

No Changes This Month to AAI Model Portfolios

The October AAI Model Portfolio Update is [now available online](#).

“October: This is one of the particularly dangerous months to invest in stocks. Other dangerous months are July, January, September, April, November, May, March, June, December, August and February.”—Mark Twain

It is difficult to think that October could be any worse for investors after a market correction that saw the S&P 500 index decline over 12% from its high of 2134.72, which was reached on May 20, 2015. The Vanguard 500 Index fund (**VFINX**) declined 2.5% during September and is now down 5.4% year-to-date. Smaller companies, as represented by the Vanguard Small Cap index fund (**NAESX**), witnessed even weaker performance during the month; the fund was down 4.5% during September and is down by 6.7% year-to-date.

The Model Fund Portfolio declined by 4.0% in September, while the Model Shadow Stock Portfolio, which invests in micro-cap value stocks, was down 6.8%. Fortunately, the market has bounced back from its low, which was hit on September 29, 2015.

The Model Shadow Stock portfolio only had seven out of 30 stocks up for the month. Year-to-date the Model Shadow Stock Portfolio has declined 15.5%, while the Vanguard Small Cap Index fund is down 6.7% and the DFA U.S. Micro Cap Index fund (**DFSCX**) is down 7.0%.

Since its inception in 1993, the Model Shadow Stock Portfolio has a compound annual average return of 15.6%, while the Vanguard 500 Index fund has gained 8.7%.

The Model Fund Portfolio's 4.0% decline in September compares to a 2.5% decrease for the Vanguard S&P 500 Index fund. Since its inception in June of 2003, the Model Fund Portfolio has a compound annual average return of 7.9%, just ahead of the 7.8% return of VFINX over the same time period.

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