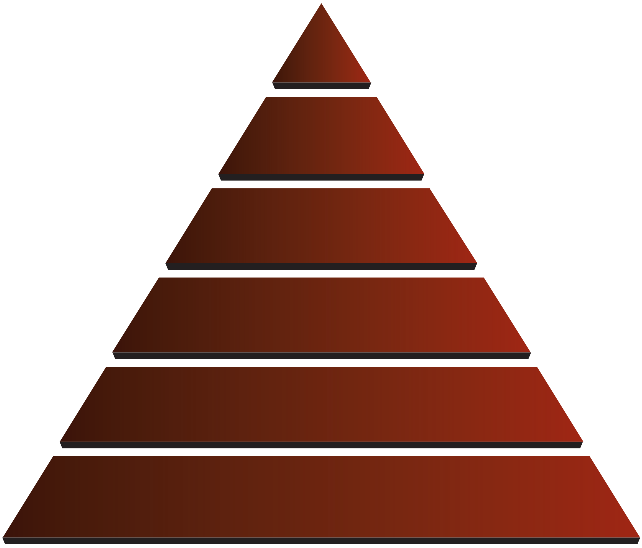


Overcome the Curse of Mediocrity
With Your Blueprint to Liberating Wealth

THE OXFORD WEALTH PYRAMID

By Andrew Snyder
Editorial Director, The Oxford Club

THE OXFORD CLUB

It's a trap that grabs and won't let go. The harder you pull, the deeper it sinks its rusty jaws. We call it the curse of mediocrity.

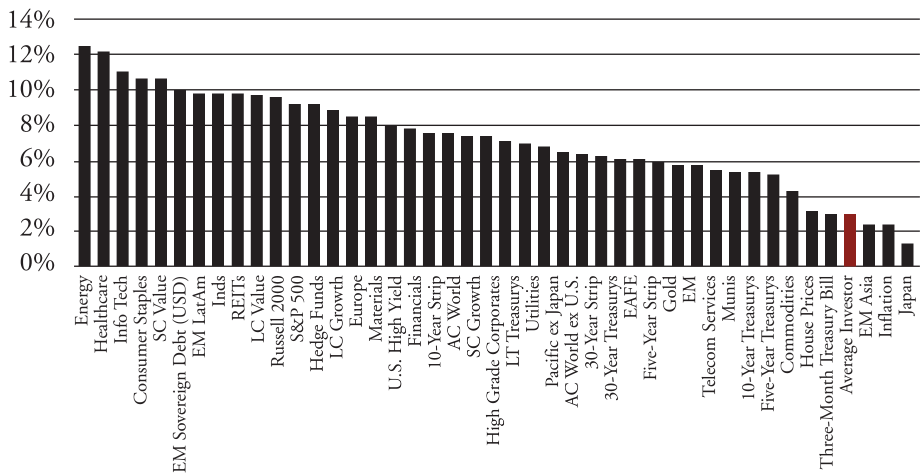
It's the sort of curse that can destroy – or at the very least, limit – wealth for entire generations.

What's it look like? You've certainly seen it.

It's the 80-year-old Wal-Mart cashier. It's being forced to retire, just to live off the state's flimsy handouts. It's working your whole life… and ending up with nothing to show for it.

And, at its very core, it looks like this…

Asset Class returns vs. The "Average Investor"
20 Years Annualized



This graph measures the average investor's annual return over the last two decades versus a wide variety of asset classes. The message it sends us is equal parts despicable and sad.

It proves the curse is alive and well.

The fact is, the typical investor earned less than 3.5% on average over the last two decades. And it's not just a timeline anomaly. When we study the past 30 years, the figure rises to just 3.7%. It's disgustingly low. A return like that will lead to nothing but mediocrity.

What's going on? Why does the average investor underperform all but the worst of the worst asset classes?

It's a question The Oxford Club takes seriously. We say the main culprit lies in a little-understood yet highly discussed idea... the idea of risk versus reward.

The modern financial system wants us to believe we live in a binary world – where an asset is either high risk or low risk. It wants us to believe our options are either stocks or bonds. This trait is why so many folks are told to trade their stocks for bonds as they age – virtually guaranteeing mediocrity.

We understand why this has happened. This binary approach is simple. It's the easiest way to explain a complex subject.

Unfortunately, it's a lousy, half-cocked explanation.

It's hogwash. All this sort of logic does is set you up for mediocrity.

It's the reason the average investor is earning just 3.5% each year... while the market

You Were Taught Wrong

Somebody recently showed me a crazy video. On the surface, it was utterly simple. It was just a man telling us the proper way to tie our shoes. "The thing is," he said, "most folks were taught wrong from the beginning. At the age of 4 or 5, they were taught the simple way to tie their shoes... not the correct way."

The video shows that with one simple divergence from what almost all of us were taught, your shoes will stay tied tighter for longer and they'll look better, too.

It was a simple twist... with staggering results. What's even more incredible is that the lesson he taught us – not relying on what convention tells us – has ties to nearly everything we do. It's especially true in the realm of investing.

When we step away from doing what's simplest with our money and instead focus on what's most effective, the results are flat-out stunning.

– Andrew Snyder

returns twice as much... and while select asset classes are historically returning three times as much.

The truth is risk and reward are important. But time is the key variable.

A Different Approach

The Oxford Club has a clear mission: to help grow and protect the extraordinary wealth of our Members. We aptly fulfill that mission in a way that flat-out bucks the Wall Street mantra.

