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**Beat CDs & Savings Accounts with this
Conservative Antifragile
Bond ETF Strategy**

an excerpt from

***The Smart Investor's Guide to Bucket Investing:
A Low-Risk Approach to Building Wealth
and Preserving Capital***

by RICHARD WARNER

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The model portfolios and ideas discussed in the PDF provide general guidance for understanding key issues in personal investing. There is no guarantee that the model portfolios mentioned are the best match for your individual financial situation.

Past performance of funds, benchmark indices, and models discussed in the PDF does not guarantee future results. Investing involves risk. The author encourages readers to conduct their own due diligence before investing, utilizing concepts outlined in this book and other relevant sources.

Beat CDs & Savings Accounts with this Conservative "Antifragile" Bond ETF Strategy

As part of the **SmartInvestorModels YouTube Channel Video Series**

1. The Problem: The Liquidity Dilemma

Most investors have two competing needs:

- **Immediate Expenses (Bucket A):** You need cash for unexpected events (car repairs, medical bills) or short-term goals (tuition, down payments) within a 2-year window.
- **The Yield Trap:** Keeping this money in a standard savings account loses purchasing power to inflation, but putting it in the Stock Market is too risky (recovery from crashes like 1929 or 2008 can take decades).

2. The Solution: The "Antifragile" Approach

Inspired by Nassim Taleb (author of *The Black Swan*), the "Antifragile" investor uses a **Barbell Strategy**:

- **90% Safe Capital:** Allocated to ultra-safe, short-term assets that preserve capital (Bond ETFs).
- **10% Aggressive Growth:** Allocated to high-risk/high-reward ventures (Small caps, VC, Options).
- *Note:* Avoid the "mushy middle." By keeping the bulk of your money safe, you survive market volatility while the small aggressive portion captures the upside.

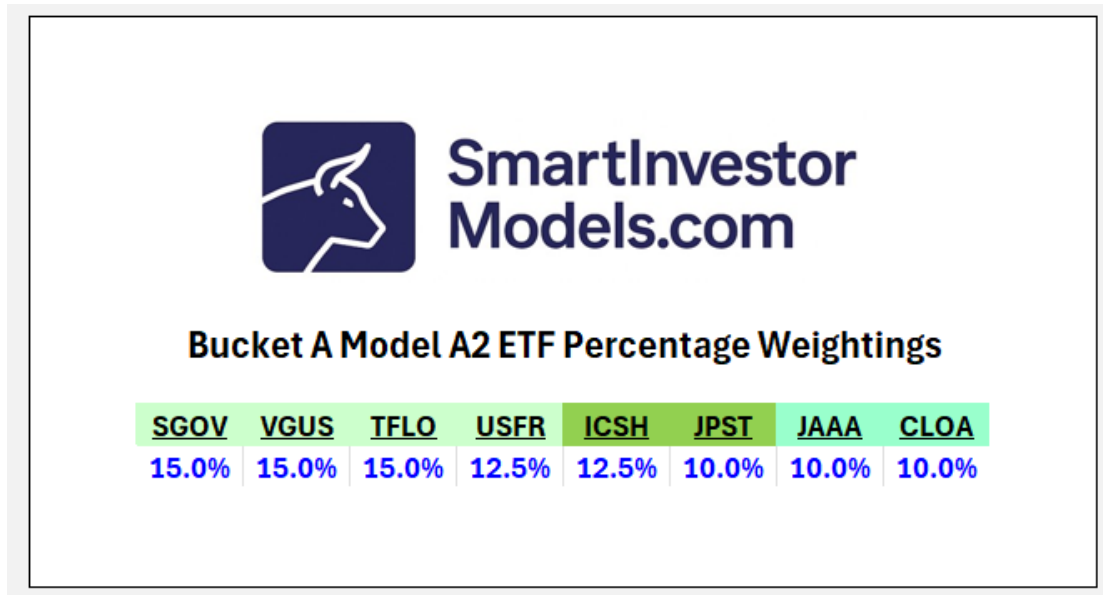
3. Why Short-Term Bond ETFs?

Instead of using CDs or Money Markets, we use Short-Term Investment Grade Bond ETFs.

- **Safety:** The Bond market (\$141 Trillion) is larger and often safer than the Stock market.
- **Lower Risk:** Short-term Bond ETFs historically have ~1/20th the volatility risk of the S&P 500.
- **Performance:** Historical backtesting (1980s–Present) shows short-term bond portfolios significantly outperforming Money Market accounts and T-Bills over time.

