



BEACON

Capital Management

Gain a competitive edge through the science of investing.

Misleading Numbers

And what you can do about it

Two Investment Choices

Option #1

- 2 year 0% Average Return

Option #2

- 2 year 10% Average Return

Two Investment Choices

Option #1

- Year 1 down 10%,
Year 2 up 10%
- 0% Cumulative
Return

Option #2

- Year 1 up 60%, Year
2 down 40%
- 20% Cumulative
Return

Two Investment Choices

Option #1

- Year 1 down 10%,
Year 2 up 10%
- 0% Cumulative
Return
- ***\$100,000 Invested =
\$99,000***

Option #2

- Year 1 up 60%, Year
2 down 40%
- 20% Cumulative
Return
- ***\$100,000 Invested =
\$96,000***

Two Investment Choices

Option #1

- Year 1 down 10%, Year 2 up 10%
- 0% Cumulative Return
- ***\$100,000 Invested = \$99,000***
- Standard Deviation = 14.14
- Range = 20

Option #2

- Year 1 up 60%, Year 2 down 40%
- 20% Cumulative Return
- ***\$100,000 Invested = \$96,000***
- Standard Deviation = 70.71
- Range = 100

A Few Definitions

Standard deviation is a measure of the dispersion of a set of data from its mean. It sheds light on the historical volatility of that investment.

Range is the difference between the low and high prices for a security or index over a specific time period. The more volatile the security or index, the wider the range.

Source: Investopedia

Losses are More Powerful Than Gains

The Tortoise earns more in the long run...

	Tortoise Portfolio	Hare Portfolio
Starting Value	\$100,000	\$100,000
Year 1	-6%	-12%
Year 2	-11%	-22%
Year 3	14%	28%
Year 4	5%	10%
Year 5	3%	6%
Year 6	8%	16%
Year 7	4%	8%
Year 8	-19%	-38%
Year 9	13%	26%
Year 10	2%	4%
Ending Value	\$108,161	\$104,271
Average Return	1.3%	2.6%

Losses are More Powerful Than Gains

The Tortoise earns more in the long run...

	Tortoise Portfolio	Hare Portfolio
Starting Value	\$100,000	\$100,000
Year 1	-6%	-12%
Year 2	-11%	-22%
Year 3	14%	28%
Year 4	5%	10%
Year 5	3%	6%
Year 6	8%	16%
Year 7	4%	8%
Year 8	-19%	-38%
Year 9	13%	26%
Year 10	2%	4%
Ending Value	\$108,161	\$104,271
Average Return	1.3%	2.6%
Standard Deviation	10.46%	20.91%
Range	33	66



BEACON
Capital Management

Beacon Capital Management, Inc. is a registered investment adviser. Information presented is for educational purposes only and does not intend to make an offer or solicitation for the sale or purchase of any specific securities, investments or investment strategies. Investments involve risk and unless otherwise stated, are not guaranteed. Past performance is not indicative of future performance. Additional information about Beacon Capital Management is also available on the SEC's website at www.adviserinfo.sec.gov under CRD number 120641. Beacon Capital Management only transacts business in states where it is properly registered, notice filed or excluded or exempted from registration or notice filing requirements.