Everywhere we look, we see financial advice telling us that if we want to beat the market... we must take on added risk.

We say nonsense. That sort of thinking will only lead to a life of financial mediocrity.

First of all, conventional Wall Street advice has done little to help investors even get close to beating the market. The graph above says it all.

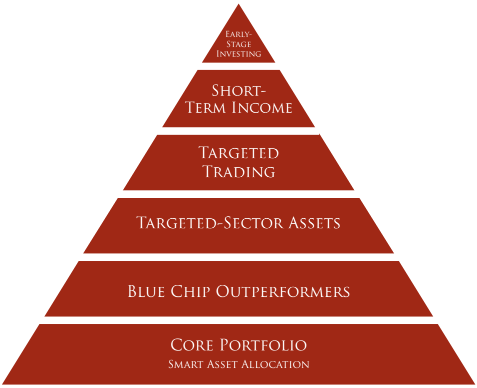
An average annual gain of less than 3.5% over the last two decades. That's it. Total mediocrity. The only ones who will get rich with those returns are brokers, financial planners and fund managers.

We believe you're with us because we are a Club of investors who shun mediocrity, and you're looking to preserve or attain financial liberty and a wealthy lifestyle... in all definitions of the word "wealth."

We don't reach for this goal by taking on risk. We are not acute risk takers. Not at all. It's more often the opposite. It's just that through the countless years of experience and collective knowledge of our Members and Strategists, we understand it takes a precise blend of time and strategy diversification – not just asset diversification – to build lasting wealth. Add to that our Pillars of Wealth system for risk management and cost management, and you have the Club's proven formula to attain wealth.

Remember, The Oxford Club's proprietary four Pillars of Wealth are:

Pillar 1: Stick to The Oxford Wealth Pyramid – You can't get to the top without a strong, reliable foundation.



Pillar 2: Know your exit strategy *before* you make a trade – Never buy until you know how and when you'll sell. Set your exit strategy and stick with it.

Pillar 3: Understand position sizing – Never risk more than you can afford to lose. Spread your risk.

Pillar 4: Cut your expenses – Keep what you earn. Whether it's the fees paid to brokers or your annual tax bill to Uncle Sam, ensure your investment strategy is optimized to cut your expenses.

The First Pillar is where you should begin: The Oxford Wealth Pyramid.

We've made the Pyramid extremely easy to implement. But the research that went into the Pyramid was quite extensive.[1]

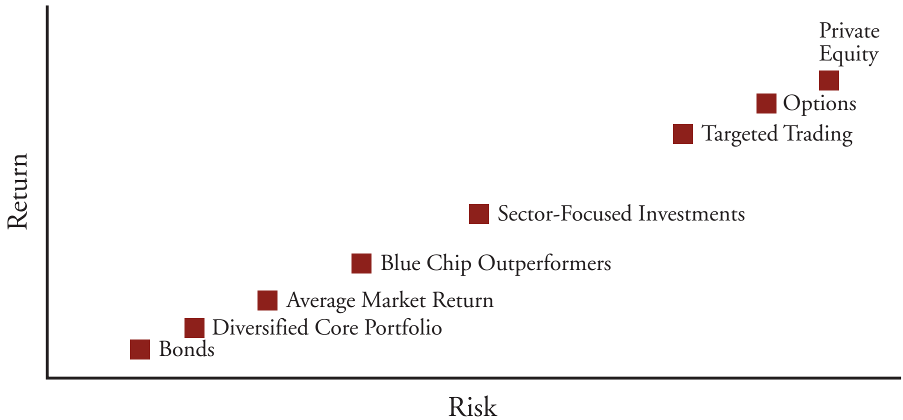
Building the Pyramid

Before we get too far into how we developed the Pyramid, I want to explain why we built it. To do that, I'd like to share a question I recently received from a Member:

"Everyone says to diversify. I've been doing that for a few years. I have about 30 positions for my total IRA account (currently at $300K). While I haven't lost a lot of money at all, I haven't made much either. It's not that the stocks are bad, but some are slow and are kept in the portfolio. The large-percentage winners have a small position, etc. What are your thoughts on allocations? Why shouldn't I go 'all in' on a few of the big winners?"

Folks like this Member don't understand they could overcome the curse of mediocrity with just a few simple tweaks to their strategy – not by risking an unnecessarily large part of their portfolio.

To help prove our point, take a look at this chart.



If you've ever used a full-service broker or money manager, you've likely seen something like this. If not, you've at least heard the pitch. The chart simply shows the traditional amount of risk and return of various asset classes.

It's simple stuff. In fact, it's too simple.

Sure, options are a risky asset class... when used alone.

And sure, plenty of folks have lost their shirts in the private equity game.

And yes, bonds are often a low-risk, low-return investment.

But what we've uncovered is successful investing hinges on just two things. And, like I said, those two things are NOT risk and return.

What we look at are two elements lost in conventional Wall Street guidance: ***time horizon*** and something else that goes far beyond simple asset allocation. We call it ***strategy allocation***.

Time horizon is simple – how long your money will work for you. Unlike the simple age-based formulas often touted by traditional financial literature, there should be a different equation for every investor, no matter their age group. If you're nearing retirement and haven't saved as much as you hoped, you may need to supercharge your wealth generation. Or you may have started early and have a significant portfolio. In that case, you may need to preserve what you have and simply maintain your current course.

