



EUSTACE
ADVISORS

Client Resource

**2-Fund and 3-Fund Investment Portfolio
Recommendations**

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Asset Allocation Recommendations

Based on the investor's risk tolerance, time horizon, and investment preferences, the allocation of their investments between equities and fixed-income investments will vary.

At Eustace Advisors, we gather extensive data from the client in order to establish an Investment Policy Statement, which will define a target Portfolio Risk Category specific to that client.

Whether the client is managing their own investments, or deferring to Eustace Advisors for investment management, an Investment Policy Statement is a key document to guide the investing decisions, define how and when the portfolio is monitored and adjusted, and clearly define responsibilities between Advisor and Client.

Portfolio Risk Category	% Equities	% Fixed Income
Very Aggressive Growth	90	10
Aggressive Growth	80	20
Growth	70	30
Conservative	60	40
Capital Preservation	50	50
Custom	TBD	TBD

Portfolio Recommendation Guidelines

Please note that this document focuses on investment options for medium to long-term investment horizons of at least 5 years. For emergency savings funds and short-term goal funds, lower-risk solutions such as high-yield savings accounts, money market mutual funds and Certificates of Deposit are suggested to minimize the risk of loss of capital. We offer separate literature related to investing options for emergency and short-term funds.

In this document, we reference ETFs and mutual funds offered from several leading investment companies, offering proven performance, index-tracking objectives, low-cost, and no-loads. We recommend the 2-Fund Portfolios (U.S. centric) as excellent options for initial portfolio construction, and as core portfolio building blocks for all investors.

We also include International Equity funds to consider if you would like to add International exposure to your portfolio and expand to a 3-Fund structure.

As the Sample Portfolios in this document are implemented, the client can adjust their equity vs. fixed-income allocation over time to be in line with the appropriate Risk Category that they fall into.

Selecting Mutual Funds vs. ETFs

Many of our sample portfolios have similar investment options offered in either ETF or Mutual Fund offerings. Only Mutual Funds support automated investment options (i.e. establish a regular cadence of purchases or redemptions); which is a good option for clients who are looking to leverage an automated purchase strategy. For clients who are looking for the minimum cost and optimal tax efficiency and will take the initiative to buy and sell fund shares in line with their portfolio strategy, the ETF based portfolios will be the better option.

Suggested Portfolios

In the 2013 Berkshire-Hathaway Letter to Investors, Warren Buffett made the following suggestion to trustees (i.e. people with a fiduciary duty to manage assets on behalf of others):

“Put 10% of the cash in short-term government bonds and 90% in a very low-cost S&P500 index fund. (I suggest Vanguard’s.) I believe the trust’s long-term results from this policy will be superior to those attained by most investors – whether pension funds, institutions or individuals – who employ high-fee managers.”

Since then, this advice has proven accurate, as such an investment would have yielded ~12% per year, as of March 2024. For comparison, the very long-term (50 year) S&P return of ~10.5%.

Each set of ETFs or Mutual Funds listed below includes a U.S. Equity and Broad-Market Bond solution as the base investments for a 2-Fund portfolio, and an International Equity solution as an option to expand to a 3-Fund portfolio.

Note: if a fund hasn’t existed for 10 years, we use the fund’s 5-year performance and highlight this in red text.

Vanguard

Option 1: Broad U.S. Market Exposure - ETFs

Name	Ticker	10-yr return	Expense Ratio
Vanguard Total Stock Market ETF	VTI	12.27%	0.03%
Vanguard Total Bond Market ETF	BND	1.51%	0.03%
Vanguard Total International Stock ETF	VXUS	4.49%	0.08%

Option 2: Broad U.S. Market Exposure - Mutual Funds

Name	Ticker	10-yr return	Expense Ratio
Vanguard Total Stock Market Fund	VTSAX	12.27%	0.04%
Vanguard Total Bond Market Fund	VBTLX	1.51%	0.05%
Vanguard Total International Stock Fund	VTIAX	4.45%	0.12%

