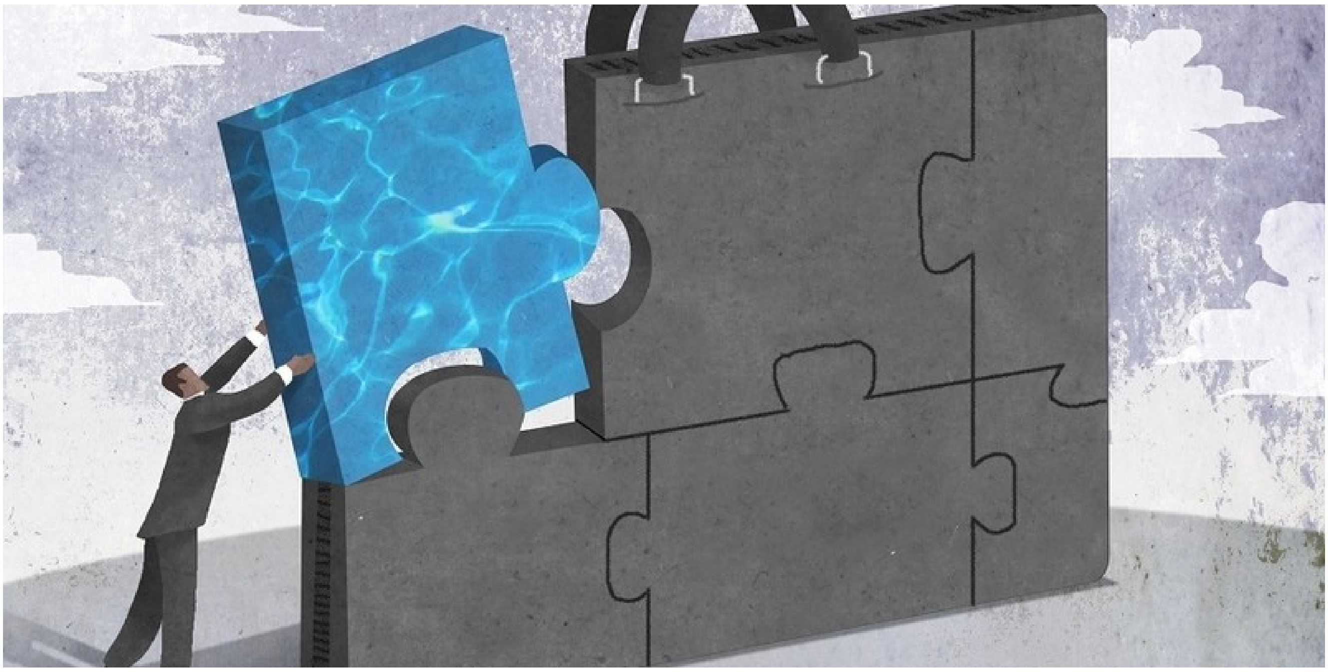
Lessons Gleaned from the Truly Wealthy

Lessons Gleaned from the Truly Wealthy



Some of you may be wondering why this and why now? Is it some sort of ‘sign’or what would she know? She struggles just like us. Maybe you too felt like I did when I first started on my quest to learn. I had some pieces of the puzzle, knew what the picture should look like but I never seemed to have all of the pieces.   I still am working on putting the pieces into the right place but I’m getting closer.

It may surprise you to know that I lived next door to the son of a multi-millionaire. When I quit my ‘career’ to raise my sons and delivered the local newspaper, I delivered those papers to not just millionaires but some billionaires too. Some of those people were not just ‘kind’ but helped to mentor me in my quest to be free of the 8-5 work week and follow my dreams. The BEST thing they did was to validate me leaving my established career to do something others felt was menial; stay at home to raise our boys. I was told it was not just a leap of faith but I would never regret it in the long run. They were right…. my fomer boss, the HR director, the manufacturer’s company Representative; all totally wrong.

In retrospect the hardest job I have ever had was being a Mother. The most difficult thing about parenting? Learning to pick my battles wisely. I am still working on that one but in the long run, if socks or mittens magically disappeared, if rooms were not all spit and polish, it really did not matter. The other difficult part was to realize when to let go and know you did your part, now it’s time to let your children unfold their wings and let them fly! It is kind of the same with a lot of our members… we give you the fertile ground and seeds… the rest.. well it’s up to you.

