

Investment Project Report: September 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: \$46,000

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):	\$15,900
Vanguard Intermediate-Term Investment-Grade Fund (VFICX):	\$15,500
Vanguard International Growth Fund (VWIGX):	\$14,600

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

Our new holdings are, approximately,

Vanguard 500 Index Fund (VFINX):	\$15,300
Vanguard Intermediate-Term Investment-Grade Fund (VFICX):	\$15,500
Vanguard International Growth Fund (VWIGX):	\$15,200

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: The folklore is that bond funds tend to lag stock funds, so one might expect re-balancing to involve moving money from a stock fund to a bond fund or vice-versa. However, our last two instances of re-balancing have involved trading one stock fund for the other. Overall, the total increases while month-to-month fluctuations sometime create re-balancing opportunities.