



## **Cambridge Index Strategy:**

Developed and Patented by Bert Whitehead, 1998

Administered by Asset Dedication, LLC

## Overview of Strategy

- Minimum investment: \$100,000
- Goals:
  - Tax harvest short-term capital losses
  - Capture long-term capital gains for heirs and gifting
  - Achieve “Large Cap Blend” returns and stability
- Target Portfolio (refreshed each year)
  - 50 individual stocks:
    - 30 stocks from Dow\*
    - 10 largest cap stocks from S&P 500 (excluding Dow)\*
    - 10 largest cap stocks from largest NASDAQ (excluding Dow and S&P)\*
    - No overlaps and no Altria (Phillip Morris)

\* The actual number of stocks purchased for each index may vary. Asset Dedication selects the securities at its sole discretion and some may not include the ten largest by market capitalization.

**Large Cap Stocks\* (Illustration)**  
**30 Dow Jones Industrial Average**  
**Top 10 S&P 500 not in the DJIA**  
**Top 10 NASDAQ-100 not in DJIA or S&P 500**

30 Dow Jones Industrial Stocks					
1	<b>MMM</b>	3M Co	16	<b>MCD</b>	McDonald's Corp
2	<b>AXP</b>	American Express Co	17	<b>MRK</b>	Merck & Co Inc
3	<b>AAPL</b>	Apple Inc	18	<b>MSFT</b>	Microsoft Corp
4	<b>BA</b>	Boeing Co	19	<b>NKE</b>	Nike Inc B
5	<b>CAT</b>	Caterpillar Inc	20	<b>PFE</b>	Pfizer Inc
6	<b>CVX</b>	Chevron Corp	21	<b>PG</b>	Procter & Gamble Co
7	<b>CSCO</b>	Cisco Systems Inc	22	<b>HD</b>	The Home Depot Inc
8	<b>KO</b>	Coca-Cola Co	23	<b>TRV</b>	The Travelers Companies
9	<b>DWDP</b>	DowDuPont Inc	24	<b>UTX</b>	United Technologies Corp
10	<b>XOM</b>	Exxon Mobil Corp	25	<b>UNH</b>	UnitedHealth Group Inc
11	<b>GS</b>	Goldman Sachs Group Inc	26	<b>VZ</b>	Verizon Communications
12	<b>INTC</b>	Intel Corp	27	<b>V</b>	Visa Inc Class A
13	<b>IBM</b>	International Business Machines Corp	28	<b>WBA</b>	Walgreens Boots Alliance
14	<b>JNJ</b>	Johnson & Johnson	29	<b>WMT</b>	Wal-Mart Stores Inc
15	<b>JPM</b>	JPMorgan Chase & Co	30	<b>DIS</b>	Walt Disney Co

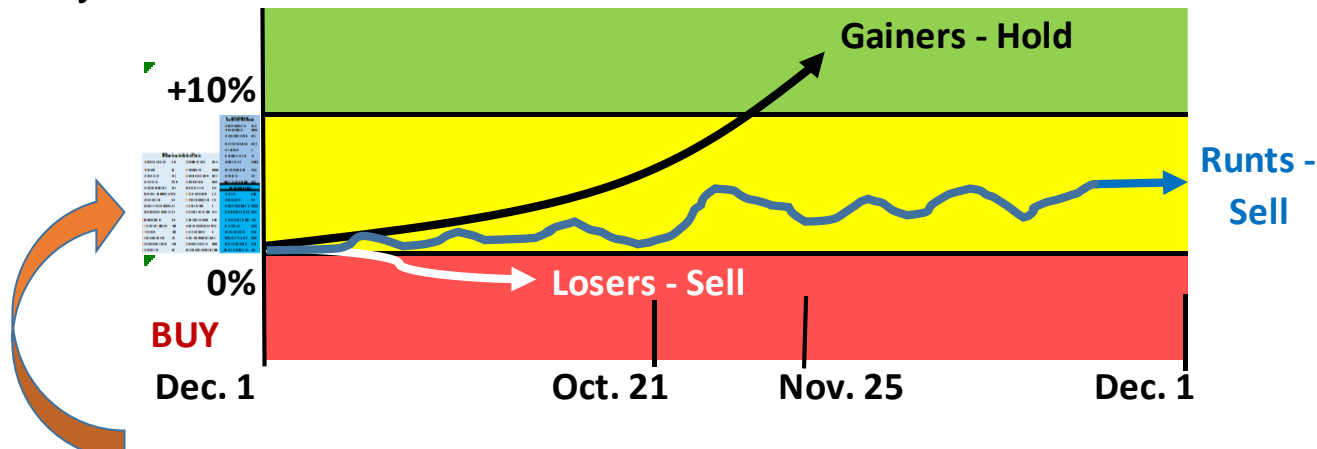
Top 10 S&P 500 Stocks	
1	<b>AMZN</b> Amazon.com Inc
2	<b>T</b> AT&T Inc
3	<b>BAC</b> Bank of America Corp.
4	<b>BRKB</b> Berkshire Hathaway B
5	<b>CMCSA</b> Comcast Corp Class A
6	<b>FB</b> Facebook Inc A
7	<b>MA</b> MasterCard Inc A
8	<b>ORCL</b> Oracle Corp
9	<b>PEP</b> PepsiCo Inc
10	<b>WFC</b> Wells Fargo & Co