Oh but I digress, that is not the topic I want to write about. There are many things I have learned from those wealthy men and some of their wives over the years and watching some of the goings on within our membership has brought to mind the lessons. It’s time I share what I learned from them and others that were set along my path so many years ago and hope you too glean some useful tidbits for yourself and family.

Most of the people that were in my path no one would have ever guessed had money let alone loads of it. They didn’t drive a Bentley or Mercedes. They drove the cars and trucks you and I drive on a regular basis. They looked and acted like every day normal people. Who would have guessed? It was about the time I was given a “Million dollar bill” (One of those collector types) that I started asking questions.. or realized I was already asking questions. It was about that time I was told it was not my questions that were off but I was not asking the ‘right’ questions. Hmmm right questions, what were they and how would I find out what to ask? Or were there also questions I shouldn’t ask?

First I needed to observe and pay attention to what I did outwardly see. Never did I see those I already KNEW had LOADS of money and assets act like they were superior, give out info, state they were anything but the ‘caretaker’. What shocked me even more is the worse they dressed, some almost like a bum ripped sweater and all, the more they were actually worth!

So here are some of the tidbits either gleaned or outright told to me over the years.

1. Never broadcast what you are worth or how much you control.
All that does is put a target on you and your family. You do not want to put your family, children, and grandchildren in any danger of being targets to get at what you have worked so hard to build so keep your mouth shut. [Just a note here, even in a ‘private’ forum there are always those looking to get what you have or did not put forth the effort you did so they are jealous of what you have acquired]. This rule applies to other people’s Wealth as well. Cross that line just once and you will forever be on the outside looking in. People take their privacy and their safety very seriously and so should you.

2. Manage everything and own nothing.
Ok I know this goes against everything you thought you would want but it actually helps with number 1. Assets in a trust or divided into entities are less likely to be targeted in frivolous lawsuits. [Here is where a good sound financial planner that understands wealth management comes in. There are reputable companies out there to help you decide what is best for your situation.]

3. When dealing with professionals, dress neatly but not over the top.
I have even witnessed one guy looking like a bum when going to take care of business with the wealth manager at our banking institution. Yes, a bum. People that do not know him give him a wide berth thinking he’s going to steal something from them or worse ask for a handout. Now on this one I laugh because we

know him personally and he always dresses in a certain way when he is conducting big banking transactions. I realize this probably will have some ‘professionals’ rolling their eyes, however remember, the more you ‘look’ like you have money, the more attention you draw to yourself. That attention can be both good and bad so neat, understated, classic and clean.

4. Be wise with your assets.
If you can get the same product for less or by waiting for just a bit practice patience. Most of these people shop at the same ‘discount’ stores you and I do for a better rate/price or options Rarely do they pay full price for anything other than possibly that special gift for someone special. . Only those that need to ‘put on airs’ flaunt what they have. The rest live modestly and like the average people. They may have a maid or maid service some do hire drivers or a limo from time to time but do not waste money on frivolous things. Now don’t get me wrong, some love antique vehicles and are serious collectors, others collect rare gems, others something that hold is a fascination for them but rarely are these items ‘worthless’ but grow in value over time.

5. Make your money and assets work for you.
Think about some of the lessons from *Robert Kiyosaki’s “Rich Dad, Poor Dad”*. Once you have worked to get to a ‘comfortable’ living situation and set up a nice legacy for generations to come make those assets continue to produce. Be wise and here again is where sound wealth management and asset specialists come in. Do your research, if you know people that have wealth simply ask them for a referral. Most of them are more than happy to point you to good companies or individuals. They know their reputation in the community would be challenged if they send you to shady people.

6. When confronted about your wealth, simply reply you are just the ‘caretaker’.
This is a profound statement when you think about it. You are the ‘caretaker’ of your account, your holdings, and your

possessions. Once again, flaunting what you hold or have can bring things to your doorstep you really do not want to deal with. Have a relative or neighbor that always borrows something and never returns it? Or that ‘friend’ that volunteers your resources for what they feel is ‘worth supporting’ but is not on your heart to support.

7. Never forget your beginnings.
Some people once they have funds forget their roots. Keep your feet on the ground and never forget you are a steward of the wealth you have earned, inherited or won. When a person forgets this they change is so noticably that someone you once ‘hung out with’ no longer is up to par. Never forget those who stuck by you through it all or those that were with you on your way up. They are the ones that are not with you for what you have or what you can do for them but are true friends. They are precious and they are rare; so treat them as the gems they really are. Also along the same subject, never forget to give to those less fortunate. Pick your favorite charity or cause and support it. You will get back far more than you give. I am not saying giving away everything but set aside a certain percentage each month and tithe as well as give to whatever cause is close to your heart.

