

# **Cambridge Index Strategy:**

Developed and Patented by Bert Whitehead

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**

<b>30 Dow Jones Industrial Stocks</b>			
1	<b>MMM</b>	3M Company	16 <b>JNJ</b> Johnson & Johnson
2	<b>AXP</b>	American Express Company	17 <b>JPM</b> JPMorgan Chase & Co.
3	<b>AMGN</b>	Amgen Inc.	18 <b>MCD</b> McDonald's Corporation
4	<b>AAPL</b>	Apple Inc.	19 <b>MRK</b> Merck & Co. Inc.
5	<b>BA</b>	Boeing Company	20 <b>MSFT</b> Microsoft Corporation
6	<b>CAT</b>	Caterpillar Inc.	21 <b>NKE</b> NIKE Inc. Class B
7	<b>CVX</b>	Chevron Corporation	22 <b>PG</b> Procter & Gamble Company
8	<b>CSCO</b>	Cisco Systems Inc.	23 <b>CRM</b> salesforce.com inc.
9	<b>KO</b>	Coca-Cola Company	24 <b>TRV</b> Travelers Companies Inc.
10	<b>DOW</b>	Dow Inc.	25 <b>UNH</b> UnitedHealth Group
11	<b>GS</b>	Goldman Sachs Group Inc.	26 <b>VZ</b> Verizon Communications
12	<b>HD</b>	Home Depot Inc.	27 <b>V</b> Visa Inc. Class A
13	<b>HON</b>	Honeywell International	28 <b>WBA</b> Walgreens Boots Alliance
14	<b>INTC</b>	Intel Corporation	29 <b>WMT</b> Walmart Inc.
15	<b>IBM</b>	International Business	30 <b>DIS</b> Walt Disney Company

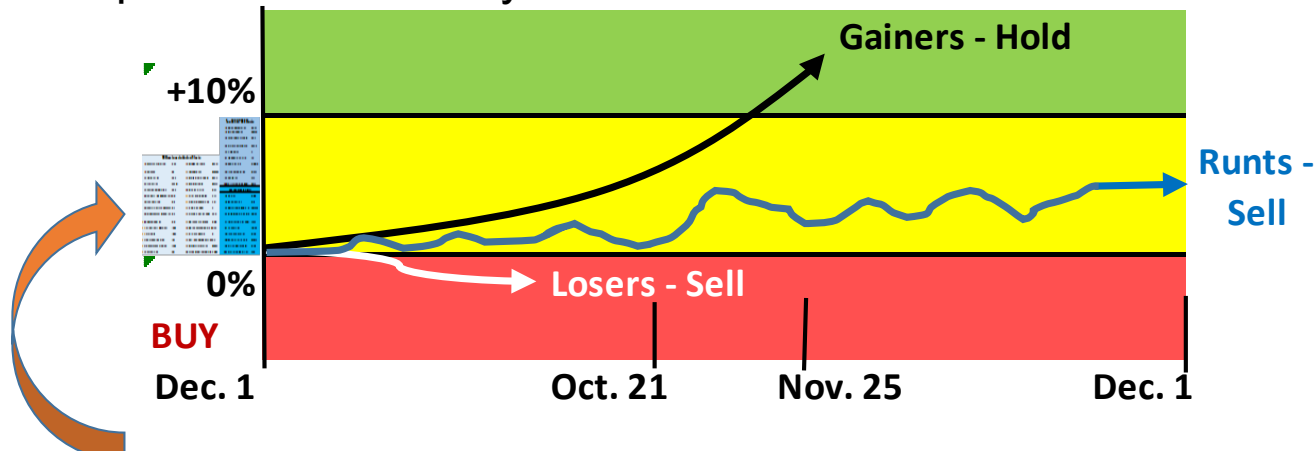
<b>Top 10 S&amp;P 500 Stocks</b>	
1	<b>ADBE</b> Adobe Inc.
2	<b>GOOG</b> Alphabet Inc. Class C
3	<b>AMZN</b> Amazon.com Inc.
4	<b>BAC</b> Bank of America Corp
5	<b>BRK.B</b> Berkshire Hathaway Inc.
6	<b>CMCSA</b> Comcast Corporation Class
7	<b>FB</b> Facebook Inc. Class A
8	<b>MA</b> Mastercard Incorporated
9	<b>NVDA</b> NVIDIA Corporation
10	<b>PYPL</b> PayPal Holdings Inc

