

Investment Project Report: January 2021

Latest action: Check balance, re-balance mutual funds, and write this report.

Invested: \$20,000 (\$10,000 in early 2012, another \$10,000 in late 2018)

Balance: \$43,700

Details: Back in 2012, we invested in a “lifecycle” fund (a lifecycle fund automatically re-balances to maintain a specified mix of stocks and bonds). In June 2015, we switched to three index-type funds so that we could do re-balancing ourselves. In November 2018 we added to our initial investment.

Our holdings are, approximately,

Vanguard 500 Index Fund (VFINX):	\$13,300
Vanguard Intermediate-Term Investment-Grade Fund (VFICX):	\$14,400
Vanguard International Growth Fund (VWIGX):	\$16,000

We now re-balance by selling some of the highest-priced stock fund (International Growth Fund) and buying some of the lower-priced stock fund (500 Index Fund).

Our new holdings are, approximately,

Vanguard 500 Index Fund (VFINX):	\$14,300
Vanguard Intermediate-Term Investment-Grade Fund (VFICX):	\$14,400
Vanguard International Growth Fund (VWIGX):	\$15,000

Results for part 1 (lifecycle fund):

June 2012: \$10,000 (approximate)

June 2013: \$11,600

June 2014: \$13,900

June 2015: \$14,400

June 1, 2012 to June 1, 2013: 16% growth

June 2013 to June 2014: 20%

June 2014 to June 2015: 3.6%

Results for part 2 (3 index funds):

June 2015: \$14,400

June 2016: \$15,300

June 2017: \$16,900

June 2018: \$18,000

June 2015 to June 2016: 6.3%

June 2016 to June 2017: 10.5%

June 2017 to June 2018: 6.5%

Results for part 3 (3 index funds after adding to the principle):

January 1, 2019: \$29,200

January 2020: \$32,600

January 2021: \$42,900

January 1, 2019 to January 1, 2020: 12% growth

January 2020 to January 2021: 32% (!)

Comment 1: The 2020 growth is so large that I felt the need to search for “2020 stock market performance” to see if everyone else was getting similar results. I know my other investments did well, but I haven’t been computing growth percentages. Based on that searching I would have expected 20% instead of 30%. Because I check my numbers monthly but otherwise don’t pay a lot of attention, I may have captured my January 2020 number on a down day and my January 2021 number on an up day, skewing the results.

Comment 2 (more politics): I worry that all that covid “rescue plan” money is artificially pumping up the stock market. When money is being handed out by the government, rich powerful people are good at making sure they get a lot of it. Giving lots of money to rich people is good for the stock market but not much else.