



7 Investment Insights for 2022

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7 Key Investment Insights

An Introduction

At some point in my life, I finally started to learn what this old proverb means:

“It takes a wise man to learn from his mistakes, but an even wiser man will learn from the mistakes of others.”

The importance of this concept cannot be overstated when it comes to investments. After all these investments usually represent the fruits of decades of hard work, blood, sweat and tears to accumulate. I always tell my clients if they want to mess something up and learn from their own mistakes, it is better to try remodeling the spare bathroom where only a few thousand dollars are at stake. When it comes to a nest egg where the expense could be great and the consequences dire, it is smart to seek counsel.

This report will share insights from some of the best investors of our time. Rather than reinventing the wheel, I will be drawing on a wealth of knowledge accumulated from some of the best investors over the last two decades. Some of my own insight and experience will also be shared. I believe this report will bring more financial wellness to your life. Others who have read this have shared they have gained far more from this report than from the many financial seminars I used to do. In a report I have the opportunity to share more detail. Whereas in a financial seminar there is a limited amount of time to share. Take advantage of the opportunity!

If you have spent time hunting or hiking in the beautiful rainforests of the Pacific Northwest, you may have seen the grandfather tree. This tree is pictured on the front page of this report. This large tree provides nutrients for saplings to sprout from the old fallen tree. This old tree is a great metaphor for the role of a good financial advisor. A good advisor is there to lay a foundation that leads to new growth.

This report is not intended to be specific investment advice for your situation. As always, I would remind readers that everyone's financial situation is unique and different, so it's essential to have your financial plan and work with a professional financial investment planner before attempting to implement any investment concepts or ideas.

These insights represent a snapshot of some of my core investment philosophies and beliefs as an advisor. Some of you may see this as a long and tedious report, but I hope not. For the most part I've spared you from a bunch of complicated market analysis or worse, math (for those of you who hate it, hahaha)! What I am sharing are things that I know from experience you as individual investors are curious about, and often advisors will not share the inside story with you. This report will give you a peek into the inside, on things you haven't been able to get answers for, as much as possible.

Come along with me!

Invest in the future not the past

If we were going back in time perhaps the opposite would be true, but we are obviously moving into the future whether we like it or not. People who do best in life seem to understand this concept. Some call it "rolling with the punches", being flexible, or "embracing change." Whatever the case, good investors look ahead rather than backwards. This is an important concept one of my investment mentors taught me personally. It is important to make financial decisions looking through the windshield, and not through the rearview mirror. My mentor used to say, "there's a reason the windshield is so much bigger than that tiny rearview mirror." Perhaps "Uncle Bob's" investment advice should probably stay in the context of the 1990s where it belongs. What worked in the past may not, and often doesn't necessarily apply to the future.

Matt McCall is the founder and president of Penn Financial Group, an investment advisory firm ⁽¹⁾. The company provides investment advice, proprietary research, and financial newsletters. Matt is also a Fox News Contributor and co-host of "Making Money with Charles Payne", a daily show that used to be on Fox Business Network. Matt's public speaking began in 2002 when he traveled across the country providing investment and personal finance seminars to thousands of individual investors. He is now a sought-after expert on personal finance, investments, and the global economy. Matt has over 1000 television appearances under his belt. His podcast, Moneyline, has 149 episodes.

I would consider Matt one of my favorite mentors. He's someone I've followed closely listening to his take on finance and investing over the years. And yes, I've hired him as an expert at times for additional counsel. He has served me very well. Here's a pro tip and extra insight; good advisors hire their own advisors and learn from mentors because it can be so valuable. I'm fortunate to have quite a few mentors in my life, many of them in the financial industry. I wouldn't want to be doing what I do without

them.

This last year I even hired a life coach, which has paid off in spades. She has given inspiration and challenge while also providing the practical knowledge necessary to take that next step in my life and career. And she's become one of my biggest fans as well as a mentor. Having counselors is "pretty cool" as one of my old pastor friends used to put it. This is a "pretty cool" statement coming from an 80-year-old man I admire. When I was younger, I would not have considered paying for a mentor or an advisor, but like the late great Jim Rohn used to say, "It's all risky. If you think investing is risky, wait until you get the tab for not investing." I think about that regarding mentors and advisors as well as investing. The tab for not having them would be much more expensive for sure. But I digress...