<b>Top 10 NASDAQ Stocks</b>	
1	<b>AVGO</b> Broadcom Inc.
2	<b>COST</b> Costco Wholesale
3	<b>NFLX</b> Netflix Inc.
4	<b>PEP</b> PepsiCo Inc.
5	<b>QCOM</b> Qualcomm Inc
6	<b>TSLA</b> Tesla Inc
7	<b>TXN</b> Texas Instruments
8	<b>TMUS</b> T-Mobile US Inc.
9	<b>ASML</b> ASML Holdings
10	<b>PDD</b> Pinduoduo

\*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 **2021 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

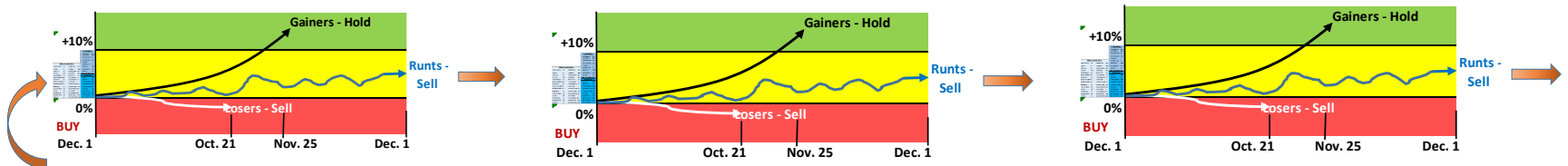
1. **Dec. 1\*** – Strategy begins for the year
2. **Oct. 21\*** – Stocks that fell in value (Losers) are sold to capture short term capital losses
3. **Nov. 25\*** – Stocks that gained at least 10% (Gainers) are transferred to a separate “**Greenhouse**” account to capture long term gains
  - A **Greenhouse** 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 or rolled over 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 Timeline

Starts fresh each year



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



## Gainers, Runts, and Losers for 2020\*

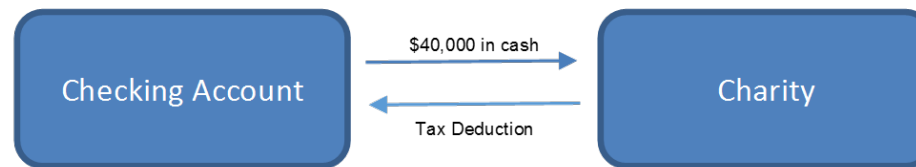
<b>AAPL</b>	Apple Inc.	<b>COST</b>	Costco Wholesale Corporation	<b>NVDA</b>	NVIDIA Corporation
<b>ADBE</b>	Adobe Inc.	<b>FB</b>	Facebook Inc. Class A	<b>PG</b>	Procter & Gamble Company
<b>AMZN</b>	Amazon.com Inc.	<b>GOOG</b>	Alphabet Inc. Class C	<b>PYPL</b>	PayPal Holdings Inc
<b>ASML</b>	ASML Holding NV	<b>HD</b>	Home Depot Inc.	<b>TXN</b>	Texas Instruments Incorporated
<b>AVGO</b>	Broadcom Inc.	<b>MA</b>	Mastercard Incorporated Class A	<b>UNH</b>	UnitedHealth Group Incorporated
<b>CARR</b>	Carrier Global Corp.	<b>MCD</b>	McDonald's Corporation	<b>V</b>	Visa Inc. Class A
<b>CAT</b>	Caterpillar Inc.	<b>MSFT</b>	Microsoft Corporation	<b>WMT</b>	Walmart Inc.
<b>CHTR</b>	Charter Communications Inc. Class A	<b>NFLX</b>	Netflix Inc.	<b>UTX</b>	United Technologies Corporation
<b>CMCSA</b>	Comcast Corporation Class A	<b>NKE</b>	NIKE Inc. Class B	<b>V</b>	Visa Inc. Class A
<b>ORCL</b>	Oracle	<b>PEP</b>	Pepsi		
<b>AMGN</b>	Amgen Inc.	<b>GS</b>	Goldman Sachs Group Inc.	<b>RTX</b>	Raytheon Technologies Corporation
<b>AXP</b>	American Express Company	<b>IBM</b>	International Business Machines	<b>T</b>	AT&T Inc.
<b>BA</b>	Boeing Company	<b>INTC</b>	Intel Corporation	<b>TRV</b>	Travelers Companies Inc.
<b>BAC</b>	Bank of America Corp	<b>JPM</b>	JPMorgan Chase & Co.	<b>VZ</b>	Verizon Communications Inc.
<b>BRK.B</b>	Berkshire Hathaway Inc. Class B	<b>KO</b>	Coca-Cola Company	<b>WBA</b>	Walgreens Boots Alliance Inc
<b>CVX</b>	Chevron Corporation	<b>MRK</b>	Merck & Co. Inc.	<b>WFC</b>	Wells Fargo & Company
<b>DIS</b>	Walt Disney Company	<b>OTIS</b>	Otis Worldwide Corporation	<b>XOM</b>	Exxon Mobil Corporation
<b>DOW</b>	Dow Inc.	<b>PFE</b>	Pfizer Inc.		