If you're younger, traditional logic tells us that you can take on some added risk. But with time on your side, it may pay to simply focus on a conservative strategy and let the power of time do the heavy lifting. (See sidebar.)

On the other hand, most Oxford Club Members are nearing retirement, semi-retired or retired. Most folks reach retirement and are told to stick to an ultra-conservative strategy. But that doesn't make sense in all cases. Often, it's just the opposite – you built your nest egg... now it's time to tap some riskier strategies

The Vital Factor

Our research proves that the length of time that you invest is one of the most important factors in investing success. It's even more important than how well you invest.

For example...

If a person invests $3,000 in the stock market each year for 40 years and achieves a 6% annual return (still underperforming most asset classes), he will wind up with $492,143.

That same investor who invests for only 30 years would need to achieve a 9.5% annual return. That's a required return of over 50% higher than the 40-year investor.

Cut the time down to 25 years, and the investor needs to earn about 12.5% per year, which is now exceeding the return on all but the strongest asset classes.

And if the investor has only 20 years in the market, she'll need to earn 17.5% per year, a very difficult feat without help.

Time (and the strategies you use to overcome it) is a vital factor.

while you can enjoy the rewards.

As a financial publisher, The Oxford Club certainly can't address your personal circumstances. But we argue – thanks to our Wealth Pyramid – we don't have to. We've designed a system to maximize your investments based on your own unique time horizons... without worrying about taking on undue risk.

It all hinges on the idea of ***strategy allocation*** and something we call ***timeline diversification***.

A Smarter, More Focused Approach

Like I mentioned, as investors, we're constantly told the key to financial success is proper diversification – plain old asset allocation using only risk/reward variables. Depending on our age, we're told to have a certain percentage in stocks, bonds, real estate, cash, gold, etc.

It's tried and true logic. It works okay. But it's only part of the equation. This mainstream technique does nothing to take advantage of ***Unique Market Circumstances***. It won't allow you to beat the market, as most financial managers giving the advice struggle to do. It won't allow you to escape the curse of mediocrity.

A good example of how this looks in the real world is the energy sector.

> **Unique Market Circumstances:** The individual opportunities within the market that lead to outsized profits. The most powerful wealth builders.

A traditionally diversified portfolio might have about 5% of the overall portfolio in energy stocks. Great. With a $100,000 portfolio, you'd own $5,000 worth of energy stocks. If you were to get lucky and the sector were to double, you'd end up with $10,000.

But luck played a role in your success. If your only strategy was a traditional set-it-and-forget-it portfolio, you did nothing to target the energy sector. It was luck. You just happened to own a few energy stocks... along with blue chips, biotechs, tech companies, etc. When we dilute all the sectors that moved higher with the sectors that moved lower, you'll get the figure we quoted above... an annual return of 3.5%.

Now, what if you saw the Unique Market Circumstance in the energy sector and took advantage of it? What if you didn't touch your traditional core portfolio – keeping the 5% allocation in energy – and used a short-term strategy (there's that idea of "time") to target the best opportunities in the sector?

What if, instead of waiting for the profits to come to you, you had a strategy in your toolbox that allowed you to go after the profits?

That's what the world's most successful investors do. Take a look at these mediocrity-crushing examples...

- Paul Tudor Jones II, legendary trader and founder of Tudor Investment Company, made his fortune trading cotton and then anticipating and shorting the 1987 stock market crash. With a net worth north of $3 billion, aptitude for risk management and long-term fundamental investing, Jones regularly takes advantage of opportunistic investing with his event-driven trading.

In other words, he looks for Unique Market Circumstances and takes full advantage of them.

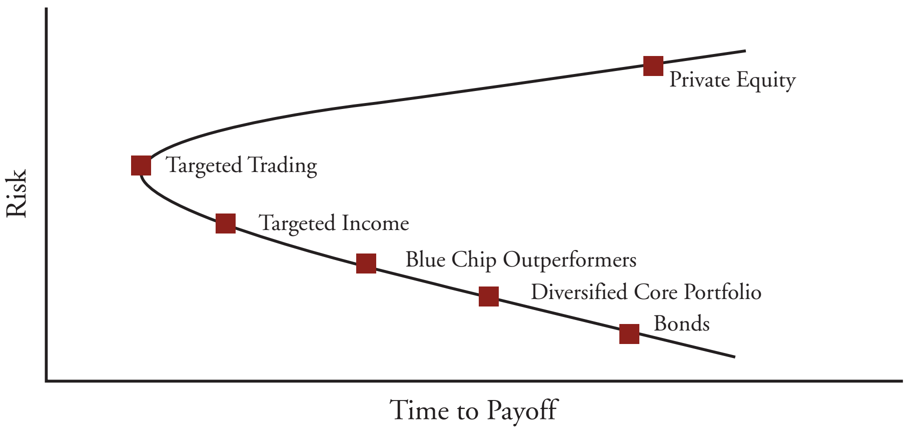
- Another example comes from legendary hedge fund manager John Paulson. He profited handsomely by spotting and taking advantage of fallout from the subprime mortgage crisis. He made $15 billion on the trade in 2007. Paulson has a background in merger arbitrage, but took advantage of the time's Unique Market Circumstances to propel his returns as well as his fame.

The Oxford Wealth Pyramid allows the average investor to do nearly the exact same thing.