Now if I've heard Matt McCall say it once, I've heard him say it a thousand times- "invest in the future, not the past". He will point out how you don't want to invest in the stocks of yesteryear, but you want to find the investments of tomorrow! Matt also often says that if you can't handle being in the market, just don't invest. I believe he says this to get his point across. But this is also why it's so important for people to have someone to advise and guide them into an investment plan that allows the right amount of risk and security while also optimizing their portfolio. Of course, there are still ways to make money without taking the kind of risk that makes people uncomfortable. That's where a financial guidance counselor can provide an invaluable service.

While individual stocks are certainly part of this conversation, many lesser-known alternative ways of investing are coming on the scene today. Some of these provide excellent opportunities that many investors don't know exist. The idea of just accepting the entire risk of the markets and investing in passive mutual funds or ETFs seems to have been widely accepted by the financial industry. But is it right for you? Or perhaps here's a better question; can you do better?

I would argue that this common investment strategy could spell a recipe for disaster for many people with the way things are changing in our world, our monetary system, and the financial industry. Every investor should be thinking about new ways to invest rather than doing what worked in the '80's, or any other time in the past for that

matter. What worked back then may no longer hold relevance in a changing economy and investment horizon.

Might there be a better way for you to invest in the future rather than the past? What are some ways you may be guilty of investing like you're living in the past still? I would invite a conversation with you to help determine if this applies to you.

Inflation:

"Printing money creates inflation, which weakens an economy. Unfortunately, this kind of common-sense thinking never seems to penetrate academic circles." Peter Schiff

On his podcast, and anywhere else you hear him, Peter Schiff ⁽²⁾ often talks about inflation and what to do to protect your assets. For Peter, it's not a matter of if but when inflation starts to impact the U.S. I believe he's correct about this. Inflation is one of my top concerns even though academia and much of the financial industry want to ignore it. Yes we're used to 2 or 3% per year, but with the irresponsible behavior of our politicians I expect it to get much worse at some point, and many experts and economists are saying the same thing. Especially when they're being honest!

I recently saw a meme on social media that said: "I asked my financial advisor what to put my money in, and he told me to buy guns, ammo and canned food!" ⁽³⁾. All I could do was shake my head. I felt the corner of my lip turning upwards into a smirk as I pondered it. This is like advice I have given to some clients recently as one piece of their overall plan. There is an element of truth in this statement even though it may seem absurd on its face. In my view, one would have to be short-sighted to not prepare for some difficult times ahead. We cannot help but notice our government wants to print more money every year. I recently heard a talk show host say this; "Let's hope politicians don't discover there are numbers above trillions!" It was so funny we could laugh if we weren't too busy crying. Inflation is bound to be a problem, and it's a problem we shouldn't ignore but rather accept and take action.

Many wealth leaders such as Robert Kiyosaki and Ray Dalio are raising concerns about inflation. They have been for some time, but the sound in their voices is becoming more urgent. Robert Kiyosaki said he purchased pallets of ammo when it was cheap and it will be like currency for him in the future. In the summer of 2021, someone asked Robert what he would buy right now. Robert responded that he called his friend who owns a silver coin shop and told him he was coming to "back up the truck" ⁽⁴⁾ to have it filled with silver coins! Ray Dalio continues to say, "Cash is Trash" ⁽⁵⁾. He has long been warning of coming inflation.

It's important to not send the wrong message here. I'm not saying to place your entire portfolio into gold, silver and ammunition. I'm simply sharing some statements from wealth leaders who support putting at least a sliver of what you have into tangible assets in preparation for inflation in the future. These are things like precious metals, materials, energy, food, and other commodities. I know about one guy that has a semi container full of beans and rice he intends to trade if times get hard. Not a terrible idea, but certainly not for me! We each have to consider what this means for us. This is not to say it should be a prominent position in your portfolio. Typically, it's going to be at least a small position, but it's different for each person depending on their financial planning and preferences.