The Compumatrix Portal

Compumatrix created a portal for people to create a virtual currency out of their online productivity, time, marketing effort and money. It’s not an imaginary number. It’s a digital (intangible) asset which now bears the properties or elements found in bitcoin or bitshares.

The only thing that sets us apart from other cryptocurrencies is the way we make the virtual currency available to other people, by means of implementing a global, retail distribution network by co-producing the virtual prepaid cards which ensures profitability each step of the way. Profitability in terms of owning the virtual currency or in local currencies depending on which path each virtual currency owner takes: **Direct (P2P) or Online Sales**.

Consequently, we produce and promote online entrepreneurship which also helps our community provide an avenue for self-employment as Independent Contractors tasked in the proliferation of virtual currency. This is the Holy Grail to achieve massive growth and adoption.

Distribution and Ownership of virtual currency is just the start. The technologies we use are secure and advanced value transfer models or networks which we can tap to solve several other things including fintech-related problems.

With several angel investors, large companies and venture capital firms vetting in this technology, one can only ask why the little guy can’t be part of this revolution in his small little way. There is a solution for those who doesn’t belong in the top 1% to succeed through our system.

Acquiring COMPUCEEDS is not an “effortless” panacea for your financial problems. What you have accomplished and acquired over the time with us is well deserved. However, you have to realize that COMPUCEEDS is valuable as it is and truly doesn’t need an exchange. People buy COMPUCEEDS in exchange for their own bitcoin, altcoins and local currencies in order for them to benefit in our community, what we stand for and what we plan today and in the future.

Build your Wealth through Goals-based Investing

Today, more and more people are investing with the basic reason of wanting to grow their hard-earned money. What most do not realize is the fact that there is more to investing than just getting high returns and outperforming the benchmark. Ask yourself, what will you be using the returns for?

You may find yourself daydreaming of situations that make you feel good and secure. Perhaps driving your first luxury car? Or putting on your child's medal during graduation? Or enjoying your retired life in a nice house by the beach? Then, you snap back to reality. You find yourself overwhelmed, thinking "Is that possible?" With the proper approach to investing, it is.

Investing can actually be a tool to help you live the life you want – to help you achieve your life goals.

Goals-based investing is an approach that encourages an investor to invest not based on returns, but based on the goals that he or she wants to achieve. The set goals serve as the "maturity date" of your investment. It helps you stay disciplined in setting aside money and sticking to your investment horizon. This approach to investing will help you, as an investor; withstand all market conditions and volatility.

Let me run you through these simple steps.

1. Identify your goals.
Life goals may vary depending on one's life stage. If you are a young professional, a common goal is your first car, or the latest gadget. If you are a parent, you may be thinking of setting aside funds for your children's education. Or you may

want to start building your retirement fund. You may have more than one goal in mind and that is okay.

2. Prioritize.
Prioritize the goals that you've listed. First, identify which of those do you really need, and which are just "nice-to-haves" or your wants. Then, set your timeline for each. Which one do you need to achieve in a year's time, in 3 years and in more than 5 years – in other words, short term, medium term and long term.

3. Know your starting point.
It's also important to know where you are right now to help you plan and achieve your life goals. You can do a financial assessment by simply asking yourself if you've initially set aside funds for your goals. Other financial checks that you can do are to compute for your Net Worth and Cash Flow, and to ensure that you have an Emergency Fund.

4. Craft a game plan.
How much do you need for that goal and how much do you need to regularly set aside to reach your target amount? We need a game plan or an Investment Plan to get there. To create this, we look into four things – target amount, risk profile, investment options, and recommended asset allocation.

What differentiates this approach is that you will have different investment portfolios for different goals. This allows you to diversify, manage risk, and maximize returns independently for each goal. Remember, each goal will have different investment horizons, so you will have various strategies or asset allocations for each of your goals.

5. Execute.
Investing for your life goals does not stop once you've opened an account and have invested a lump sum amount. You don't need to have a big lump sum amount to start. Remember, the better practice is to invest regularly and as early as possible. As

you invest consistently throughout your time horizon, you also review regularly and rebalance as needed to ensure that you are right on track to achieving your life goals.

Cryptocurrency: The Numbers are for Sale

Have people gone mad? or are they geniuses? Ever since Bitcoin was created in 2009, people started collecting **cryptocurrencies** as part of their digital assets. In order for us to understand this phenomenon, is to begin understanding the concept of currency and why it has value.