4. The "Model A2" Portfolio Reveal

A "Money Market on Steroids" strategy designed to beat cash yields safely.



The Core Components:

- **Treasury Bill ETFs (~15% Allocation)**
 - *Tickers:* **SGOV, TFLO, USFR**
 - *Role:* The bedrock of safety. Ultra-short duration government debt.
- **AAA CLOs (~20% Allocation)**
 - *Ticker:* **JAAA** (Janus Henderson AAA CLO ETF)
 - *Role:* "Turbo Yield." These are Collateralized Loan Obligations rated AAA. They offer higher yields than standard Treasuries with very low historical default risk.
- **Actively Managed Short-Term Income (~22% Allocation)**
 - *Role:* A mix of Investment Grade Corporate Bonds and Commercial Paper to capture yield premiums over government debt.

5. How to Implement Bucket A Model A2

1. **Open up a taxable brokerage account** at Fidelity, Schwab or Interactive Brokers.

Of the aforementioned brokers, I **highly recommend Fidelity** for its user-friendly platform, accessibility to ETFs, excellent customer service, credibility, excellent tax reporting, and Cash Management Account (CMA). Fidelity's CMA is exceptional for integrating brokerage accounts with checking account features. Transferring cash between accounts as well to other checking accounts online is a breeze.


I also recommend that you set up a **marginable** taxable account if possible, as this makes rebalancing trades much easier (you'll avoid insufficient funds warnings and trading activity freezes simply because trades take 1 day to settle). Don't worry, you won't be using any leverage (buying on margin) – this is only for better trade execution efficiency.

2. **Give your account a nickname.** Hypothetically, and for illustrative purposes, let's say that Fidelity assigns this number to your account: Z45698732. You should now rename this account to whatever you name you want. To change the "nickname" of any and/or all accounts at Fidelity:
 - a) Log in to your Fidelity account
 - b) At the very top right of the page, click on Profile/Settings and More/Preferences/Nickname Your Accounts
 - c) A list of all your accounts will appear. Click on each account to change its nickname

For the conservative Bucket A Model A2, nicknames like "Short-term Expense Bucket A," "Emergency Fund," or "Rainy Day Fund" come to mind. But you can name this account whatever you like.

3. **Calculate the dollar weightings to each of the 8 bond ETFs** (use the Bucket A Model A2 table percentages from point 4 above as a guide) based on the account value of the account.

Example: Say you have \$9152 in the account. You will then multiple \$9152 by the suggested percentage weightings for each ETF. Referring to the table again,



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Bucket A Model A2 ETF Percentage Weightings

SGOV	VGUS	TFLO	USFR	ICSH	JPST	JAAA	CLOA
15.0%	15.0%	15.0%	12.5%	12.5%	10.0%	10.0%	10.0%

in this example, for the dollar values allocated to SGOV, VGUS, and TFLO, you will multiply \$9152 by 15%. That gives you \$1,372.80 to allocate to these ETFs. On the Fidelity

trading platform, once you know the dollar values for each ETF, it will automatically calculate the exact number of shares to buy. Double-check the trade settings before you click on the trade execution button. Make sure that the dollar value of the trade is accurate (based on the suggested percentage weightings for each bond ETF, that you are buying the intended ETF (double-check the ticker), that it's a market order, and that it is to be executed during the day session. Next, click the submit button to execute the trade.

Follow the same procedure for each of the bond ETFs in the Model A2 portfolio.

If you'd like a little help calculating the dollar values for each ETF, I produced a Rebalance Spreadsheet for every model discussed in my bucket investing book.

Rebalance Spreadsheet

Bucket A Model Dollar Allocations:

Model	SGOV	VGUS	TBIL	TFLO	USFR	ICSH	JPST	JAAA	CLOA	Total
A1	\$4,648	\$5,070	\$4,436	\$7,077	\$7,077	\$6,971	\$6,971			\$42,250
A2	\$3,803	\$4,225	\$2,535	\$5,281	\$5,281	\$8,450	\$8,450	\$2,113	\$2,113	\$42,250
A3	\$2,958	\$3,360	\$2,113	\$4,225	\$4,225	\$6,338	\$6,338	\$6,338	\$6,338	\$42,250

Bucket A Allocations by # Shares:

Model	SGOV	VGUS	TBIL	TFLO	USFR	ICSH	JPST	JAAA	CLOA	Total
A1	46	67	89	140	140	138	138			758
A2	38	56	51	104	105	167	167	42	41	771
A3	29	45	42	84	84	125	125	125	122	781

Bucket A ETF Most Recent Prices:

Bucket A tickers	Data Link	Last Price
SGOV	1mth Tis Bd	\$100.49
VGUS	1mShort Ties	\$75.38
TBIL	3 Month B	\$49.90
TFLO	Rate Bond	\$50.54
USFR	1t Rate Tis	\$50.40
ICSH	SD Bd Act	\$60.55
JPST	1a-Short In	\$50.51
JAAA	1MA CLO	\$50.66
CLOA	1o AAA CLO	\$51.84

Use this spreadsheet to determine dollar size and share size allocations for all the ETF models discussed in Rich Warner's book on bucket investing. You must buy the eBook on Amazon before you can access the models.

Click on the button below to buy your copy now.

[Here is the link](#) to purchase Rich Warner's *Bucket Investing* book.

But if you can do some basic math using a calculator and a notebook, you can easily calculate the dollar values for each bond ETF yourself. If you get stuck, you can reach me via the contact page on the SmartInvestorModels.com website or via comments on the SmartInvestorModels YouTube channel.

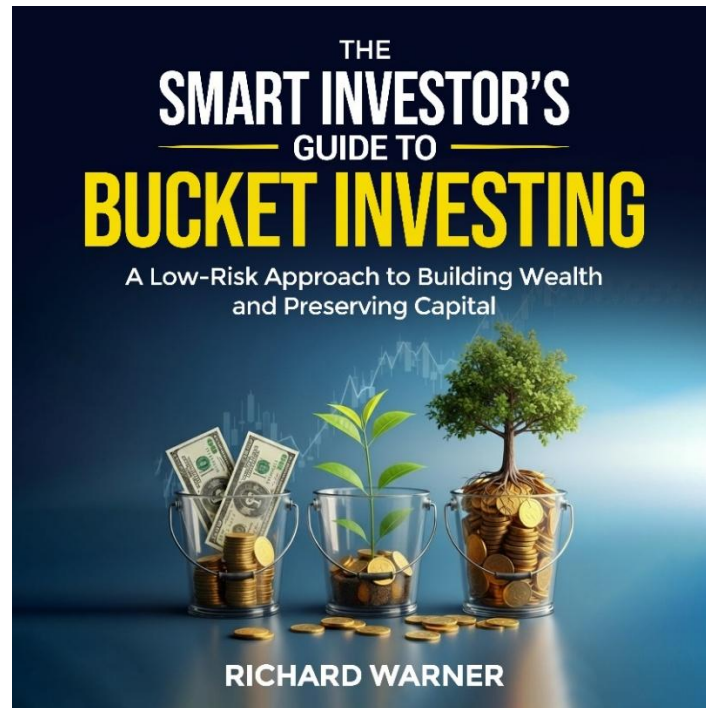
6. Key Takeaways

1. **Stop timing the stock market** with money you need in the next 2 years.
2. **Use specific Bond ETFs** (like JAAA and SGOV) to generate "Safe Yield" that beats your bank.
3. **Implement Bucket Investing:** Segment your money by time. Use **Bucket A** (this strategy) for immediate needs, and **Bucket C** for long-term retirement growth.

Resources & Next Steps

- **Get the Book:** *[The Smart Investor's Guide to Bucket Investing](#)* (Available on Amazon in eBook, Paperback, and AudioBook formats).
- **Join the Course:** Sign up at SmartInvestorModels.com for the full "Antifragile Investor" course and rebalancing spreadsheets.
- **Watch the YouTube Video:** <https://www.youtube.com/watch?v=qdkGNHroLZA>

I hope you enjoyed reading this excerpt from Rich Warner's book *The Smart Investor's Guide to Bucket Investing: A Low-Risk Approach to Building Wealth and Preserving Capital*. If you found value in reading this PDF, consider purchasing the book in its entirety.



The book is available in eBook, paperback, and audiobook format on Amazon by [clicking on this link](#).

If you should purchase a copy of the book, would you kindly leave a short review on the platform where you purchased this book? Even a few words can make a big difference in helping others discover it.

Getting your feedback is incredibly valuable. Your feedback helps me improve and create more resources you'll love. It'll help me make additions and revisions and help spread the word to other investors. If you have a moment, I would be so grateful if you could share your thoughts.

With gratitude,

Rich Warner

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