I would also like to address the stock market during inflation at a high level. While the stock market historically has been a great hedge against regular inflation, times of hyperinflation can prove to be volatile for the stock market. A look at history shows us the verdict is still out on how a hyperinflationary event will impact the stock market as it depends on government intervention, monetary policy, as well as numerous other factors. There are only a few take aways worth considering. To start with, owning shares of stock in companies that will still be relevant in the future will probably be better than owning cash in the long run. Hyperinflation can also provide an advantage for paying off a fixed rate mortgage if your investments are growing while your mortgage is fixed. And while many may not be super comfortable in the stock market at uncertain times, a convincing argument can be made that cash will be one of the worst positions to be in. Having a solid investment plan in place, with the right amount of defense, is essential to weathering the storm.

Intelligent Diversification

“Diversify, diversify, diversify!”

You hear as much about diversification in the financial industry as you hear about location in the real estate industry! Yet it has been my experience that many of the same advisors saying this are giving lip service while mainly using similar investment strategies. For the most part many advisors are simply repeating something they were taught to say! Their portfolios may include mutual funds that all own the same FAANG stocks or something in that category. One time I analyzed a family of mutual funds only to find that the most significant holdings in the mutual funds across the board were all FAANG Stocks! That's right, they were presented as "different" strategies and "diversified", but they all had their largest holdings from the same categories. There wasn't much diversity at all. In addition, many people in the financial industry are giving diversification lip service while at the same time advocating for being invested in only about 2 or 3 major asset classes. They may have 20,000 stocks in the portfolio, but only be utilizing less than half of the available asset classes.

There has been a tendency in the financial industry to show disfavor to assets such as silver because the central banks and large institutions have been manipulating silver prices down, and they have been low for so long. The late great Jack Bogle ⁽⁶⁾ had something to say about this. Bogle is the founder of Vanguard funds. Bogle was a great believer in mean reversion. This is the idea that all things will, over the long term, trend back toward their historical averages ⁽⁷⁾. Daniel Kahneman is a psychologist who won a Nobel Prize in Economic Sciences ⁽⁸⁾. Daniel Kahneman also taught about regression to the mean regarding economics and financial assets. Yet when people see an asset class such as precious metals or commodities underperforming for many years, they tend to discount it all together and vacate it entirely! Talk about throwing the baby out with the bathwater, especially during times of unprecedented government overspending and money creation out of thin air. What about the many investment experts who have said buy when others are selling, and sell when others are buying? We can't forget about that.

I've been in the financial industry on the inside, and I can tell you about this attack on precious metals and commodities is a common theme. "Gold and silver are a 'barbarous relic' and have no place in an investment portfolio." I hear it all the time. "Don't talk to clients about commodities." Yet during seminars with large audiences, I have asked who is concerned about the behavior from our politicians and potential inflation. Almost every single hand in the building goes up! So it might be that many financial types are out of touch with their clients because they're not willing to face these issues. I would say many commodities, and precious metals at the time of this report are on sale due in a large part to government irresponsibility and manipulation. I do expect a regression to the mean in the future! That's my opinion, but there are many experts who agree.

I once heard that if someone in Venezuela had placed 3% of their portfolio in precious metals before the historical hyperinflation, it would have made up for everything they lost during their years of inflationary crisis. I can't speak for how true this was, but it does make a lot of sense. I've read a few books on the history of hyperinflationary events such as with Argentina, Germany, Zimbabwe, and Venezuela among others. They usually conclude that owning real tangible assets such as precious metals and many commodities is a very good thing. These have held their value for thousands of years throughout history, unlike fiat currency which seems to have a shelf life in most instances. It may sound like this belongs under the inflation title, but it's just a great recent example of how some asset classes fall out of favor right when they should be the most sought after.

So, let's talk about another error in diversification. Have you ever heard the phrase, "death by diversification"? This describes having an overly diversified portfolio. In this case you cannot take advantage of any big gainers in your portfolio. This is mainly in part because if you own 9,000 different stocks in your portfolio, you don't likely own a significant share in any of them. And you will probably never experience anything other than mediocre gains at best. Such is the case with many of the most popular ETFs that have exposure to thousands of positions.

In Edwin J. Elton and Martin J. Gruber's book *Modern Portfolio Theory and Investment Analysis*, they concluded that the average standard deviation (risk) of a single stock portfolio was 49.2%, while increasing the number of stocks in the average well-balanced portfolio could reduce the portfolio's standard deviation to a maximum of 19.2% (this number represents market risk) ⁽⁹⁾.