It allows you to target a variety of unique short- and even long-term opportunities without risking your core wealth. You can target specific sectors, private equity ventures, even short-term income strategies. And again, you can do it all without taking on any unnecessary risk.

Time Changes Everything

Let me show you more of what it looks like. This is a unique chart that depicts a variety of investment strategies (not just asset classes) and the risk and time horizon most often associated with them.



What often shocks investors is that two asset classes – bonds and private equity – have such different risk structures and yet have very similar time horizons. A traditional bond portfolio matures over the span of decades and many private equity deals take even longer to pay off. But bonds are quite safe, while private equity is filled with risk.

This is where our Pyramid really starts to buck tradition. It allows us to use these sorts of discrepancies to harness the power of time to balance risk and reward. It's an entirely nonconventional concept.

Take a "targeted sector" strategy, for instance. Folks who purposefully targeted the American energy sector over the last half decade saw strong short-term gains, but they also saw much more risk than a typical long-term "core" portfolio.

This is where it is vital to remind you that no strategy is mutually exclusive.

Just because you're making a few aggressive short-term trades in one sector or are using options to play another sector doesn't mean you have to abandon the idea of having a balanced, conservative core portfolio. In fact, it's just the opposite. Instead of focusing your efforts on a single strategy and investing time frame, you must create a portfolio of strategies that offer returns across a variety of time frames.

The key to all of this is to adequately balance risk, reward *and* time.

Introducing the Ideal Strategy Curve

That's why our Pyramid builds on Nobel Prize-winning research by famed economist Harry Markowitz. He's considered the father of modern portfolio management.

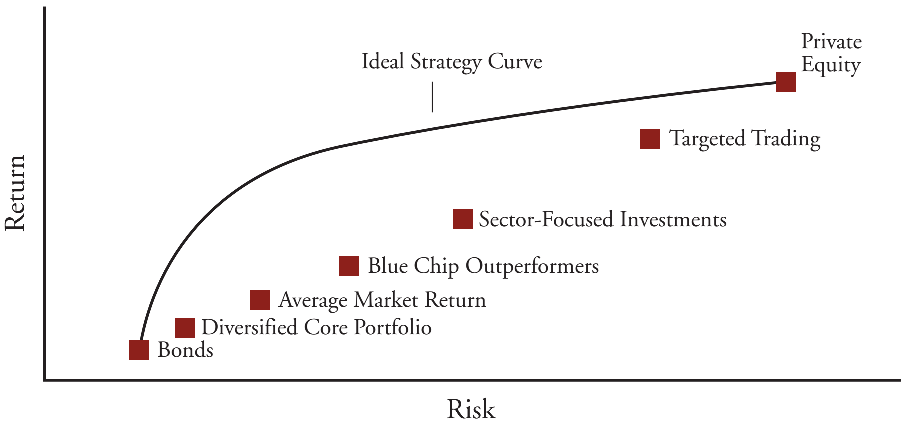
Markowitz knew that it was futile to measure an investment entirely on its own. After all, it's how each of your assets interact with each other that determines your true investing success. That idea served as the genesis for what Markowitz calls his "efficient frontier" model.

Again, instead of measuring stocks individually, he measured their correlation to each other. By adding to some positions and underweighting others, he was able to create a portfolio with significantly more reward and drastically reduced risk.

Like I said, his work was so powerful, it earned him a Nobel Prize in economics.

But where Markowitz stopped at security selection, we're taking it even further. We're using this model to find the ideal mix of investment strategies (and therefore, timelines).

The chart below should look familiar. At its core, it's the risk-return chart from the beginning of this report. But using the idea that time is the key variable in a truly diversified portfolio, we've added a very important line to it. We call it the ***Ideal Strategy Curve***. It denotes what Markowitz would call "the efficient frontier" – the absolute best mix of long- and short-term as well as high- and low-risk strategies.

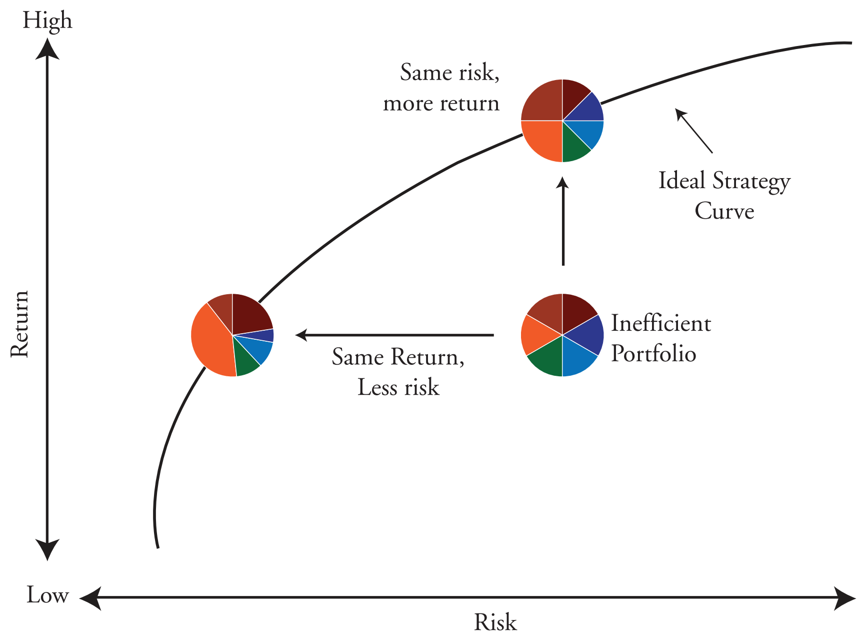


Depending on your unique risk tolerance, you can use the Pyramid to select a mix of strategies and assets that will put your portfolio anywhere on the Curve. The key, just as in the groundbreaking Markowitz model, is to understand that the ideal mix (the highest return per "unit" of risk) requires at least some exposure to each asset class. Again, the idea here is strategy diversification.