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

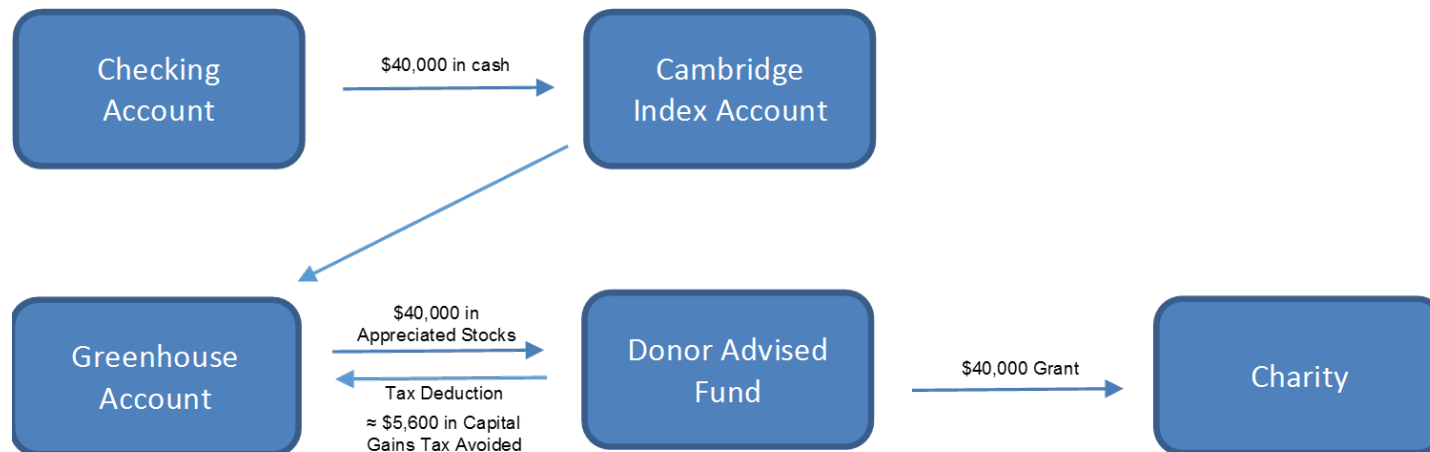
# The Greenhouse Account

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

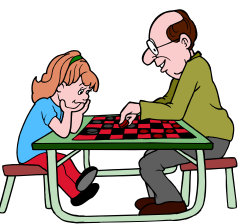


Sophisticated donation



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

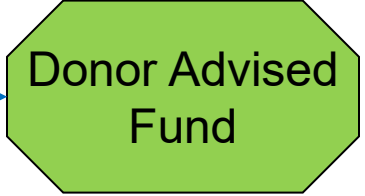
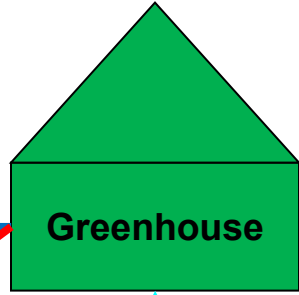


Medium appreciated stocks

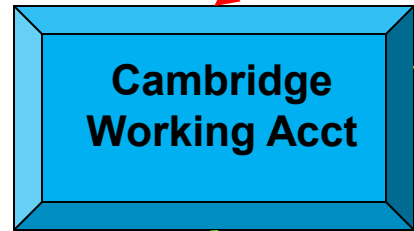
Kids' College and Support of Aging Parents

