

YOUR INVESTMENT PROGRAM SHOULD START WITH A MEANINGFUL CONVERSATION



Both our years of financial advisory help and independent studies have taught us the most effective investment program for you is one which respects the source of your wealth and reflects your goals, values, and acceptable level of risk tolerance.

HELPING YOU BY FOCUSING ON THE...

Source of your wealth: lets us know what your money means to you, and better understand you.

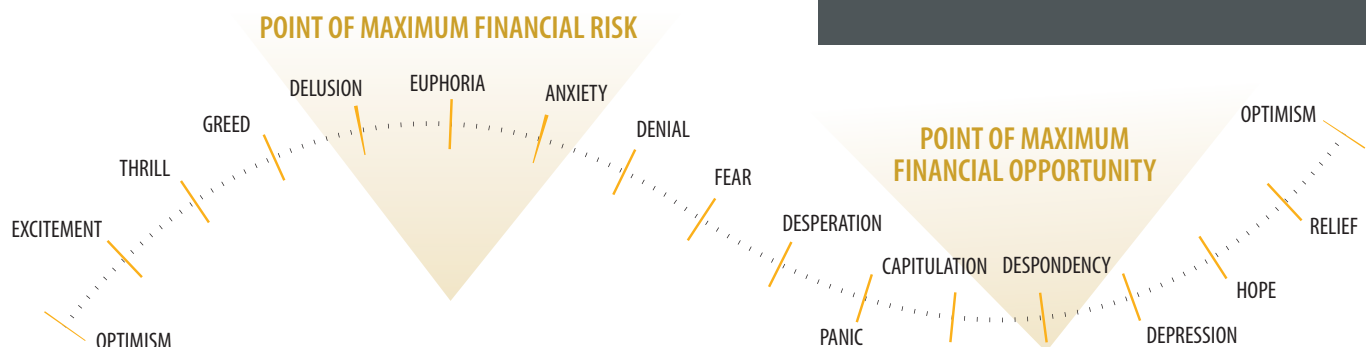
Purpose of your money: your goals and the desired impact of your investment program.

Risk tolerance level: estimates the emotional impact market extremes have on you.

CHALLENGE OF STAYING THE COURSE

Staying the course with investment programs is a challenge for individuals AND many financial institutions and advisors. Emotions often cause ill-timed changes in market exposure during extreme markets. Long “bull” (up) markets cause many to increase their risk levels, and “bear” (down) markets cause many to reduce it. Fortunately, investors are less likely to end up in such timing traps when they use a behavioral-finance-based investment approach.

INVESTOR BEHAVIOR CYCLE



VALUE OF USING A FINANCIAL ADVISOR

JAY MORELAND, OF THE *EMOTIONAL INVESTOR*:

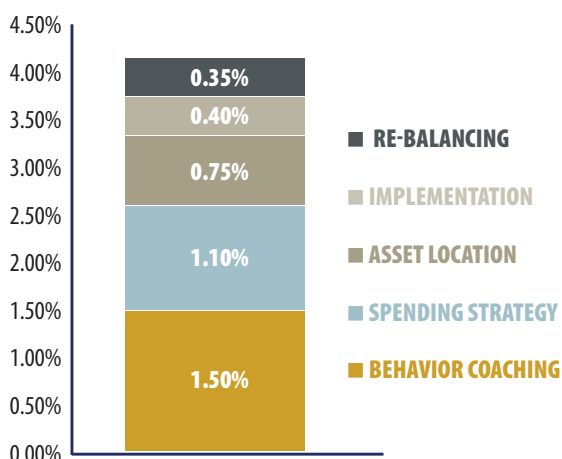
"It appears investor behavior, while providing short term relief by appeasing momentary emotions, has a cost of anywhere between 2% and 4% (or more) in a given year. *There are lots of reasons why investors perform poorly, but the bottom line is that many investors are incapable of actually investing. Rather, they cross that fine line from investing and into speculating.*"



AN ADVISOR CAN ADD 2.25% - 4.1% ANNUALLY

A Vanguard study identified behavioral coaching as adding an average 1.50% per year for advisor clients. They identified 4 other areas where having an advisor can add value. The interesting fact from this study is the areas where many advisors focus the most [implementation and rebalancing] add the least value to clients.

QUANTIFYING ADVISOR VALUE



SOURCE: VANGUARD PUTTING A VALUE ON YOUR VALUE, SEPTEMBER 2016.

OVERCOMING INVESTMENT RISK ASSESSMENT CHALLENGES

Diversify & Hold Challenge – Many financial advisors recommend a "diversified portfolio" to help mitigate portfolio losses. But the drawdowns (losses) of these "diversifiers" are still painful for even those investors with a high tolerance for risk, and they end up abandoning their investments at the wrong time.

Evidence shows us simply diversifying asset classes to prevent the above investor scenario is naïve. Instead, we use strategies that choose to AVOID asset classes such as these during the worst times in the market (typically in the midst of a recessionary bear market).

Challenge of Value Added Factors – It seems most advisors feel certain investment approaches that provide alpha or added returns, (e.g., small cap will beat large cap) will continue to have an advantage. However, most research shows the alpha added by a factor is arbitrated out (taken away) a few years after the research is released.

We use investment programs which are guided by extensive academic research. The difference is in the implementation of this research. We've learned you have to be far more selective when you implement these "factors" in a portfolio. For example, the advantage we had by over-weighting small cap stocks in the 1990s has disappeared.

WHAT DO YOUR INVESTMENTS MEAN TO YOU?

SOURCE OF YOUR MONEY? - INCLUDING WHAT IT REPRESENTS TO YOU.

PURPOSE OF YOUR MONEY? - YOUR FINANCIAL GOALS AND PERSONAL VALUES.

YOUR PAST EXPERIENCE? - YOUR CURRENT INVESTMENTS AND YOUR REACTIONS TO PAST MARKET EXTREMES.

YOUR PERSONAL INVESTMENT TEAM

Your investment program is too important to be handled by just one person. This is why we created a team approach. You benefit from each member's different perspectives, areas of expertise, and roles.



YOU

You determine your team, including its overriding mission, strategy, and form of communication



YOUR FINANCIAL ADVISOR

Your advisor assembles and manages your team, making sure your personal plan effectively is implemented



YOUR PORTFOLIO STRATEGIST

Your portfolio strategist(s) have day-to-day responsibility for managing your investments. They can use investment managers and/or vehicles, like mutual funds.

OUR CLIENT SERVICING PROCESS



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