However, they also found that with a portfolio of 20 stocks, the risk was reduced to less than 22%. Therefore, the additional stocks from 20 to 1,000 only reduced the portfolio's risk by about 2.5 percent, while the first 20 stocks reduced the portfolio's risk by 27.5% ⁽⁹⁾.

"Many investors have the misguided view that risk is proportionately reduced with each additional stock in a portfolio, when in fact this couldn't be farther from the truth. There is evidence that you can only reduce your risk to a certain point beyond which there is no further benefit from diversification." Investopedia

It was Warren Buffet's longtime partner Charlie Munger ⁽¹⁰⁾ who said, "The idea of excessive diversification is madness" and "the Berkshire-style investors tend to be less diversified than other people. The academics have done a terrible disservice to intelligent investors by glorifying the idea of diversification. Because I just think the whole concept is almost insane. It emphasizes feeling good about not having your investment results depart very much from average investment results."

Warren Buffet said, ⁽¹¹⁾ "Diversification may preserve wealth, but concentration builds wealth" If you just want to "preserve your wealth", why hire an advisor or invest at all? Just put all your money in a jar and bury it! Or passively diversify it to death. But here's the problem, when there is a systematic market decline, almost all securities go downward- even the well-diversified portfolios. And other markets follow the U.S. market! So, if there is a market decline, you will feel it whether you're diversified or not! So, what's a better way? That's what you should be asking!

Tactical and Strategic

Modern Portfolio Theory essentially teaches us to determine the amount of risk an investor has and place their investments into positions that will not deviate more than they are comfortable with. This is a buy and hold strategy. The risk tolerance is determined in advance using VAR₍₁₂₎ or the “Value at Risk” method to create a strategy. The investor understands the approximate best and worst-case scenarios based on models and assumptions and commits to this for a long-term investment. This is an example of Strategic Asset Allocation. It is a buy and hold strategy. Whereas you may choose to harvest gains in the future while the markets are doing well, for the most part you will not be making changes in this type of strategy.

Tactical Asset Allocation refers to an actively managed investment account. With this type of account, the Investment manager uses different indicators to determine when to go into an investment and when to pull the chips off the table. Meaning the manager has the discretion to move the portfolio to cash or fixed-income investments to protect the portfolio from equity or stock market type of risk levels during times of high volatility when markets tend to lose value. The manager would then wait to enter the investment positions until the right indications show them it's time to do so.

What's typically best, in my view, is to use both methods strategically to optimize your returns while also keeping cash for necessary expenses secure. But this depends on the person. Different investors will end up with different percentages into different strategies. I don't believe in a one size fits all mentality, but unfortunately many in our industry seem to. It is necessary in my view to have some professional financial planning done to determine a unique and custom investment plan for each person or family. A trusted advisor will help you determine how to have the right amount of your portfolio at risk, how to have the right amount of risk, and what to do with the rest of your assets consistent with your overall financial plan.

What does the Bible say?

If you haven't picked this up yet, you will quickly see that I am a believer in God's word, which is how I refer to the Bible mainly, and some other biblically endorsed texts. I don't demand that you agree with me in this, but you will see how it influences my investment beliefs. We all have investment beliefs as well as many other beliefs. We all like to think the facts are 100% in our favor scientifically. I believe that as well. I'm just honest enough to call it "beliefs" rather than claiming I have the patent on facts! So please allow me just to share. Many people recognize the Bible is full of good teachings even if they don't share my insistence on its authority. It's interesting that in the four gospels of the New Testament, the Kingdom of God is the only thing the Son of God mentioned more than money. This subject clearly seems to matter to the Lord.

In Matthew 25:14-30, Jesus shares the parable of the talents, which I've long seen as likely the most passionate scriptural lesson about investing. Not only does the Master want his investment returned to him in this story, but he "demands" a return on investment! And the servant who did not get a return on investment is punished severely! Wow, that's food for thought for investors and financial advisors alike! This parable would not even be politically correct for today! But we see accountability seems to be a large part of this teaching. The investor is accountable to get a return on investment. The expected return in this parable seems to be 100%! I wonder how long the investment was held. The passage simply states, "Now after a long time, the master came back to settle accounts with them."