No matter your age or risk profile, you can adjust your "strategy allocation" to find the ultimate balance of risk and return.

Here's another way to look at it. The chart below shows several "portfolios" of strategies. One merely represents an equal mix of strategies and assets. It's inefficient. It leads to risk that's not appropriate for the reward.

But by simply overweighting some strategies and underweighting others, you can create an "efficient" portfolio of strategies. Simply put, you can dramatically boost your reward and slash your risk, no matter your overall risk tolerance.



The Ideal Strategy Curve is proof that when you implement a variety of strategies with staggered timelines, not only does your risk decline significantly (you're balancing high-risk strategies with low-risk strategies), but your gains also rise proportionately higher.[2]

By using this model and by always focusing on the Ideal Strategy Curve, we are absolutely certain any investor can break the shackles of mediocrity. It tosses the traditional ideas of risk and reward out the window and instead focuses on a well-balanced portfolio of strategies.

It's different... that's why it works.

Putting It to Use: Building Your Oxford Wealth Pyramid

The Oxford Wealth Pyramid puts conventional Wall Street financial planning on its head. Why? Because we believe it's wrong that Wall Street is raking in fees while underperforming the market for its

investors. And we believe it's wrong that the majority of investors will never escape the curse of mediocrity.

Remember, the average American investor earned less than 3.5% annually over the past 20 years. Returns like this don't lead to financial freedom, they lead to a compromised lifestyle... a mediocre retirement at best.

It is Wall Street's worst myth. Conventional wisdom tells us that to beat mediocrity you have to take on more risk. The Club's approach to asset allocation and strategy diversification proves otherwise.

It all starts with our unique Pillars of Wealth system.

By following our first Pillar of Wealth – the Oxford Wealth Pyramid – you can customize your strategy allocation based on your own risk tolerance – you can dig in your toolbox and pull out the very best tool for the job. You can take advantage of Unique Market Circumstances without worrying about taking on any unnecessary risk.

And even more important, you are free to break from the traditional time constraints of investing. You're free to take advantage of short-term opportunities without risking your core wealth.

For example, history has proven that some of the most lucrative investments are in the realm of private equity. In fact, the track record for Yale's private equity investments has been nothing short of spectacular. From 1973 to 2006, Yale achieved an annual return of 30.6%. That's nearly 10 times the annual return the average investor earned in the stock market. And Peter Thiel turned his 2004 $500,000 Facebook investment into more than $1 billion by 2012.

But the problem most investors run into is time. After all, Yale's endowment has an investing horizon that stretches into perpetuity. Following a traditional portfolio strategy, most investors don't think they have time to wait the decade or longer that it takes most private equity deals to mature. It's not the money they fear losing... it's the time.

The big payout could come, but it could very well come too late.

That's where our Pyramid is unique. By building on a sturdy core portfolio, it allows investors to virtually remove the risk associated with time. It does this by relying on a variety of diversified strategies with an array of time horizons. Some offer short gains with higher risk. Others offer short-term gains with virtually no risk. Or you could invest for the long term with high risk and high reward... or just the opposite – invest quite conservatively for the long haul.

Remember, the backbone of the Club's Pyramid strategy is that the idea of diversification goes far beyond simply spreading your assets amongst many different classes. Instead, you must diversify your strategies and your time horizon.

Done well, a 30-year-old investor and an 80-year-old investor can have the same sorts of annual returns... and an ultra-low amount of risk.

Here's how you get started...

Build Your Foundation With Your Core Portfolio

The strongest structures employ the strongest foundations. Our Wealth Pyramid is no different. Before you move higher in the Pyramid, you must have a solid ***Core Portfolio***. It's the traditional, long-term well-diversified portfolio that allows you to safely take advantage of other strategies.

The best and most effective, low-cost, low-maintenance asset allocated core portfolio (or foundation) we've ever seen is the Club's Gone Fishin' Portfolio by Alexander Green.

The portfolio, which is tracked within *The Oxford Communiqué*, is our model of the ideal core portfolio.

Alex recommends a simple, "set it and forget it" allocation of Vanguard ETFs to hold for the long-term.

The funds within the portfolio represent a proven asset diversification model.

The strategy is designed to help you conserve your assets, build your wealth and reach your long-term financial goals by beating inflation and generating above-average returns with below-average risk.

It has done this in spades. In fact, $100,000 invested at inception in 2003 – with dividends reinvested and the portfolio rebalanced on the last day of each year – would have turned into $309,916 by the end of 2014. The same amount invested in the S&P 500 with dividends reinvested would have turned into $274,257.

The magic of this strategy is that through rebalancing, you will always sell assets that have grown more expensive and you will buy into a sector that is cheap. Using Vanguard ETFs, this is a very low fee strategy. And by putting the income-generating portion of the allocation into tax-deferred structures like an IRA, you tax manage (Pillar 4) your portfolio as well for the ultimate compounding power.