Top 10 NASDAQ Stocks	
1	<b>ADBE</b> Adobe Systems Inc
2	<b>GOOG</b> Alphabet Inc C
3	<b>AMGN</b> Amgen Inc
4	<b>BKNG</b> Booking Holdings Inc
5	<b>AVGO</b> Broadcom Ltd
6	<b>COST</b> Costco Wholesale Corp
7	<b>GILD</b> Gilead Sciences Inc
8	<b>PYPL</b> PayPal Holdings Inc
9	<b>TXN</b> Texas Instruments Inc
10	<b>FOXA</b> 21st Century Fox Class A

\*The stocks in the DJIA, S&P 500, and NASDAQ-100 are subject to change. Top 10 means the largest by market capitalization (share price times number of shares outstanding). Stocks shown are those for the **2019 investment period**. The actual number of stocks purchased may vary. Asset Dedication selects the securities at its sole discretion and some stocks listed above may not be included due to tax-loss harvesting and/or other factors.

## Key Dates

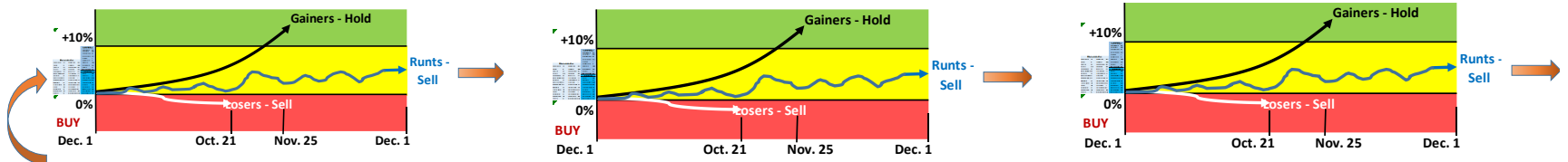
1. **Dec. 1\*** – Strategy begins for the year
2. **Oct. 21\*** – Stocks that fell in value (Losers) are sold to capture short term capital losses
3. **Nov. 25\*** – Stocks that gained at least 10% (Gainers) are transferred to a separate “**Greenhouse**” account to capture long term gains
  - A **Greenhouse** stock that drops 5% from its original cost in two consecutive quarters during the year may be sold and become ineligible for one year.
4. **Dec. 1\*** – All remaining stocks (Runts) are sold and the process repeats for the next year



\* The dates shown are the target dates and may vary from the actual transaction dates.