There is also this verse that I've never been fond of, "For to everyone who has will more be given, and he will have an abundance. But from the one who has not, even what he has will be taken away". That has always sounded incredibly unfair to me. Because my human inclination is that it those most in need should have more given to them, but the verse says the opposite.

Strictly from an investment perspective, this Bible verse sounds a lot like compound interest. When you have more, your compounded gains will produce even more. It's

just how investments work. Albert Einstein said, "The eighth wonder of the world is compound interest. Those who don't understand it will pay it, and those who understand it will profit from it."⁽¹⁴⁾ Another example is if you own your own business, you are more likely to be able to invest in even more business if you are profitable. We can see some obvious, tangible ways this Bible verse is true for investments and ventures. There could be other takeaways here, such as hard work is rewarded, or from a spiritual perspective, you might say God's favor will be with those who are working hard to develop the gifts they've been given. God's word is full of an abundance of insight!

In Ecclesiastes 5:3, we hear this proverb, "For a dream comes through the multitude of business." Wow, what a great verse. Another translation replaces the word business with effort. This is interesting to me because I teach my children that love is effort and effort is love. Because I believe that's how you show those around you that you love them- by showing effort! We do this in our attempt to please our Heavenly Father. Either way, I believe the message is clear from this verse. If we want to succeed at something, we must put effort towards it, and our dreams can come true! Ecclesiastes is also the book of the Bible with the passage that inspired the name and vision of my business Seven Ventures Wealth Management. Ecclesiastes 11:1-3 says this: "Send your resources out over the seas; eventually, you will reap a return. Divide your merchandise (wealth) into seven or eight shares (Some translations say ventures) since you don't know what disasters may come on the earth." (For you Bible buffs out there, I used the CJB, Complete Jewish Bible).

As we see disasters coming onto the earth in our day, this advice from thousands of years ago becomes immediately relevant. There happens to be about 7 or 8 major asset classes depending on what you would count as an asset class. I believe we are getting a glimpse into the kind of diversification the author is recommending. Notice he doesn't say divide your wealth into 10,000 different ventures, interesting. In Ecclesiastes 11:4 we hear that "He who keeps watching the wind will never sow; he who keeps looking at the clouds will never reap" This speaks to the way many people often procrastinate and sometimes never take action that results in better investing. One of my top objectives is to inspire people to take the right action in this area!

I believe above all else, these passages of scripture should inspire us to act. Followers of God know this to be spiritual above all else, but from Biblical teaching taken in context, we also know that your financial condition can reflect upon your relationship with God. It's also true that we can positively impact our finances for the Kingdom of God and thus please our Heavenly Father in doing so. This is something I'm passionate about- helping others achieve financial freedom so they can invest in the ministries and causes they are genuinely passionate about! My mission statement even reflects this: "To offer hope to working class families by helping you develop a path to financial freedom, so that together we can cultivate a vision for you to pursue your true passion in life and be the change that you want to see in the world."

How do I hire the right Advisor?

This is a question that is asked so often because people just don't know who to trust or how to get started. I will begin with expert advice before I share some of my own views as well.

Tony Robbins wrote the book "Money, Master the Game" ⁽¹⁵⁾. Tony Robbins interviewed many top financial advisors, investors, millionaires and even billionaires for this book. Based on the knowledge gained, he developed best practices for hiring wealth managers. His advice is like many other experts. He says to hire an advisor not associated with a broker-dealer and therefore not paid commissions for selling stocks and other securities. He is unequivocal about this point. He recommends hiring an advisor who is a legal fiduciary. Being a fiduciary means that the advisor is obligated to work for their client's best interest, and put their client's interest in front of their own interests, or they can actually be held legally accountable if they don't!

Tony Robbins also provided best practices about compensating an advisor. He says to work with an advisor who is compensated with a percentage of your assets under management annually. If your portfolio goes up in value your advisor makes more money as well, but if your portfolio goes down in value your advisor makes less money

as well. This ensures that your interests are aligned financially as well as legally. Usually, this figure is approximately 1% for most advisory services, give or take a few basis points. This enables your advisor to prioritize oversight and attentiveness to managing your investment accounts on an ongoing basis. This form of compensation also gives your advisor the incentive to be aligned to meet your objectives as both client and advisor will benefit from investment account growth.

