

Page of Micronesia - FSM

Asset Allocation Analysis

Total Value - \$3,600,000

Asset Allocation	Current Portfolio		Scenario 1		Scenario 2		Scenario 3		Scenario 4	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Equity Allocations										
U.S. Large Stocks	-	0.0%	180,000	5.0%	720,000	20.0%	1,260,000	35.0%	1,080,000	30%
International Stocks	-	0.0%	180,000	5.0%	360,000	10.0%	540,000	15.0%	1,080,000	30%
U.S. Interim Bonds	-	0.0%	2,160,000	60.0%	1,800,000	50.0%	1,440,000	40.0%	720,000	20%
Cash	3,600,000	100.0%	1,080,000	30.0%	720,000	20.0%	360,000	10.0%	720,000	20%
Fixed Income Allocations										
Equities	-	0.0%	360,000	10.0%	1,080,000	30.0%	1,800,000	50.0%	2,160,000	60%
Fixed Income	-	0.0%	2,160,000	60.0%	1,800,000	50.0%	1,440,000	40.0%	720,000	20%
Cash Equivalent	3,600,000	100.0%	1,080,000	30.0%	720,000	20.0%	360,000	10.0%	720,000	20%
Portfolio Statistics:										
Expected Return (Annualized)										
One Year		2.3%		3.9%		5.3%		6.8%		7.4%
Time Horizon		2.3%		3.8%		5.2%		6.6%		7.1%
Best Case Return (Annualized)										
One Year		3.2%		9.5%		14.5%		21.2%		24.9%
Time Horizon		2.7%		6.3%		9.3%		12.9%		14.7%
Worst Case Return (Annualized)										
One Year		1.4%		-1.5%		-3.3%		-6.4%		-8.3%
Time Horizon		1.9%		1.4%		1.3%		0.6%		-0.1%
Probability of Negative Return										
One Year		0.0%		8.2%		12.0%		16.9%		19.5%
Time Horizon		0.0%		0.1%		0.4%		1.6%		2.7%

Portfolio Comparisons:

Current Case Value	Current Portfolio		Scenario 1		Scenario 2		Scenario 3		Scenario 4	
	Amount	Difference	Amount	Difference	Amount	Difference	Amount	Difference	Amount	Difference
Year One	3,715,363	-	3,941,714	226,351	4,123,324	407,961	4,363,626	648,263	4,497,089	781,726
Year Three	3,913,323	-	4,418,508	505,185	4,857,637	944,314	5,442,925	1,529,602	5,768,497	1,855,174
Year Five	4,113,556	-	4,893,497	779,941	5,613,085	1,499,529	6,592,182	2,478,626	7,143,061	3,029,505
Year Ten	4,646,423	-	6,205,791	1,559,368	7,831,491	3,185,068	10,192,963	5,546,540	11,575,129	6,928,706
Year Twenty	5,899,900	-	9,697,702	3,797,802	14,559,339	8,659,439	22,720,440	16,820,540	27,950,066	22,050,166

Expected Value

Year One	3,682,800	-	3,739,680	56,880	3,791,520	108,720	3,843,360	160,560	3,864,960	182,160
Year Three	3,854,079	-	4,032,562	178,483	4,197,798	343,719	4,361,574	507,495	4,427,192	573,113
Year Five	4,033,324	-	4,348,381	315,057	4,647,611	614,287	4,949,660	916,336	5,071,211	1,037,887
Year Ten	4,518,761	-	5,250,419	731,658	5,994,462	1,475,701	6,790,563	2,271,802	7,121,477	2,602,716
Year Twenty	5,671,942	-	7,654,674	1,982,732	9,972,204	4,300,262	12,781,054	7,109,112	14,043,872	8,371,930

Worst Case Value

Year One	3,650,448	-	3,545,410	(105,038)	3,479,892	(170,556)	3,370,464	(279,984)	3,301,087	(349,361)
Year Three	3,795,655	-	3,677,639	(118,016)	3,620,800	(174,855)	3,479,920	(315,735)	3,376,699	(418,956)
Year Five	3,954,577	-	3,861,166	(93,411)	3,841,000	(113,577)	3,700,297	(254,280)	3,577,976	(376,601)
Year Ten	4,394,517	-	4,438,881	44,364	4,579,758	185,241	4,504,289	109,772	4,354,243	(40,274)
Year Twenty	5,452,681	-	6,037,641	584,960	6,817,532	1,364,851	7,158,657	1,705,976	7,012,762	1,560,081