

# A BETTER WAY TO INVEST

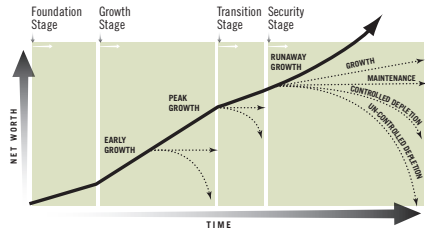
Ten key ways to enhance your  
investment approach and results



**JANICZEK**<sup>®</sup>  
WEALTH MANAGEMENT

1

Do make investing all about your long-term path on the Stages of Financial Freedom®. Don't allow short-term day-to-day or year-to-year noise or emotions interfere with smart, decisive action.

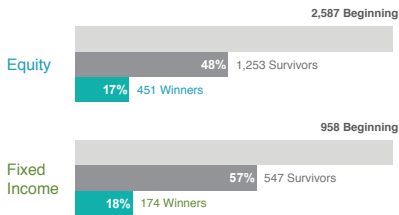


2

Don't try to outguess the market.

The market's pricing power works against mutual fund managers who try to outperform through stock picking or market timing. As evidence, only 17% of US equity mutual funds and 18% of fixed income funds have survived and outperformed their benchmarks over the past 15 years.

US-Based Mutual Fund Performance, 2002–2016



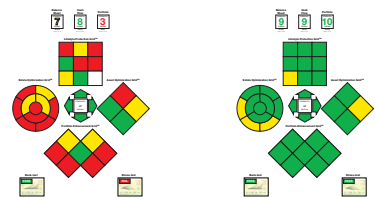
3

Do invest from a position of strength.

Strength is not a matter of size; it's a matter of durability versus vulnerability. There are 35 Essential Strengths® and vulnerable investors (depicted on left with more red and yellow ratings) have a distinct disadvantage compared to strong investors (depicted on right with more green [strength] ratings).

Vulnerable Investor

Strong Investor

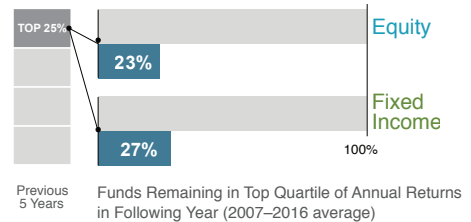


4

Resist chasing past performance and those marketing it.

Some investors select mutual funds based on past returns. However, research shows that most funds in the top quartile (25%) of previous five-year returns did not maintain a top-quartile ranking for one-year returns in the following year. Past performance offers little insight into a fund's future returns.

Percentage of Top-Ranked Funds That Stayed on Top

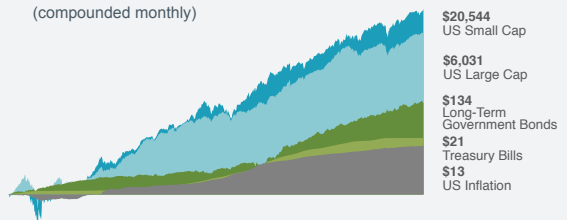


5

Let markets work for you and reward you.

The financial markets have rewarded long-term investors. People expect a positive return on the capital they supply, and historically, the equity and bond markets have provided growth of wealth that has more than offset inflation.

Growth of a Dollar, 1926-2016 (compounded monthly)



6

Gain lean exposure utilizing conventional indexing.



- Low cost way to get diversified exposure
- Solid research shows 83% of active managers have not beaten this approach over time.\*
- Of the 17% that have beaten this approach, evidence shows low odds of repeating the same outcome.

Source: Dimensional Fund Advisors

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Gain smart exposure, utilizing factor indexing.



- Supported by robust academic research published by Nobel Prize Laureates
- Tilts portfolio to hold more securities with higher return expectations/characteristics
- Approach is well beyond theory, actual results of approach go back to early 1980's.

Source: Eugene Fama and Dimensional Fund Advisors

8

Gain active exposure selectively.



- "Active Share" insights from an approach developed at Yale provides investors with a method of weeding out "closet indexers" and isolating active managers who may be able to add value to a portfolio.
- Six key steps in selecting active managers to augment conventional and factor indexing include a) active share assessment, b) process and methodology assessment, c) portfolio manager tenure assessment, d) organizational structure assessments, e) performance assessment and f) role in portfolio assessment.

Source: K.J. Martijn Cremers and Antti Petajisto

9

Practice smart diversification to reduce risks that have no expected return.

Diversification helps reduce risks that have no expected return, but diversifying within your home market is not enough. Global diversification can broaden your investment universe.