Tony discourages other pay structures involving buying or selling stocks or mutual funds based on a commission that can last a few years or be a one-off payment to the advisor, as this can result in the advisor not giving their clients the attention they deserve in future years after they have already received their compensation. I'm sure this sounds unfair, but it is just as unfair to some of those advisors who are essentially stuck in this kind of model if they stay with that company. So, for a financial advisor it can mean a career change just to be able to serve people best, which is probably what most advisors want. But it's one of the problems with our industry. From my experience well-meaning advisors must cut their teeth by working for companies where they have a conflict of interest that is not in the best interests of their clients. It's not their fault, and the politicians and larger financial institutions either don't know how to fix it or they don't want to fix it. The point is that the best model is when an advisor has the autonomy to run their own practice independently as a fiduciary free of these conflicts of interest with how they are paid. For an advisor that can mean stepping out in faith to start their own business brand and model.

Tony Robbins recommends is working with an advisor who is both investment and insurance licensed. This allows your advisor to support you with both sides of financial planning. The benefit therein is that the advisor as a fiduciary is required to disclose how they are paid for insurance policies sold by the advisor. This ensures that when an advisor recommends insurance, as a fiduciary, the advisor believes it is in the client's best interest. The client is welcome to purchase the insurance through the advisor or obtain it elsewhere. Usually, the advisor is paid an insurance commission. Sometimes it can be paid annually rather than all at once. This is commonly referred to as a "fee-based" relationship because a fee still pays the advisor for the investment planning, but he's paid by a commission for any insurance policy or contract. Fee-only is when the advisor only does investment management for the client. In my view, either of these arrangements are ok, if you trust your advisor and they are held to a fiduciary

standard. This is a matter of preference. Fee-only advisors are not usually insurance licensed, so this can call into question whether they can competently advise clients on the insurance side of the equation. This could be another reason Tony Robbins recommended an advisor dually licensed in both insurance and investments.

Since you can hire an advisor with a legal fiduciary standard, you don't have to rely on trust alone when you select an advisor. I would still say to make sure you hire someone you get those good vibes of trust from. Trust is an absolute must. Interview them, make sure you feel you can trust them, and then go with your gut. If you get negative vibes and don't feel complete trust, cut things as short as possible. Last but certainly not least, you should hire a completely independent advisor. This means they only work for the client but can utilize a whole universe of different fund ideas or investment strategies. This is huge. If an advisor works for a specific company, especially some of the well-known franchise-type investment firms, chances are they are limited in what they can offer and how they are allowed to operate. In my seminars, I use the illustration of a toolbox full of hammers. It's going to be challenging to get a home project done with that! This doesn't seem to be an issue that regulators can fix because many mutual fund companies are out there to sell their products, not competing investment strategies that might be better for the client. This is the reason it is vital to hire an independent advisor.

One more note on compensation. Many people are curious how advisors get paid. If you have \$100,000 invested and the advisor gets compensated 1%, the advisor will make \$1000 per year. This is the most common compensation structure. However, if an advisor works as part of a company rather than having their own business as an independent advisor, they may make as little as 3/10ths of the 1% fee charged to their client. The remainder of the fees go to the company. The implication of this payment structure is that an advisor will need to have hundreds of client families to make the same income of an independent advisor with far fewer clients. This motivates the advisor to take on more clients than they can serve well. In my view this is a disadvantage to the client and the advisor. This is another reason I believe it's much better for an advisor to be independent and have a manageable number of client families so that each client's portfolio can get the amount of attention they deserve.

There are other fees and costs associated with most all investment strategies, whether

an advisor is involved or not. I act as a quarterback for my clients. My job is to help them with the financial plan, which shows me where to make recommendations. From there I can design a recommended investment strategy and select fund analysts and managers for the different segments of their strategy in order to optimize their investment potential. Nick Murray likens your financial advisor to a commanding officer in his book “Simple wealth, inevitable wealth” (Which by the way is recommended reading for everyone! It’s a fantastic book I think every individual investor should read, which will also solidify many of the concepts of this report!). In his analogy, your commanding officer is working hard for you (the President) to direct all the other officers in order to ensure your financial (military) portfolio success.

