



## Orcam Conservative Countercyclical

### ***What is the Conservative Countercyclical strategy?***

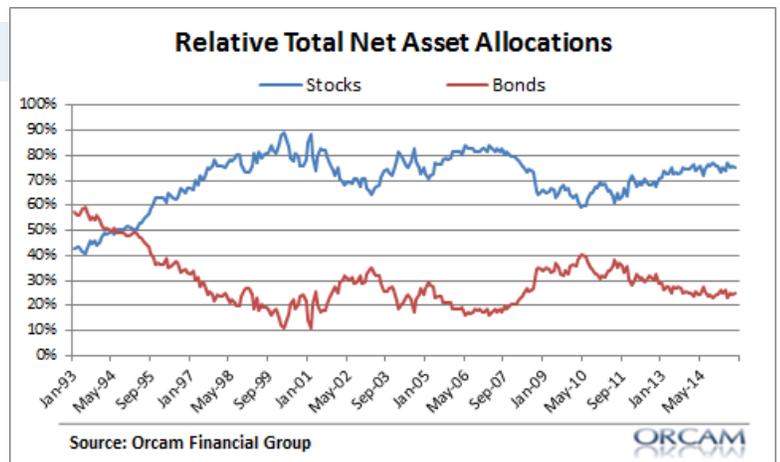
The Conservative Countercyclical strategy is a low fee global indexing strategy designed to generate low and stable returns. This strategy is designed to take the inverse of the current total net asset allocations of investors using Orcam's proprietary relative total net asset calculations.

Historically, investors tend to chase returns and suffer from substantial behavioral biases. Because of this they tend to be overweight stocks late in the market cycle and underweight early in the cycle. This countercyclical strategy is a contrarian approach designed to take advantage of the errors of the average investor.

### ***How is the portfolio managed?***

This portfolio is constructed by taking the inverse of the relative total net asset allocation of investors. Figure 1 shows the historical asset allocation of investors. By taking the inverse of the net asset position the portfolio positions itself to be overweight stocks when they have fallen substantially in value and underweight stocks when they have risen substantially in value. This means the investor is

overweight stocks when they become less risky and underweight stocks as they become more risky. In doing so the investor maintains a risk profile that is better in-line with a conservative risk profile than the investor who purchases the market capitalization based equivalent.

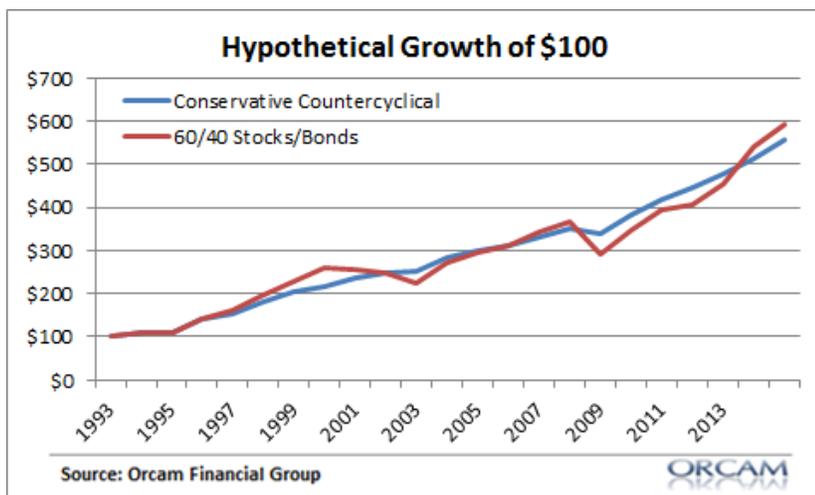


### ***Important Disclaimer***

Nothing contained herein should be construed as an offer to buy any security or a recommendation as to the advisability of investing in, purchasing or selling any security. Some of the statements contained herein are statements of future expectations and other forward-looking statements. These expectations are based on Orcam's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those in such statements due to, among other things, general economic conditions, performance of financial markets. Orcam Financial Group, LLC assumes no obligation to update any forward-looking information contained in this document.

## What kind of returns can an investor expect?

The Conservative Countercyclical portfolio has a hypothetical backtested growth rate of 8.2% since 1993 with a standard deviation of 6.4. This places its nominal return slightly below a 60/40 stock/bond portfolio over the same period, however, the portfolio achieves superior risk adjusted returns due to the smaller annual drawdowns and reduced volatility. The 60/40 had a max drawdown of -20% in 2008 while the Conservative Countercyclical portfolio had a max annual drawdown of -3.6%.



Although these returns appear impressive it should be noted that there is a strong likelihood that these returns will not reflect future performance given the high probability that bonds will not generate strong returns in the future. Therefore, we would expect the Conservative Countercyclical portfolio to generate lower returns than the hypothetical shows, however, it should remain quite competitive with lower risk balanced approaches.

## How can I invest in this strategy?

This portfolio can be implemented in a simple low fee indexing approach through Orcam Financial Group with a management fee of 0.35%. This fee does not include the cost of the underlying funds, however, due to the very low cost and minimal number of funds used the all-in cost of the portfolio will remain low fee. In addition, the portfolio is managed in a cyclical manner so as to maintain a highly tax efficient approach.

If you're interested in opening an account with Orcam Financial Group please contact us at [info@orcamgroup.com](mailto:info@orcamgroup.com) or call us at 858-220-5383.

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