Option 3: S&P 500 U.S. Market Exposure - ETFs

Name	Ticker	10-yr return	Expense Ratio
Vanguard 500 Index ETF	VOO	12.91%	0.03%
Vanguard Total Bond Market ETF	BND	1.51%	0.03%
Vanguard Total International Stock ETF	VXUS	4.49%	0.08%

Option 4: S&P 500 U.S. Market Exposure – Mutual Funds

Name	Ticker	10-yr return	Expense Ratio
Vanguard 500 Index Fund	VFAIX	12.92%	0.04%
Vanguard Total Bond Market Fund	VBTLX	1.51%	0.05%
Vanguard Total International Stock Fund	VTIAX	4.45%	0.12%

Schwab

Option 1: Broad U.S. Market Exposure - ETFs

Name	Ticker	10-yr return	Expense Ratio
U.S. Broad Market ETF	SCHB	11.90%	0.03%
U.S. Aggregate Bond ETF	SCHZ	1.14%	0.03%
International Equity ETF	SCHF	4.54%	0.06%

Option 2: Broad U.S. Market Exposure - Mutual Funds

Name	Ticker	10-yr return	Expense Ratio
Total Stock Market Index Fund	SWTSX	11.83%	0.03%
U.S. Aggregate Bond Index Fund	SWAGX	0.24%	0.04%
International Index Fund	SWISX	4.38%	0.06%

Option 3: S&P 500 U.S. Market Exposure – Mutual Funds

Name	Ticker	10-yr return	Expense Ratio
S&P 500 Index Fund	SWPPX	12.52%	0.02%
U.S. Aggregate Bond Index Fund	SWAGX	0.24%	0.04%
International Index Fund	SWISX	4.38%	0.06%

Note: Schwab doesn't offer an ETF that tracks the S&P 500 Index.

Fidelity

Option 1: Broad U.S. Market Exposure – Mutual Funds

Name	Ticker	10-yr return	Expense Ratio
Total Market Index Fund	FSKAX	12.27%	0.015%
Total Bond Fund	FTBFX	1.90%	0.45%
Total International Index Fund	FTIHX	6.02%	0.06%

Option 2: S&P 500 U.S. Market Exposure – Mutual Funds

Name	Ticker	10-yr return	Expense Ratio
500 Index Fund	FXAIX	12.24%	0.015%
Total Bond Fund	FTBFX	1.90%	0.45%
Total International Index Fund	FTIHX	6.02%	0.06%

BlackRock

Option 1: Broad U.S. Market Exposure – Mutual Funds

Name	Ticker	10-yr return	Expense Ratio
iShares Core S&P Total U.S. Stock Market ETF	ITOT	12.37%	0.03%
iShares Core U.S. Aggregate Bond ETF	AGG	1.17%	0.03%
iShares Core MSCI Total International Stock ETF	IXUS	4.44%	0.07%

Option 2: S&P500 U.S. Market Exposure - ETFs

Name	Ticker	10-yr return	Expense Ratio
iShares Core S&P 500 ETF	IVV	12.53%	0.03%
iShares Core U.S. Aggregate Bond ETF	AGG	1.17%	0.03%
iShares Core MSCI Total International Stock ETF	IXUS	4.44%	0.07%

State Street

Option 1: Broad U.S. Market Exposure - ETFs

Name	Ticker	10-yr return	Expense Ratio
SPDR® Portfolio S&P 1500® Composite Stock Market ETF	SPTM	12.53%	0.03%
SPDR® Portfolio Aggregate Bond ETF	SPAB	1.13%	0.03%
SPDR® MSCI ACWI ex-US ETF	CWI	4.54%	0.3%

Option 2: S&P500 U.S. Market Exposure - ETFs

Name	Ticker	10-yr return	Expense Ratio
SPDR® Portfolio S&P 500® ETF	SPLG	12.47%	0.02%
SPDR® Portfolio Aggregate Bond ETF	SPAB	1.13%	0.03%
SPDR® MSCI ACWI ex-US ETF	CWI	4.54%	0.3%