

## The Probabilities of Investment Returns

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The future is uncertain! That is a fact. However, you can determine the outlook for an investment by evaluating the historical returns of that strategy. One way to do that is to calculate all actual returns over the life of an investment strategy. The following exhibit measures the historic results of our growth equity strategy since inception in 1994. By reviewing annual returns every three months, we have 108 observations (column labeled “Sample Size”). There are 27 years of actual historical performance with no back testing with detailed historical returns on our quarterly fact sheets available at <https://www.vcm.us.com/advisors/>. By evaluating all returns over this lengthy period, we can calculate the highest return (column labeled “Max”), the minimum return (column labeled “Min”) and the average return (column labeled “Average”).

As you can see from the exhibit below, over the short term there is the probability of higher returns but also larger losses. However, as time passes, the size of both gains and losses shrink. This strategy is our flagship thematic growth equity approach to building wealth over time. We have demonstrated a history of above average annual returns since inception and the probability of a loss extends for only 9 years. Beginning in year 10, the minimum return is a positive 1.8% and increases as you go through time. We have run this evaluation of probable returns over our other investment strategies with comparable results for each strategy.

Years	Growth Equity			Sample Size
	MAX	Average	Min	
1	197.6%	21.4%	-46.6%	108
2	135.8%	19.8%	-28.3%	104
3	100.0%	18.8%	-22.0%	100
4	75.1%	17.8%	-7.7%	96
5	67.0%	16.4%	-5.2%	92
6	59.1%	14.8%	-0.9%	88
7	36.2%	14.1%	0.5%	84
8	30.4%	13.9%	0.5%	80
9	30.1%	13.9%	-0.3%	76
10	28.7%	13.7%	1.8%	72
11	27.3%	13.5%	3.7%	68
12	25.7%	13.4%	3.8%	64
13	26.2%	13.3%	4.1%	60
14	22.4%	13.1%	5.3%	56
15	21.5%	13.2%	6.1%	52
16	21.5%	13.4%	5.3%	48
17	20.6%	13.4%	5.2%	44
18	20.4%	13.6%	6.8%	40
19	20.0%	13.7%	6.7%	36
20	19.8%	13.7%	6.2%	32
21	19.1%	13.9%	8.3%	28
22	18.1%	14.5%	8.4%	24
23	18.6%	15.7%	10.2%	20
24	18.9%	16.6%	13.5%	16
25	18.0%	17.1%	15.3%	12
26	18.6%	17.6%	16.2%	8
27	19.1%	17.9%	16.6%	4

Note that these returns are gross of fees and should only be considered considering an historical analysis of returns and as a mechanism to determine the probability for any investment strategy.