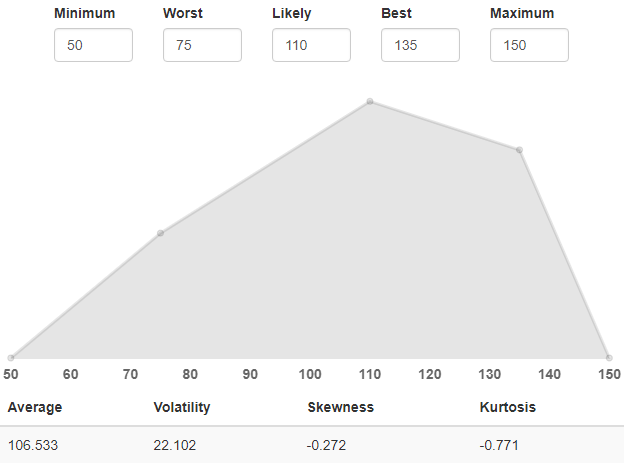
# Goal-Based Investment Comparison

* Compare how different investments affect the probability of achieving an accumulation goal
* Demonstrate the approach using a fictional narrative loosely based on real life events
* Provide links so you can input your own goals and investment assumptions into the calculator

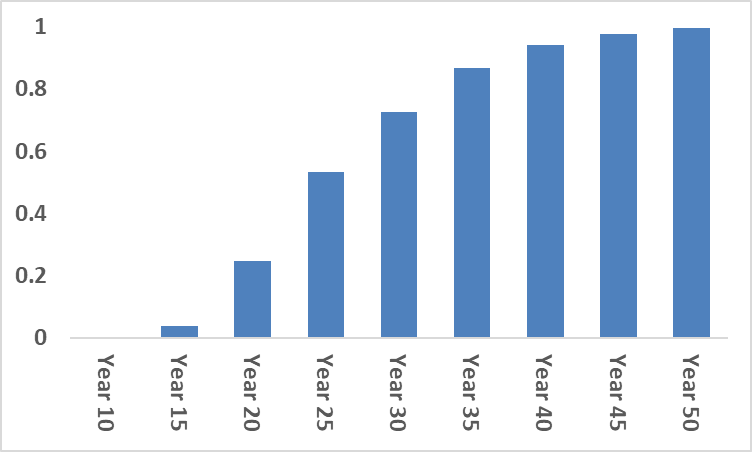
**The Advisor:** Jim is an investment advisor who primarily focuses on 401K plans. In addition to helping corporations select plan options, he also guides the individual investment decisions of employees. In a [previous article](https://seekingalpha.com/article/4242968-achieving-financial-freedom), he attempted to persuade Robert, a 22 year-old management consultant, not to invest all of his contributions in Emerging Markets. Specifically, Robert raised the following question: “Why should an investor not pick a diversified fund with the highest expected gain?”

**The Client:** In the aforementioned article, Robert had created his own long-term forecast for Emerging Markets as shown in Graph 1:



***Graph 1: Estimated annual long-term forecast for Emerging Markets assuming a current price of 100.***

He expects a gain of 6.5% in any given year with volatility of 22. Using the Probicast software, he simulates the probability of hitting his accumulation goal of $3 million over various time periods. This results in Graph 2:



***Graph 2: Probability of accumulating $3 million over various time periods.***

Jim believes Robert’s analysis is reasonable but remains uneasy about the allocation. He wonders, “how do these results compare to simply investing in the S&P 500?”