Typical Holding Period: Indefinite
Annualized Return Goal: 7% to 12%

Blue Chip Outperformers

Once you've secured your core portfolio and are ready to move higher in the Pyramid, it's time to focus on Blue Chip Outperformers. Note that moving toward the Pyramid's pinnacle has more to do with focus and strength than risk. You must build from the ground up. The Pyramid represents a hierarchy of where you should focus your assets for overall portfolio performance. But exactly where you are on the Pyramid depends on several factors, most notably your own time horizon, your risk tolerance and the size of your portfolio.

Blue Chip Outperformers are stocks that are still quite conservative, but now we're starting to take advantage of Unique Market Circumstances. With this strategy, we're looking to take advantage of large, relatively safe stocks that are likely to outperform their peers. For example, why buy Ford when Toyota is stronger?

The Trading Portfolio within *The Oxford Communiqué* and all three portfolios within Marc Lichtenfeld's *The Oxford Income Letter* are designed to fulfill this important piece of the Pyramid.

Typical Holding Period: 1-3 Years
Annualized Return Goal: 12% to 50%

Targeted Sectors

The first two layers of the Pyramid are proven risk reducers. With them acting as a balance, it's time to focus on returns. This is where we dig deeper into Unique Market Circumstances. The ***Targeted Sector*** portion of the Pyramid allows us to take advantage of intermediate-term profit opportunities.

In any given period, one sector stands above the rest. In the 1990s it was technology. Sometimes it's currencies. Or even precious metals. When a bull grabs a sector and runs, the charge can last years. Most recently, it was the energy and resources sectors. Countless millionaires were made thanks to America's continuing energy boom, which is why we created *Advanced Energy Strategist* and *Oxford Resource Explorer*. They perfectly fit the Targeted Sector portion of our Pyramid.

Typical Holding Period: 2-10 Years
Annualized Return Goal: 20% to 200%

Targeted Short-Term Trading

As your portfolio of strategies matures, the Unique Market Circumstances you target become more and more focused. That's why the next level of our Pyramid is aimed specifically at ***Targeted Short-Term Trading***.

Because this is the part of the Pyramid where our research shows diversification is most critical, The Oxford Club has numerous VIP Trading Services that offer exposure to many different types of Unique Market Circumstances. Here's the list of services (delineated by average holding period) and the specific opportunities they target.

Ultra-Short Term (Less than 4 months):

- ***The Insider Alert:*** Nobody knows more about a company than the corporate insiders that run it. That's why Alexander Green's *Insider Alert* has been so successful. It uses the market's most honest indicator to uncover Unique Market Circumstances.

- ***The Momentum Alert:*** Newton's first law is simple... something in motion stays in motion. It's true in the science lab and on Wall Street. Stocks that are moving higher tend to keep moving higher. As you work to diversify your trading strategies, Alexander Green's popular fundamentals-focused trading service is an effective way to target low-volatility stocks that are in the midst of a strong run higher.

- ***The VIPER Alert:*** *The VIPER Alert* is a unique trading service designed to target stocks that are coiled to surge to new highs. At the heart of the system is the VIPER Score and a proprietary ratio created by Matthew Carr to find stocks with the biggest potential and best probability for huge short-term gains. Over the last 10 years, the system behind *The VIPER Alert* returned a total gain of 892% versus a total return on the Russell 2000 of 131%.

Short Term (Between 4 and 9 months):

- ***Prime System Trader:*** Most investors think the calendar runs from January to December. The truth is there are many "calendars" hidden within the stock market. For example, brewers, car makers, retailers and even refiners see their sales spike during certain parts of the year. Matthew Carr takes advantage of the trend... and tells his followers to only invest during the "Prime" part of the year.
- ***The True Value Alert:*** If you are a disciple of Benjamin Graham or Warren Buffett, you'll be a fan of this popular trading service. It uses corporate balance sheets to uncover the most undervalued stocks on the market.
- ***Lightning Trend Trader:*** At the heart of every Unique Market Circumstance is a catalyst... a one-time event that set everything in motion. This trading service focuses on uncovering those catalysts and investing precisely when they strike. Most often, the service focuses on the fast-moving biotech sector, but if the circumstances are right, no sector is off limits.
- ***Oxford Systems Trader:*** If you've paid attention so far, you may have noticed something. Almost all of the categories within the Pyramid require some sort of human input. Unfortunately, humans aren't always right. Sometimes we need to rely on a computer to spot the trends and opportunities hidden within the stock market. That's why we designed *Oxford Systems Trader*. It uses supercomputer technology to uncover stocks that meet a set of unique variables that, in a 10-year back test, beat the S&P 500 by an incredible 1,568%.

Annualized Return Goal: 50%-1,000%+

Short-Term Conservative Income

Next, we get to what is perhaps the most controversial and certainly the least understood level of the Pyramid. Most investors are taught that income-producing assets are long-term propositions. It's simply not true.

Oxford Bond Advantage targets the vital interest rate sector. But it does it in an entirely unique way.

In the current ultra-low-interest-rate environment, it debunks the myth that corporate bonds are solely for long-term traders looking to preserve wealth. Steve McDonald's service takes a traditional bond strategy and turns it on its head. He focuses almost exclusively on short-term opportunities in the bond market that often produce annualized yields over 20%.

Typical Holding Period: 1-3 Years
Annualized Return Goal: 12% to 30%

Early-Stage Investing

Most investors assume private market investments are inherently risky. But with proper diversification and strategy, they can add unmatched long-term potential to a portfolio. And with the rise of "equity crowdfunding," investors can now put as little as $1,000 in promising tech startups. And they can do it all online with a few clicks. These investments are often made alongside top venture capitalists.