Home Market Index Portfolio



S&P 500 Index  
1 country,  
500 stocks

Global Market Index Portfolio



MSCI ACWI Investable Market Index (IMI)  
46 countries,  
8,628 stocks

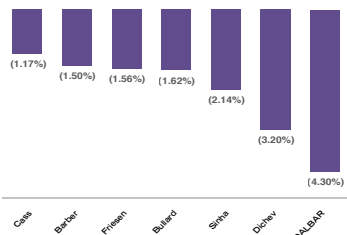
10

Avoid the Investor Behavior Penalty.

Seven robust studies on investment behavior and the impact on investment performance show that investors tend to incur a significant cost due to their own behavior.

Instead of playing a difficult-to-win game, investors can be better off selecting sound long-term approaches and avoiding short-term approaches based upon emotions or hunches.

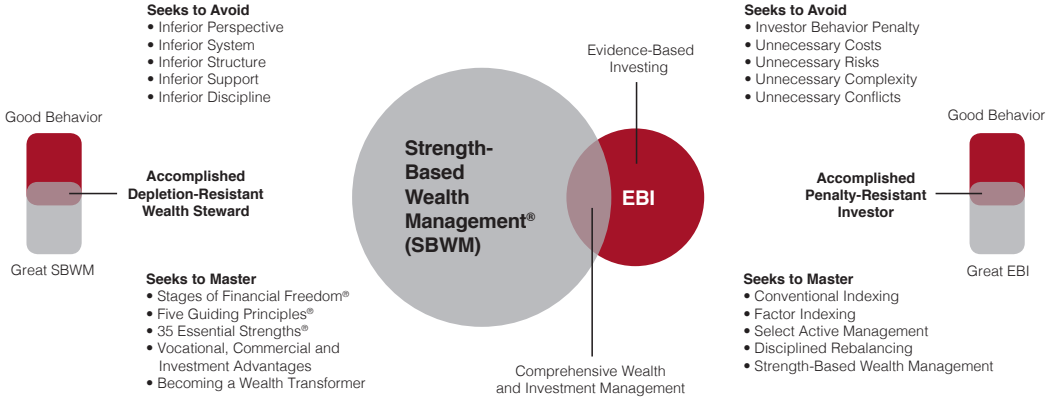
Investor Behavior & The Impact on Investment Performance



Annual reduction in investment performance due to investment behavior.

Source: The Laws of Wealth by Daniel Crosby, 2016

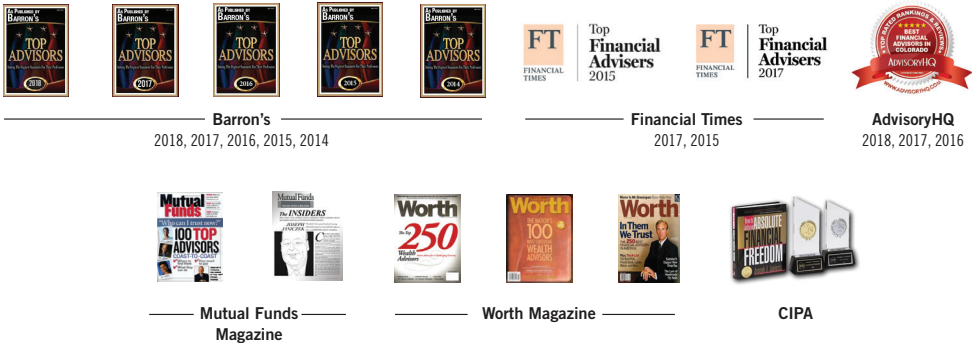
# OUR FORMULA FOR SUCCESS: SBWM + EBI = WEALTH MASTERY



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**Barron's Top Advisors:** Rankings are based on data provided by advisors. Included factors were assets under management, regulatory record, revenue produced for the firm, quality of practice and philanthropic work. Investment performance is not an explicit component.

**Top Financial Advisors/Financial Times:** Rankings are based on data provided by investment firms. Included factors were assets under management, asset retention, years of experience, FINRA compliance record. Investment performance is not an explicit component.

**Advisory HQ:** Rankings are based on data provided by investment firms. Included factors were fiduciary duty, independence, transparency, level of customized service, history of innovation, fee structure, quality of services provided, team excellence and wealth of experience.

**Mutual Funds Magazine:** Rankings are based on data provided by investment firms. Included factors were nomination by peers, higher education, professional accreditations, SEC and state registrations, fee structure, assets under management, minimum client portfolio, years of experience and SEC filings. Investment performance is not an explicit component.

**Worth Magazine:** Rankings are based on data provided by investment firms. Included factors were

Sources: Barron's March 2018, 2017, 2016, 2015, 2014; Financial Times June 2017, 2015; Advisory HQ March 2018, 2017, 2016; Mutual Funds Magazine January 2001; Worth Magazine July 2002, January 2004, October 2004, October 2006.

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