

[Firm Name] Evidence-Based Investment Insights:

Bringing the Evidence Home

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Welcome to our **final** installment in [Firm Name’s] Evidence-Based Investment Insights: **Bringing the Evidence Home.** We hope you’ve enjoyed reading our series as much as we’ve enjoyed sharing it with you. Here are the key take-home messages from each installment:

1. **You, the Market and the Prices You Pay** – Understanding group intelligence and its effect on efficient market pricing is a first step toward more consistently buying low and selling high in free capital markets.
2. **Ignoring the Siren Song of Daily Market Pricing** – Rather than trying to react to ever-changing conditions and cut-throat competition, invest your life savings according to factors over which you can expect to have some control.
3. **Financial Gurus and Other Unicorns** – Avoid paying costly, speculative “experts” to pinch-hit your market moves for you. The evidence indicates that their ability to persistently beat the market is “rarer than rare.”
4. **The Full-Meal Deal of Diversification** – In place of speculative investing, diversification is among your most important allies. To begin with, spreading your assets around dampens unnecessary risks while potentially improving overall expected returns.
5. **Managing the Market’s Risky Business** – All risks are not created equal. Unrewarded “concentrated risk” (picking individual stocks) can and should be avoided by diversifying away from it. “Market risk” (holding swaths of the market) is expected to deliver long-term returns. Diversification helps manage the necessary risks involved.
6. **Get Along, Little Market** – Diversification can also create a smoother ride through bumpy markets, which helps you stay on track toward your personal goals.
7. **What Drives Market Returns?** – At their essence, market returns are compensation for providing the financial capital that feeds the human enterprise going on all around us.
8. **The Essence of Evidence-Based Investing** – What separates solid evidence from flakey findings? Evidence-based insights demand scholarly rigor, including an objective outlook, robust peer review, and the ability to reproduce similar analyses under varying conditions.
9. **Factors That Figure in Your Evidence-Based Portfolio** – Following where robust evidence-based inquiry has taken us so far during the past 60+ years, three key stock market factors (equity, value and small-cap) plus a couple more for bonds (term and credit) have formed a backbone for evidence-based portfolio construction.
10. **What Has Evidence-Based Investing Done for Me Lately?** – Building on our understanding of which market factors seem to matter the most, we continue to heed unfolding evidence on best investment practices.
11. **The Human Factor in Evidence-Based Investing** –The most significant factor for investors may be the human factor. Behavioral finance helps us understand that our own, instinctive reactions to market events can easily trump any other market challenges we face.
12. **Behavioral Biases – What Makes Your Brain Trick?** – Continuing our exploration of behavioral finance, we share a half-dozen deep-seated instincts that can trick you into making significant money-management mistakes. Here, perhaps more than anywhere else, an objective advisor can help you avoid mishaps that your own myopic vision might miss.

**Your (Final!) Take-Home**

When we began our series, we promised to skip the technical jargon, replacing it with three key insights for becoming a more confident investor.

1. **Understand the Evidence.** You don’t have to have an advanced degree in financial economics to invest wisely. You need only know and heed the insights available from those who *do* have advanced degrees in financial economics.
2. **Embrace Market Efficiencies.** You don’t have to be smarter, faster or luckier than the rest of the market. You need only structure your portfolio to play *with* rather than *against* the market and its expected returns.
3. **Manage Your Behavioral Miscues.** You don’t have to – and won’t be able to – eliminate every high and low emotion you experience as an investor. You need only be aware of how often your instincts will tempt you off-course, and manage your actions accordingly. (Hint: A professional advisor can add huge value here.)

How have we done so far in our goal to inform you, without overwhelming you? If we’ve succeeded in bringing our evidence-based investment ideas home for you, we would love to have the opportunity to continue the conversation with you in person. Give us a call today.