According to an article posted in Investopedia:

> *Economics teaches society that values are subjective; items have economic value because people desire them for one reason or another. Currencies, or mediums of exchange, serve several different and crucial functions in an economy. For one, they make trade easier; money currencies trade for nearly any good or service.*

For example, suppose a person has 5 units of lumber and wishes to purchase a dog. Without currency, his only option is to find a lumber-wanting dog owner. With currency, like U.S. dollars, he can sell the lumber to anyone who wants it and then use the money to purchase a dog.

Currency also provides a universal measurement for accounting purposes. For instance, without currency, it is difficult to compare companies that sell different goods. Currency is used as a store of value, which makes saving, investing and banking easier.

Some currencies, like gold, have value because they are useful as a commodity. Government fiat currencies, like the U.S. dollar, have value because governments grant them legal tender status and only accept taxes through them.

So why do people value Cryptocurrencies?

Cryptocurrencies the likes of bitcoin, litecoin or this groups own Compuceeds do not have value as a physical commodity like gold and are not widely accepted as legal tender like dollars. Rather, Cryptocurrencies, apparently, becomes valuable once they reach the following milestones:

Popularity. Not necessarily mainstream adoption. The first step is for people to accept and trade their particular cryptocurrency. Trading simply means buying and selling it based on the perceived value of the entire community. This perceived value is typically dictated by prices set by the community through exchanges. The more people using it, the more its value is recognized. This leads to further growth and adoption.

Most cryptocurrencies are decentralized and limited. This is a major factor for many users. Cryptocurrencies are hard for governments to trace and tax. Also, unlike fiat money produced by central banks, there is a cap set on total coins, limiting how much the currency can devalue through inflation.

Cryptocurrencies act like an equity investment. The market value of a certain digital asset or cryptocurrency usually has had wild swings in value and even a market cap.

Cryptocurrency forms a social network. One of the fundamental reasons for a cryptocurrency’s success is its community. These communities need to be active and act like other online social networks where they support and show their loyalty on the digital asset they collect or own. A community promoting their own cryptocurrency is a crucial factor in determining its value and price today and in the future.

Are you in the business of buying, collecting and selling cryptocurrencies? Then you are the key towards its success. Your support and determination to win can go a long way. So equip yourself with the basics in the setting of its value. The minute you figure out what is there to love about the cryptocurrency you are collecting then you are on your way to making it big in this industry you've chosen to be a part of.

Can you make a living day trading cryptocurrencies?

Our friends at Reddit says "Absolutely." Actively trading cryptocurrencies or cryptos for several months can certainly make a decent living if done full time. Before doing so, the following one needs to consider the following important things:

Research – if you're not trading you should be reading. Be familiar with current trends such as community loyalty, developer competence of the platforms you use, market confidence, and other trends which may affect the price of a cryptocurrency.

Opportunities – based on your research you should be able to spot investment opportunities and gauge participation based on risk vs reward. Often times grinding out small, low risk moves (such as running arbitrage) can be just as lucrative as catching a big move. Knowing price trends in terms of BTC and USD is vital. Sometimes gains can be made in BTC but not USD and vice versa.

Don’t be greedy – the crypto space is very volatile but it’s not too dissimilar in its trading and price discovery than the stock market. Rallies eventually lead to selloffs and its better to lock in profit early than take on unnecessary risk for a slightly higher move. Also, sometimes doing nothing is better than doing something.

You have to be able to recognize opportunities regardless of market behavior. The market moves relative to the price of BTC. Even if BTC is in a down trend you can make money by purchasing altcoins (Alternative to Bitcoins, such as COMPUCEEDS, DOGE, LTC, XRP, BTS) that are oversold by trading the altcoin-to-BTC ratios. Sure, your purchasing power in USD may be lower but as long as your purchasing power in BTC is still increasing you’ll be ok.

One thing worth noting is that most interest gained on money is considered to be a strong investment at around 7% interest per year. However, when actively trading, especially day trading you can easily make 10%+ in a day. The important things to realize about day trading are:

You can make money when the market goes down by strategically buying, but also never waiting for the bottom or the top. In the words of Warren Buffet “Catch the Falling Knife” if you wait for the lowest price you’ll miss it.

You will make some horrible losses. When I used to day trade there were days where I made losses of 15%-30% of my portfolio, however, at the end of the month I was up 17% in total as I didn’t let those losses deter me. They will happen, it will be soul crushing, you just can’t quit.