The rise of equity crowdfunding has also opened up access to late-stage "pre-IPO" investments in promising tech companies. With large growth companies waiting longer and longer to IPO, these investments offer access to companies while they are still in their "peak growth" phase.

While The Oxford Club does not specifically offer private investment services, we have partnered with our friends at EarlyInvesting.com to bring private investment opportunities to our Members who qualify as accredited investors. [Note: The SEC is currently finalizing rules that will allow every American to invest in private startup companies. They are expected to go live in 2016.]

Typical Holding Period: 3-10 years
Annualized Return Goal: 50%-5,000%

How to Use the Ideal Strategy Curve

Where does your portfolio lie on the Ideal Strategy Curve? It's a vital question that every Member must answer for themselves. Fortunately, there is no right or wrong answer. Your ideal mix of strategies depends on two criteria – your time horizon and your unique financial goals.

We certainly can't address every Member's unique circumstance, but we can offer a trio of scenarios that offer an enlightening view of the Pyramid at work.

Each of the scenarios below represents what we believe are categorical extremes. In other words, it's quite likely they won't exactly match your financial situation, but they will offer enough perspective for you to decide which strategy mix is best for you.

Investor A (Bob C.):

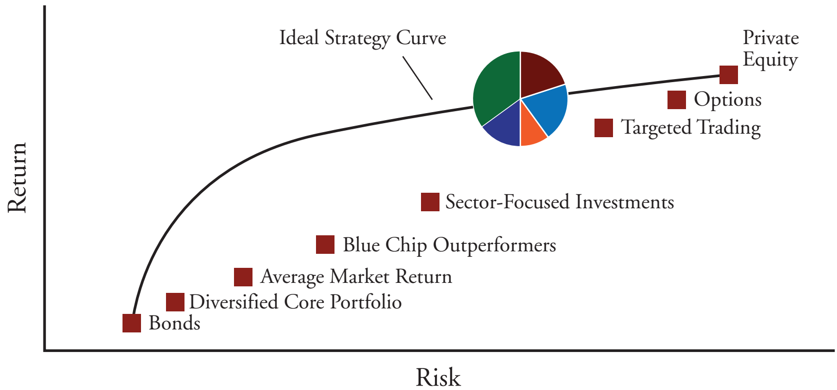
Investor Age: 55
Income Status: Working, $75,000 annual income
Current Investable Assets: $175,000
Financial Goal: Retire at age 65 with $1 million in investable assets

Bob is typical investor. He works hard, has a steady job but, by investing primarily in his 401(k) program, is struggling with mediocrity. Over the last 20 years, his portfolio has grown an average of just 4% annually (doing slightly better than the average American).

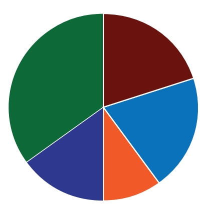
But he wants to retire in 10 years with a million-dollar portfolio. It's an aggressive goal, but with the right mix of strategies is quite obtainable without taking on undue risk.

To reach that goal without investing another penny of his annual income, he needs to earn 19.4% annually (see note below). That means he needs to target more aggressive strategies.

Visually, here's where his portfolio of strategies sits on the Ideal Strategy Curve:



Zooming in on his Strategy Allocation, we see this breakdown:



Core Portfolio **20%**
Targeted Sectors **20%**
Short-Term Income **10%**
Blue Chip Outperformers **15%**
Short-Term Trading **35%**
Early Stage Investing **0%**

** Does not qualify as an Accredited Investor*

Expected annual return: 19.4%
Risk profile: Moderate to high

***Note:** Again, these are extreme cases. By investing a portion of his annual income, the investor could significantly lower his annual return requirements and reduce his risk.

Investor B (John T.):

Investor Age: 55
Income Status: Retired, no employment income
Current Investable Assets: $2 Million
Financial Goal: $100,000 in income for life, leaving $1 million to each of his two children

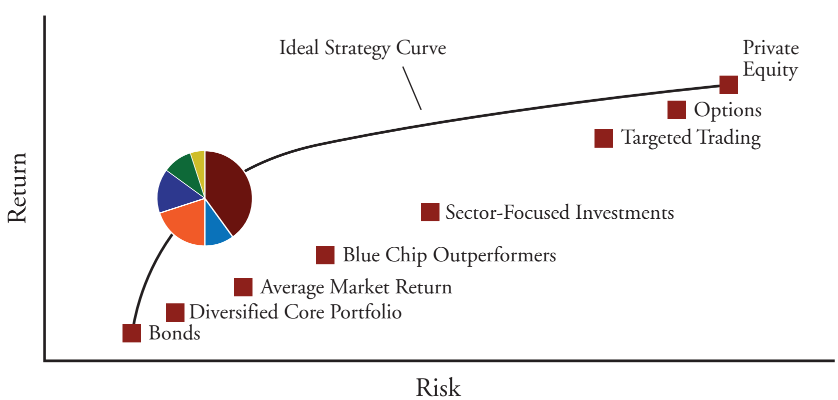
John is in an enviable position. He worked hard to start a small business (just him and his wife) nearly two decades ago. He made plenty of profits along the way, but was too timid to invest in the stock market.