Investment funds themselves have fees, primarily if they are actively managed. This, of course, is to pay the fund managers. The only exception would be some passive Exchange Traded Funds, and these are not actively managed. I like to hire fund managers for my clients that use a Fulcrum fee structure when possible. This means they will get a lower fee if the fund underperforms and a higher fee if the fund overperforms in relation to a benchmark that is set. This indicates they are confident in their abilities and therefore willing to be held accountable for their results. There are also costs to have the investment platform that the advisor needs to do different kinds of investment analysis, trading, financial planning, tax analysis, etc. Some of these costs come out of your client fee structure, and some of them are paid for by the advisor directly. The best advisors try to keep these fees as low as possible for their clients without sacrificing quality.

Don't do it Alone

I hope I've given some good advice on what kind of advisor to be looking for when you are ready for help. The importance of having financial advice pertaining to the context of your situation cannot be overstated in my view. In Proverbs 11:14, we read, “Where no counsel is, the people fall: but in the multitude of counsellors there is safety.” So, I’m simply saying you should get a personal financial coach or advisor of some sort who is a good fit for you and your situation.

Let’s talk about some science and research behind hiring an advisor. You can find many

studies supporting the notion of having an advisor. I'm just going to mention a couple of them, although there are many more out there. Vanguard shared an article titled the Value of Advice Report ⁽¹⁶⁾. The reason this one is particularly significant is Vanguard has long been known as a champion of low fees who has forged the trail for low cost and even no cost ETFs. There may be no one who believed in low-cost funds as much as their late great founder Jack Bogle. Despite this bias towards low-cost funds, Vanguard's research in this article points out that an advisor is worth an annual net 3% gain to an investor's portfolio after fees. The report states that in some years, it will be tens of percentage points from the help of an advisor due to market volatility or maximization. Keep in mind Vanguard is only referring to the use of ETFs, which I covered earlier, and I tend not to favor for the future unless they are actively managed. Even though I do acknowledge their place in the industry and positive features of being low cost, tax efficient, and well diversified.

So, the bottom line is that it's worthwhile to have an advisor in many cases as their research concludes. It's also essential to note Vanguard is talking about a certain kind of fee-based fiduciary advisor. This study is not saying that anyone out there who peddles insurance, limited management partnerships or mutual funds would provide the same value of advice.

The Investment Funds Institute of Canada⁽¹⁷⁾ has done studies on this and have periodically published reports that point out the positive impact for families who hire advisors. Here are the published findings; "Having advice is strongly associated with the accumulation of financial wealth regardless of income level". The 2010 report compared 3200 households with the same income levels and concluded that the advised households had 3 to 5 times the wealth of non-advised households between 2005 and 2009. In the 2017 report, they stated, "Investors who work with advisors for 15 years or more accumulate 3.9 times more in savings than comparable investors without advice." They also point out, "Advice positively impacts retirement readiness."

It could be convincingly argued that this disparity in net worth between households with financial advice and those without only becomes greater in later years due to compound interest and capital gains alone without even considering the many other economic benefits and decision making an advisor can assist with. Perhaps most importantly, I've seen firsthand when people make avoidable investment or financial

mistakes that are usually a lot more costly than most other kinds of mistakes we make in life. Some mistakes may seem avoidable on our own, but these mistakes have potential to fester absent guidance and advice from a trusted professional.

I have enjoyed writing this report that shares so much of what I have learned working for hundreds of families over the last 7 years as a Financial Advisor and Retirement Planning Counselor. I'm delighted to be able to now make this information available to share with all who have been wise and patient enough to read it to the end. Thank you for your wisdom and willingness to grow and learn.

I invite the opportunity for a conversation between us to discuss whether our values align and whether I may be a good fit to serve you and your family in this vital area that I consider sacred. Due in a large part to the way governments handled covid, I am now in a position where I am looking to serve a certain number of new clients as I build a financial practice in rural Idaho working remotely. There is a window of opportunity. I'll only be able to bring on new clients until I reach what I would consider my maximum capacity to be able to serve people well. I'm firm about this because I don't want to be in a situation that I cannot serve people adequately. I'm not certain how long this season will last.

Now I wish you the absolute best for your financial future, and I say this to you and yours; "May God Himself bless and keep you and cause his face to shine upon you and be gracious unto you" Numbers 6:24,25.

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