Only invest what you can afford to lose. Some people think this advice is in regards to simply caring about your financial future and if you are ok with risks then you can ignore it. That is NOT the case. This advice actually exists to reflect the decision making model that is required for successful day trading. In day trading you don't have the opportunity to hesitate and you do have to take occasional gambles, if your dealing with money that you can't afford to lose then no matter how hard you try, your decision making will be affected and you will not be risk adverse enough.

As far as actually making a living let's talk about what that would take:

Let's say it was for $100,000/year (although I know many would be happy with less, we shall assume that someone educated enough to be an active day trader would be aiming for). This breaks down to roughly $2000/week or $400/work day in a week. If we exclude the earlier cases of cryptocurrencies growing thousands of percents a day, and exclude the general stability that we saw in the past few weeks, then it's easy enough for an experienced day trader to pull of 10-20% a month or more.

For the sake of this math lets say they get a 12.5% return each month: 12.5%*12 = 150% return per year (ignoring compounding) So with an investment of $60,000 a modest decent day trader could be making a decent living. That being said if you were shooting for around the $50k~ income bracket, you'd only need a $30k~ investment to go full time (if you knew what you are doing).

The 7 Deadly Sins Of Investing

Emotions and Biases Affect Your Investment Decisions

Despite repeated studies that suggest investors should just buy "passive index" funds and "hold on" until eternity, the reality is that it simply does not work that way.

If you were raised in a religious household, or were sent to a Catholic school, you have heard of the seven deadly sins. These transgressions – wrath, greed, sloth, pride, lust, envy and gluttony – are human tendencies that, if not overcome, can lead to other sins and a path straight to the netherworld.

In the investing world, these same seven deadly sins apply. These emotions or "behaviors," just like in life, lead to poor investing outcomes. Therefore, to be a better investor, we must recognize these "moral transgressions" and learn how to overcome them.

Let's get started.

Wrath – never get angry; just fix the problem and move on.

Individuals tend to believe that investments that they, or their advisor, make should "always" work out. They don't and they won't. Getting angry about a losing bet only delays taking the appropriate actions to correct it.

"Loss aversion" is the type of thinking that can be very dangerous for investors. The best course of action is to quickly identify problems, accept that investing contains a "risk of loss," correct the issue and move on. As the age-old axiom goes: "Cut losers short and let winners run."

Greed – greed causes more investors to lose more money than at the point of a gun.

The human emotion of "greed" leads to "confirmation bias" where individuals become blinded to contrary evidence leading them to "overstay their welcome."

Individuals regularly fall prey to the notion that if they "sell" a position to realize a "profit" that they may be "missing out" on further gains. This mentality has a long and depressing history of turning unrealized gains into realized losses as the investment eventually plummets back to earth.

It is important to remember that the primary tenet of investing is to "buy low" and "sell high." While this seems completely logical, it is emotionally impossible to achieve. It is "greed" that keeps us from selling high, and "fear" that keeps us from buying low. In the end, we are only left with poor results.

Sloth – don't be lazy; pay attention to your money because if you don't – no one else with either.

It is quite amazing that for something that is as important to our lives as our "money" is, how little attention we actually pay to it. Not paying attention to your investments, even if you have an advisor, will lead to poor long term results. Portfolios, like a garden, must be tended to on a regular basis, "prune" by rebalancing the allocation, "weed" by selling losing positions, and "harvest" by taking profits from winners.

If you do not regularly tend to a portfolio, the bounty produced will "rot on the vine" and eventually the weeds will eventually reclaim the garden as if it never existed.

