

Changes to Model Shadow Stock Portfolio Announced



As we discuss below, several stocks are being added to and deleted from the Model Shadow Stock Portfolio. In addition, the buy and sell rules are being modified.

The Model Fund Portfolio was up for the month by 0.2%, while the Model Shadow Stock Portfolio, which invests in micro-cap value stocks, was down 3.3%.

The Model Shadow Stock Portfolio's 3.3% decline for May atypically trails both of its comparison benchmarks: The Vanguard Small Cap Index fund (NAESX) gained 2.0% and the DFA US Micro Cap Index fund (DFSCX) gained 1.4% in May. Year to date, the Shadow Stock Portfolio has gained 1.2%, while NAESX is up 5.0% and DFSCX is up 2.5% over the same time period. Since its inception in 1993, the Model Shadow Stock Portfolio has a compound annual average return of 16.7%, while the Vanguard Total Stock Market Index fund (VTSMX) has gained 9.4% annually over the same period.

The Model Fund Portfolio's 0.2% gain in May compared to a 1.4% increase for the Vanguard Total Stock Market Index fund. Since its inception in June of 2003, the Model Fund Portfolio has a compound annual average return of 9.2%, slightly below the Vanguard Total Stock Market Index fund over the same time period, which gained 9.5%.

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