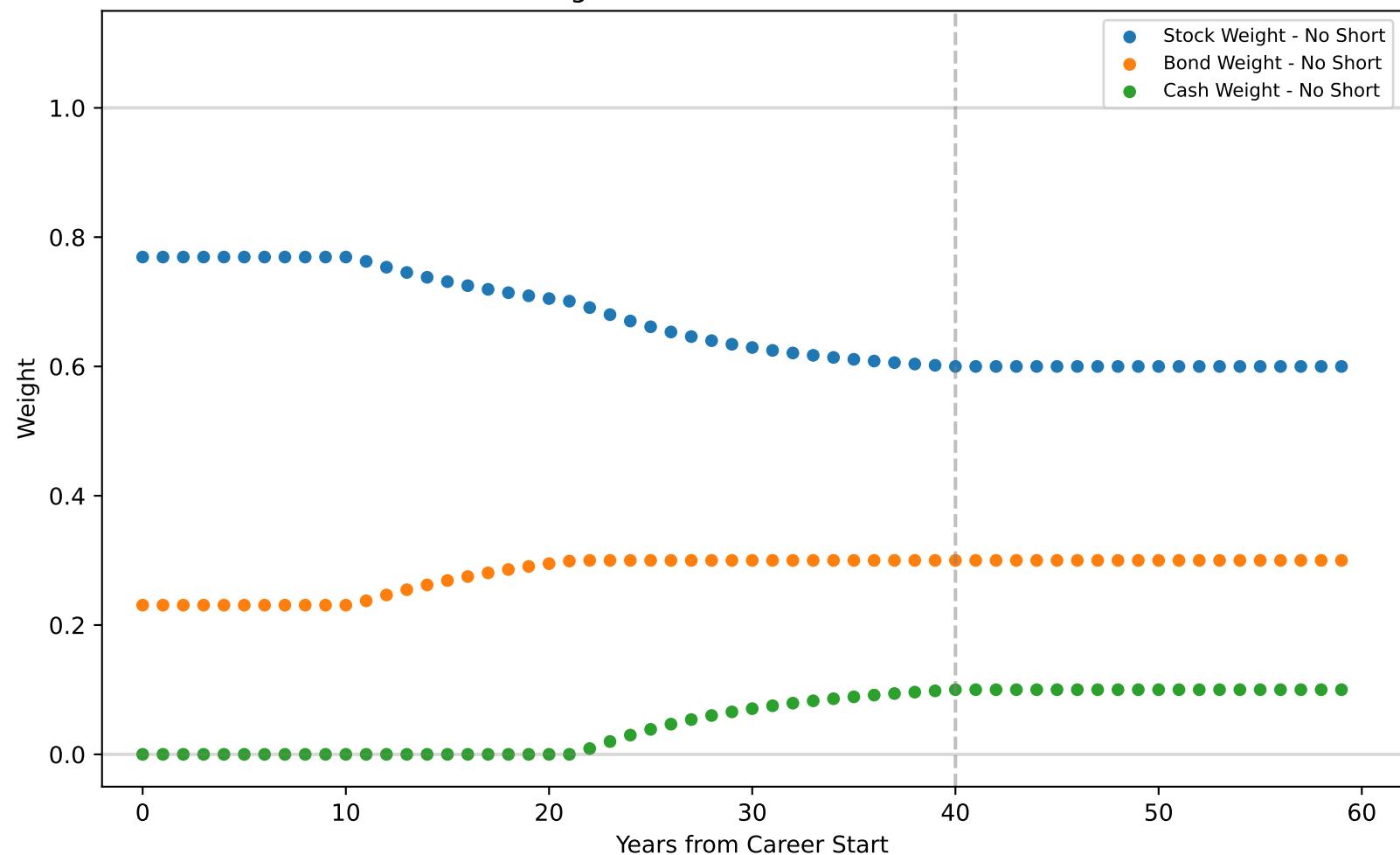
# Target Financial Holdings

## Target Financial Holdings



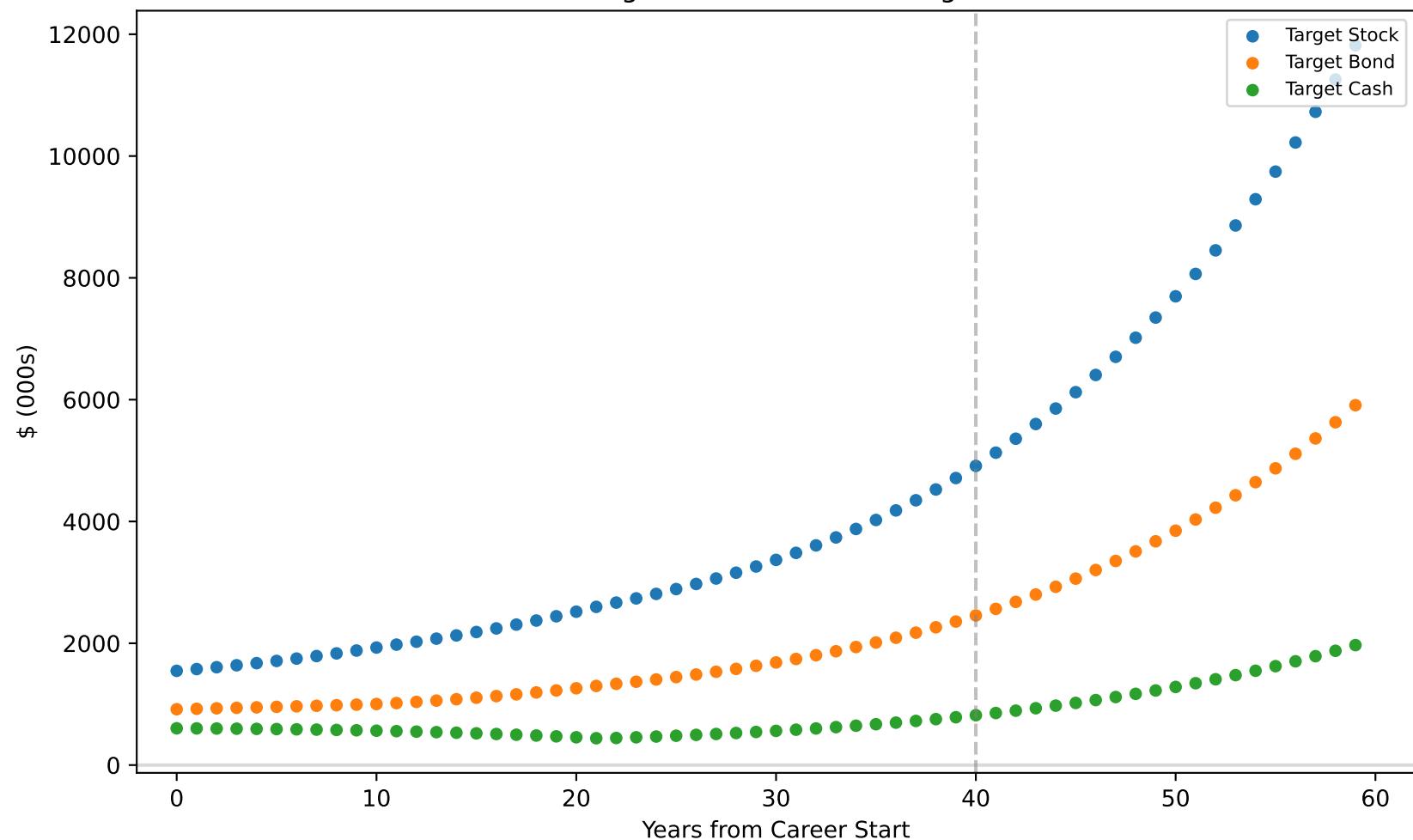
# Target Financial Portfolio Shares

## Target Financial Portfolio Shares



# Target Total Wealth Holdings

## Target Total Wealth Holdings



## Lifecycle Investment Strategy Parameters

---

### Age Parameters:

- Career Start: 25
- Retirement Age: 65
- Planning Horizon: 85

### Income Parameters:

- Initial Earnings: \$100k
- Earnings Growth: 2.0%
- Peak Earnings Age: 50

### Expense Parameters:

- Base Expenses: \$60k
- Retirement Expenses: \$80k

### Human Capital Betas:

- Stock Beta: 0.50
- Bond Beta: 0.30
- Cash Beta: 0.20

### Target Total Wealth Allocation:

- Stocks: 60%
- Bonds: 30%
- Cash: 10%

### Economic Parameters:

- Risk-Free Rate: 3.0%
- Equity Risk Premium: 4.0%
- Rate Persistence (phi): 0.85

### Key Insights:

---

1. Human capital dominates early in life, making total wealth equity-like even with conservative financial portfolio.
2. Financial portfolio should start with HIGH stock allocation (even 100%) to offset bond-like human capital.
3. As human capital depletes near retirement, financial portfolio naturally shifts toward target allocation.
4. Duration matching becomes critical in retirement when human capital is exhausted.