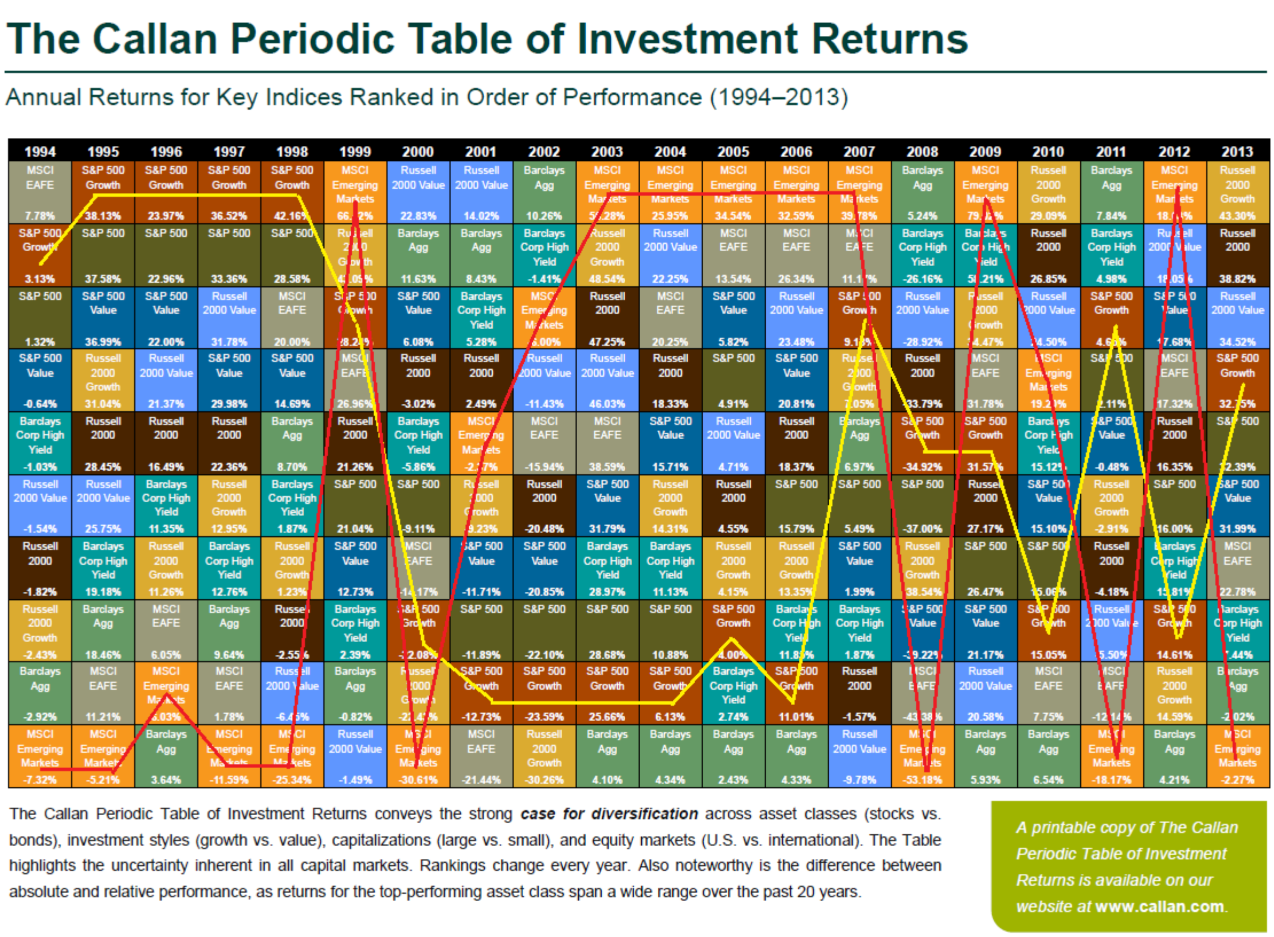
Pride – when things are going good don't be prideful – pride leads to the fall. You are NOT smarter than the market, and it will "eat you alive" as soon as you think you are.

When it comes to investing, it is important to remember that a "rising tide lifts all boats." The other half of that story is that the opposite in also true. When markets are rising, it seems as if any investment we make works; therefore we start to think that we are "smart investors." However, the reality is that there is a huge difference between being "smart" and just being "along for the ride." Ray Dalio, head of Bridgewater which manages more than $140 billion, summed it up best:

> *"Betting on any market is like poker, it's a zero-sum game and the deck is stacked against the individual investor in favor of big players like Bridgewater, which has about 1,500 employees. We spend hundreds of millions of dollars on research each year and even then we don't know that we're going to win. However, it's very important for most people to know when not to make a bet because if you're going to come to the poker table you are going to have to beat me."*

Lust – lusting after some investment will lead you to overpay for it.