Instead, he owns a considerable amount of real estate near his home. He's not willing to sell the land (he hunts it with his two sons), but instead wants to invest the proceeds from selling his business last year ($2 million).

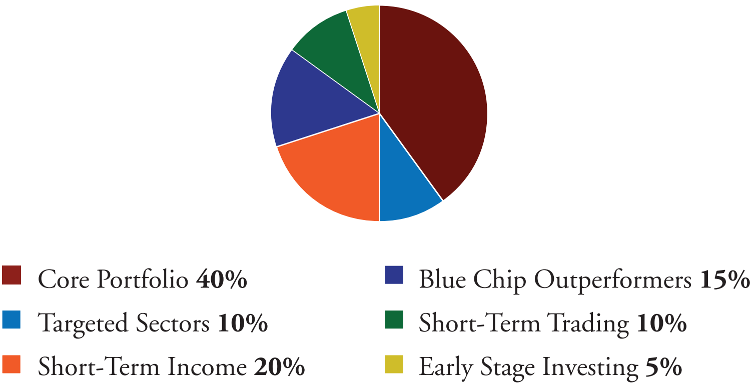
His goal is to live well in retirement ($100,000 annual income) and hand at least a million dollars to each of his children when he dies... the more, the better.

Of our three examples, John – an accredited investor – has the most conservative strategy allocation. In order to reach his goal of a minimum of $100,000 in investment income and a stable portfolio, his investments need to yield an average of at least 5% per year.

Here's where his portfolio of strategies lies on the Ideal Strategy Curve:



And here's his Ideal Strategy Allocation.



Expected annual return: 5%
Risk profile: Low

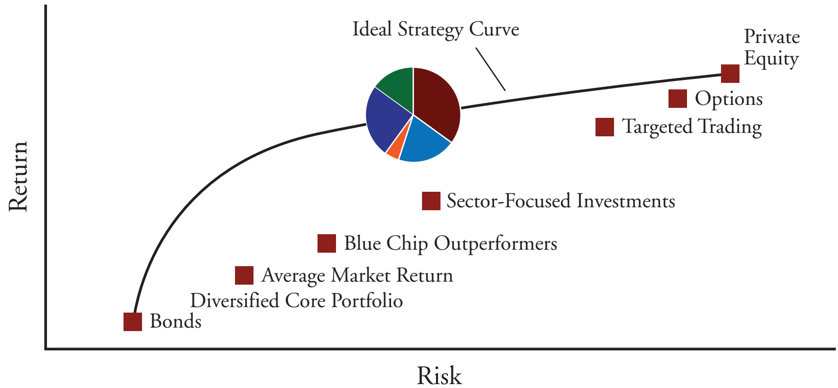
Investor C (Sharon C.):

Investor Age: 40
Income Status: Working, $70,000 annual income
Current Investable Assets: $25,000
Financial Goal: Retire at age 65 with $1 million in investable assets

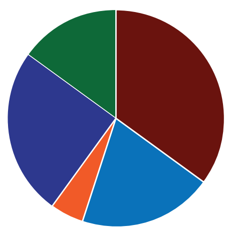
Sharon is getting serious about making money. She just re-entered the working world after her youngest daughter started elementary school. She and her husband, Leonard, don't earn much (he's a pastor, she has a clerical job), but are eager to retire as millionaires. Leonard admits he doesn't know much about investing and doesn't have the will or the time to learn. Sharon, on the other hand, is quite eager. She knows the basics and is eager to apply her knowledge.

With the value of time on their side, their Ideal Strategy Allocation is more conservative than many would expect. After all, if they merely invest $4,000 (or 5%) of their annual income and earn an average of 14% per year, their $25,000 will grow to over $1 million by the time they retire. By taking advantage of the Oxford Wealth Pyramid, their goal is quite obtainable. They will crush mediocrity.

Here's where their portfolio of strategies lies on the Ideal Strategy Curve:



Zooming in, here's their Ideal Strategy Allocation:



- Core Portfolio **35%**
- Blue Chip Outperformers **25%**
- Targeted Sectors **20%**
- Short-Term Trading **15%**
- Short-Term Income **5%**
- Early Stage Investing **0%**

** Does not qualify as an Accredited Investor*

Expected annual return: 14%
Risk Profile: Moderate

Strategy Allocation and The Oxford Club

Want to know exactly how to use the Club's Products and Services to fulfill your strategy diversification model? Here's a quick, simple list:

- **Core Portfolio**: Gone Fishin' Portfolio
- **Blue Chip Outperformers**: *The Oxford Communiqué*'s Trading Portfolio as well as the three portfolios within *The Oxford Income Letter*
- **Targeted Sectors**: *Oxford Resource Explorer* and *Advanced Energy Strategist*
- **Short-Term Trading**:
    1. **Ultra-Short Term**: *The Insider Alert*, *The Momentum Alert*, *The VIPER Alert*
    2. **Short Term**: *The True Value Alert*, *Lightning Trend Trader*, *Prime System Trader*, *Oxford Systems Trader*
- **Conservative Income**: *Oxford Bond Advantage*
- **Early-Stage Investing**: The Oxford Club recommends any of the products and services from our friends at EarlyInvesting.com.

References
[1] C. Asness, A. Frazzini, R. Israel and T. Moskowitz, "Fact, Fiction and Momentum Investing," 2014.
[2] D. Geman, H. Geman and N. Taleb, "Tail Risk Constraints and Maximum Entropy," 2014.