# The Multi-year Time Line

Starts fresh each year



**Greenhouse** account continues to grow with long-term capital gains



## Gainers, Losers, and Runts for 2018\*

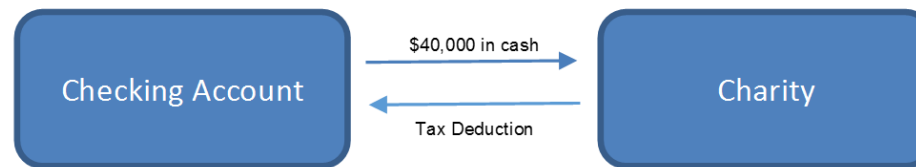
<b>UTX</b>	United Technologies Co	<b>PFE</b>	Pfizer Inc	<b>CSCO</b>	Cisco Systems Inc
<b>V</b>	Visa Inc Class A	<b>NKE</b>	Nike Inc B	<b>BA</b>	Boeing Co
<b>VZ</b>	Verizon Communicator	<b>MSFT</b>	Microsoft Corp	<b>AMZN</b>	Amazon.com Inc
<b>UNH</b>	UnitedHealth Group Inc	<b>MA</b>	MasterCard Inc A	<b>ADBE</b>	Adobe Systems Inc
<b>CMCSA</b>	Comcast Corp Class A	<b>PYPL</b>	PayPal Holdings Inc	<b>AAPL</b>	Apple Inc
<b>DIS</b>	Walt Disney Co	<b>NVDA</b>	NVIDIA Corp	<b>AMGN</b>	Amgen Inc
<b>PCLN</b>	The Priceline Group Inc	<b>MCD</b>	McDonald's Corp	<b>AXP</b>	American Express Co
<b>TXN</b>	Texas Instruments Inc	<b>JPM</b>	JPMorgan Chase & Co	<b>GOOG</b>	Alphabet Inc C
<b>QCOM</b>	Qualcomm Inc	<b>BRKB</b>	Berkshire Hathaway Inc B		
<b>XOM</b>	Exxon Mobil Corp	<b>PEP</b>	PepsiCo Inc	<b>KO</b>	Coca-Cola Co
<b>WFC</b>	Wells Fargo & Co	<b>ORCL</b>	Oracle Corp	<b>C</b>	Citigroup Inc
<b>GS</b>	Goldman Sachs Group Ir	<b>JNJ</b>	Johnson & Johnson	<b>CAT</b>	Caterpillar Inc
<b>WMT</b>	Wal-Mart Stores Inc	<b>INTC</b>	Intel Corp	<b>AVGO</b>	Broadcom Ltd
<b>TRV</b>	The Travelers Companie	<b>GILD</b>	Gilead Sciences Inc	<b>BAC</b>	Bank of America Corp.
<b>KHC</b>	The Kraft Heinz Co	<b>GE</b>	General Electric Co	<b>T</b>	AT&T Inc
<b>HD</b>	The Home Depot Inc	<b>FB</b>	Facebook Inc A	<b>ABBV</b>	AbbVie Inc
<b>PG</b>	Procter & Gamble Co	<b>DWDP</b>	DowDuPont Inc	<b>MMM</b>	3M Co

\*The actual gainers, losers and runts may vary by account.

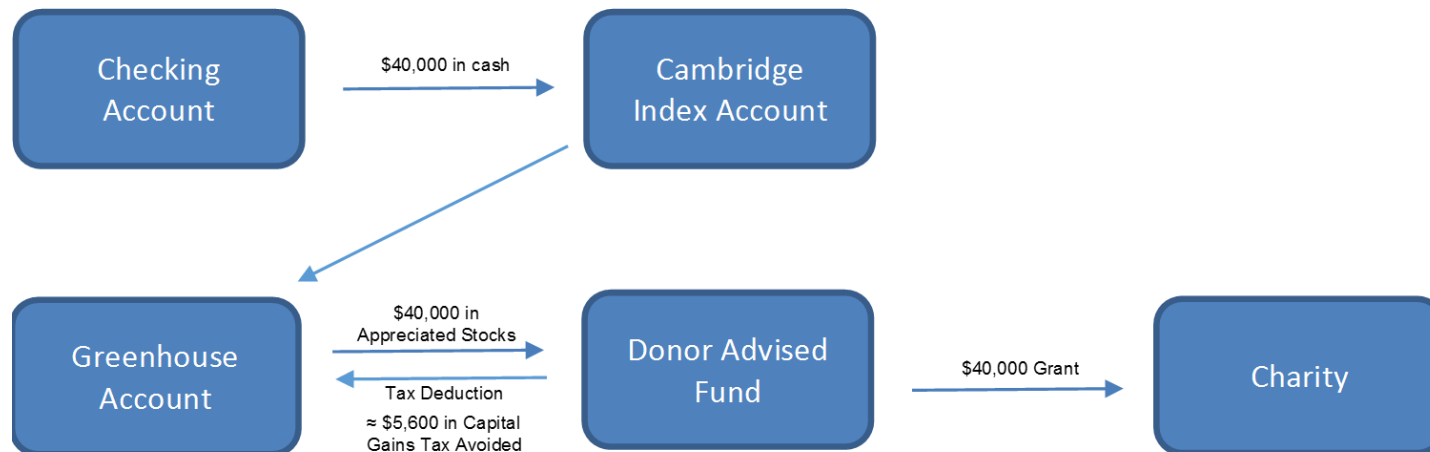
# The Greenhouse Account

Appreciated stocks from the **Greenhouse** account can be donated directly as a simple donation, transferred to a donor advised fund, then donated, or simply be allowed to accumulate for a family legacy.