"Chasing performance" is a guaranteed recipe for disaster as an investor. For most, by the time that "performance" is highly visible the bulk of that particular investments cyclical gains are already likely achieved. This can been seen in the periodic table of returns below from Callan:



The Callan Periodic Table of Investment Returns

Annual Returns for Key Indices Ranked in Order of Performance (1994–2013)

1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
MSCI EAFE 7.78%	S&P 500 Growth 38.13%	S&P 500 Growth 23.97%	S&P 500 Growth 36.52%	S&P 500 Growth 42.16%	MSCI Emerging Markets 66.42%	Russell 2000 Value 22.83%	Russell 2000 Value 14.02%	Barclays Agg 10.26%	MSCI Emerging Markets 56.28%
S&P 500 Growth 3.13%	S&P 500 37.58%	S&P 500 22.96%	S&P 500 33.36%	S&P 500 28.58%	Russell 2000 Growth 43.09%	Barclays Agg 11.63%	Barclays Agg 8.43%	Barclays Corp High Yield -1.41%	Russell 2000 Growth 48.54%
S&P 500 1.32%	S&P 500 Value 36.99%	S&P 500 Value 22.00%	Russell 2000 Value 31.78%	MSCI EAFE 20.00%	S&P 500 Growth 28.24%	S&P 500 Value 6.08%	Barclays Corp High Yield 5.28%	MSCI Emerging Markets -6.00%	Russell 2000 47.25%
S&P 500 Value -0.64%	Russell 2000 Growth 31.04%	Russell 2000 Value 21.37%	S&P 500 Value 29.98%	S&P 500 Value 14.69%	MSCI EAFE 26.96%	Russell 2000 -3.02%	Russell 2000 2.49%	Russell 2000 Value -11.43%	Russell 2000 Value 46.03%
Barclays Corp High Yield -1.03%	Russell 2000 28.45%	Russell 2000 16.49%	Russell 2000 22.36%	Barclays Agg 8.70%	Russell 2000 21.26%	Barclays Corp High Yield -5.86%	MSCI Emerging Markets -2.37%	MSCI EAFE -15.94%	MSCI EAFE 38.59%
Russell 2000 Value -1.54%	Russell 2000 Value 25.75%	Barclays Corp High Yield 11.35%	Russell 2000 Growth 12.95%	Barclays Corp High Yield 1.87%	S&P 500 21.04%	S&P 500 -9.11%	Russell 2000 Growth -9.23%	Russell 2000 -20.48%	S&P 500 Value 31.79%
Russell 2000 -1.82%	Barclays Corp High Yield 19.18%	Russell 2000 Growth 11.26%	Barclays Corp High Yield 12.76%	Russell 2000 Growth 1.23%	S&P 500 Value 12.73%	MSCI EAFE -14.17%	S&P 500 Value -11.71%	S&P 500 Value -20.85%	Barclays Corp High Yield 28.97%
Russell 2000 Growth -2.43%	Barclays Agg 18.46%	MSCI EAFE 6.05%	Barclays Agg 9.64%	Russell 2000 -2.55%	Barclays Corp High Yield 2.39%	S&P 500 Growth -22.08%	S&P 500 -11.89%	S&P 500 -22.10%	S&P 500 28.68%
Barclays Agg -2.92%	MSCI EAFE 11.21%	MSCI Emerging Markets 6.03%	MSCI EAFE 1.78%	Russell 2000 Value -6.45%	Barclays Agg -0.82%	Russell 2000 Growth -22.43%	S&P 500 Growth -12.73%	S&P 500 Growth -23.59%	S&P 500 Growth 25.66%
MSCI Emerging Markets -7.32%	MSCI Emerging Markets -5.21%	Barclays Agg 3.64%	MSCI Emerging Markets -11.59%	MSCI Emerging Markets -25.34%	Russell 2000 Value -1.49%	MSCI Emerging Markets -30.61%	MSCI EAFE -21.44%	Russell 2000 Growth -30.26%	Barclays Agg 4.10%