Liquidity as needed

Low appreciated stocks



Highly appreciated stocks



New Money  
Fund in Dec



10% + Gains moved in Nov

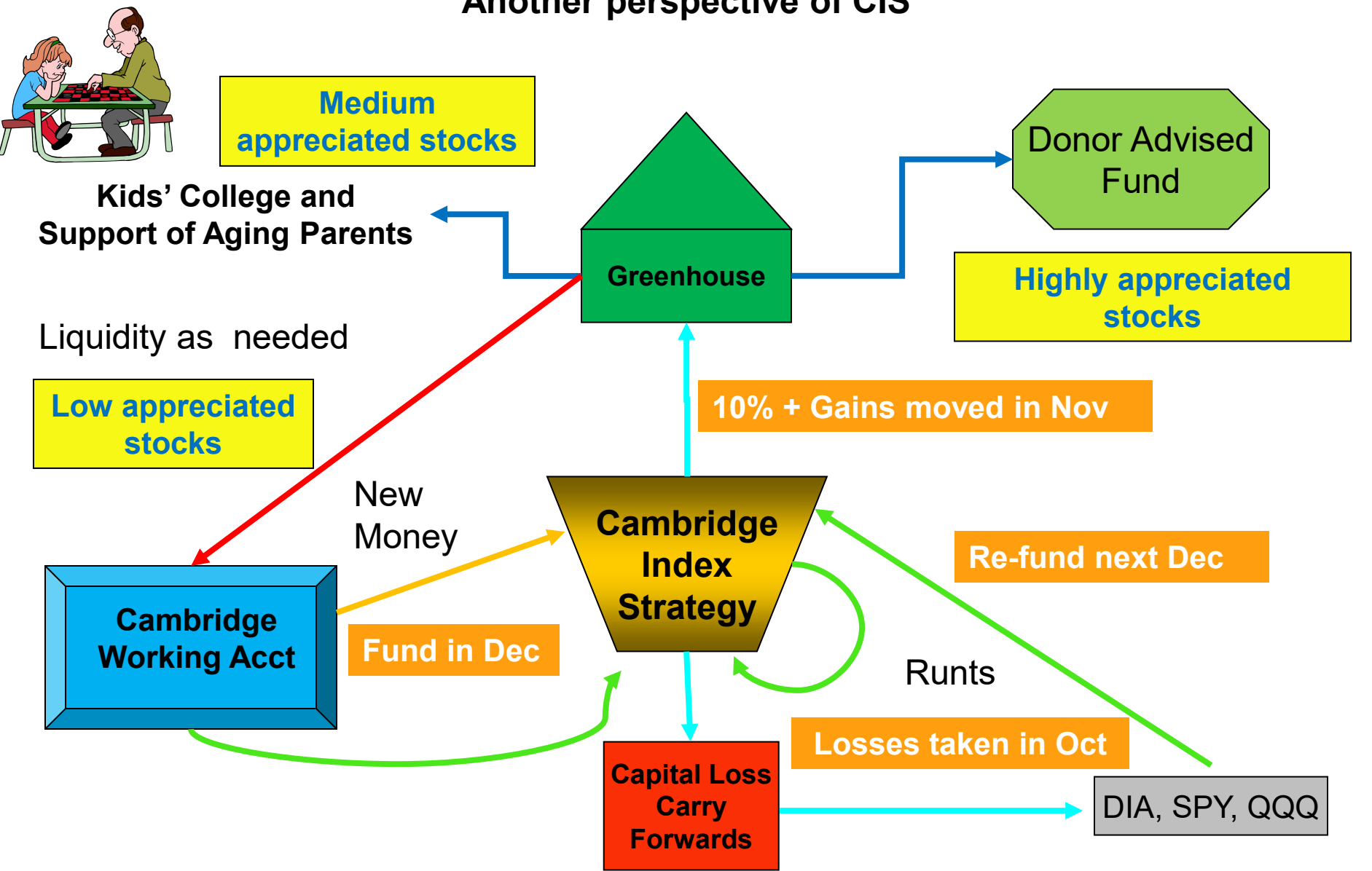
Re-fund next Dec

Runts



Losses taken in Oct

DIA, SPY, QQQ





## 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:

Asset Dedication, LLC

220 Montgomery Street, Suite 865

San Francisco, CA 94104

[info@assetdedication.com](mailto:info@assetdedication.com)

866-535-0897