Simple donation

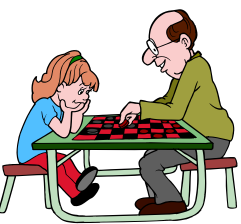


Sophisticated donation



The tax benefits are generic in nature and may not apply to your specific situation. Asset Dedication does not provide tax advice. Please consult your tax professional and financial advisor to see if the Cambridge Index Strategy is appropriate for your financial situation.

# Another perspective of CIS

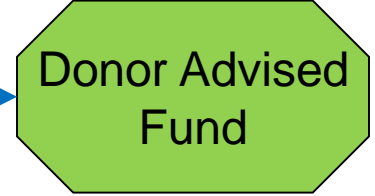
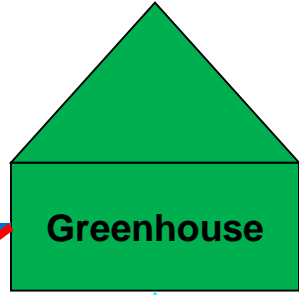


Medium appreciated stocks

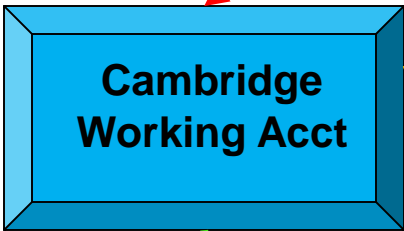
Kids' College and Support of Aging Parents

Liquidity as needed

Low appreciated stocks



Highly appreciated stocks



DIA, SPY, QQQ

10% + Gains moved in Nov

Re-fund next Dec

Losses taken in Oct

New Money

Fund in Dec

Runts



## GENERAL DISCLOSURES

The information in this presentation is intended to provide general information about the Cambridge Index Strategy and does not represent an actual portfolio. The Cambridge Index Strategy® was designed and patented by Bert Whitehead, M.B.A., J.D. in 1998. Asset Dedication, LLC, is a separate company, not affiliated with Bert Whitehead or Cambridge Connection. Asset Dedication, LLC is a registered investment adviser located in San Francisco, California, and provide administrative services for the CIS Strategy.

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## RISK DISCLOSURES

Market risk is the risk that the value of an investment will decrease due to moves in market factors. Securities of small companies are often less liquid than those of large companies. Small company stocks tend to fluctuate relatively more in price than large company stocks. Foreign securities prices are subject to additional risks that may include price declines or fluctuations due to economic and political actions of foreign governments, less regulated and liquid securities markets, and exposure to foreign currency fluctuations against the U.S. dollar.

Prices of fixed income securities tend to move in the opposite direction of interest rates. In general, fixed income securities with longer maturities are more sensitive to price changes. Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay the principal when due. Credit risk is greater for fixed income securities with ratings below investment grade.

**Past performance is not a guarantee of future investment results. Investing in securities involves the risk of loss, and there is no assurance that any investment will be profitable.**

## INDEX DESCRIPTIONS

The Dow Jones Industrial Average (DJIA) is a registered trademark of Dow Jones Trademark Holdings LLC. DJIA is a price-weighted index of 30 actively traded US large capitalization stocks.

The S&P 500 is a registered trademark of Standard & Poor's Index Services Group. The S&P 500 Index includes 500 of the top companies in leading industries in the U.S. economy.

The NASDAQ-100 is a registered trademark of the NASDAQ Group, Inc. The NASDAQ-100 Index is composed of equity securities issued by 100 of the largest non-financial companies listed on the NASDAQ exchange.

Historical performance results for investment indices and categories generally do not reflect the deduction of transaction and custodial charges, nor the impact of taxes; the incurrence of which would have the effect of decreasing performance results.

## Questions

Please contact Asset Dedication for any questions regarding the Cambridge Index Strategy:

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