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
MSCI Emerging Markets 25.95%	MSCI Emerging Markets 34.54%	MSCI Emerging Markets 32.59%	MSCI Emerging Markets 39.78%	Barclays Agg 5.24%	MSCI Emerging Markets 79.02%	Russell 2000 Growth 29.09%	Barclays Agg 7.84%	MSCI Emerging Markets 18.63%	Russell 2000 Growth 43.30%
Russell 2000 Value 22.25%	MSCI EAFE 13.54%	MSCI EAFE 26.34%	MSCI EAFE 11.17%	Barclays Corp High Yield -26.16%	Barclays Corp High Yield 58.21%	Russell 2000 26.85%	Barclays Corp High Yield 4.98%	Russell 2000 Value 18.05%	Russell 2000 38.82%
MSCI EAFE 20.25%	S&P 500 Value 5.82%	Russell 2000 Value 23.48%	S&P 500 Growth 9.13%	Russell 2000 Value -28.92%	Russell 2000 Growth 34.47%	Russell 2000 Value 24.50%	S&P 500 Growth 4.65%	S&P 500 Value 17.68%	Russell 2000 Value 34.52%
Russell 2000 18.33%	S&P 500 4.91%	S&P 500 Value 20.81%	Russell 2000 Growth 7.05%	Russell 2000 -33.79%	MSCI EAFE 31.78%	MSCI Emerging Markets 19.20%	S&P 500 2.11%	MSCI EAFE 17.32%	S&P 500 Growth 32.75%
S&P 500 Value 15.71%	Russell 2000 Value 4.71%	Russell 2000 18.37%	Barclays Agg 6.97%	S&P 500 Growth -34.92%	S&P 500 Growth 31.57%	Barclays Corp High Yield 15.12%	S&P 500 Value -0.48%	Russell 2000 16.35%	S&P 500 32.39%
Russell 2000 Growth 14.31%	Russell 2000 4.55%	S&P 500 15.79%	S&P 500 5.49%	S&P 500 -37.00%	Russell 2000 27.17%	S&P 500 Value 15.10%	Russell 2000 Growth -2.91%	S&P 500 16.00%	S&P 500 Value 31.99%
Barclays Corp High Yield 11.13%	Russell 2000 Growth 4.15%	Russell 2000 Growth 13.35%	S&P 500 Value 1.99%	Russell 2000 Growth -38.54%	S&P 500 26.47%	S&P 500 15.06%	Russell 2000 -4.18%	Barclays Corp High Yield 15.81%	MSCI EAFE 22.78%
S&P 500 10.88%	S&P 500 Growth 4.00%	Barclays Corp High Yield 11.85%	Barclays Corp High Yield 1.87%	S&P 500 Value -39.22%	S&P 500 Value 21.17%	S&P 500 Growth 15.05%	Russell 2000 Value -5.50%	S&P 500 Growth 14.61%	Barclays Corp High Yield 7.44%
S&P 500 Growth 6.13%	Barclays Corp High Yield 2.74%	S&P 500 Growth 11.01%	Russell 2000 -1.57%	MSCI EAFE -43.38%	Russell 2000 Value 20.58%	MSCI EAFE 7.75%	MSCI EAFE -12.14%	Russell 2000 Growth 14.59%	Barclays Agg -2.02%
Barclays Agg 4.34%	Barclays Agg 2.43%	Barclays Agg 4.33%	Russell 2000 Value -9.78%	MSCI Emerging Markets -53.18%	Barclays Agg 5.93%	Barclays Agg 6.54%	MSCI Emerging Markets -18.17%	Barclays Agg 4.21%	MSCI Emerging Markets -2.27%

The Callan Periodic Table of Investment Returns conveys the strong ***case for diversification*** across asset classes (stocks vs. bonds), investment styles (growth vs. value), capitalizations (large vs. small), and equity markets (U.S. vs. international). The Table highlights the uncertainty inherent in all capital markets. Rankings change every year. Also noteworthy is the difference between absolute and relative performance, as returns for the top-performing asset class span a wide range over the past 20 years.

A printable copy of The Callan Periodic Table of Investment Returns is available on our website at ***www.callan.com.***

I have highlighted both the S&P 500 Growth and Emerging Market indexes as an example. Importantly, you can see that investment returns can vary widely from one year to the next. "Lusting" after last year's performance leads to "buying high" which ultimate leads to the second half of the cycle of "selling low."

It is very hard to "buy stuff when no one else wants it" but that is how investing is supposed to work. Importantly, if you are going to "lust," "lust" after your spouse – it is guaranteed to pay much bigger dividends.

Envy – this goes along with Lust and Greed

Being envious of someone else's investment portfolio, or their returns, will only lead to poor decision-making over time. It is also important to remember that when individuals talk about their investments, they rarely tell you about their losers. "I made a killing with XYZ. You should have bought some" is how the line goes. However, what is often left out is that they lost more than what they gained elsewhere.

Advice is often worth exactly what you pay for it, and sometimes not even that. Do what works for you and be happy with where you are. Everything else is secondary, and only leads to making emotional decisions built around greed and lust which have disastrous long term implications.

Gluttony – never, ever over-indulge. Putting too much into one investment is a recipe for disaster.

There are a few great investors in this world than can make large concentrated bets and live to tell about it. It is also important to know that they can "afford" to be wrong – you can't.

Just like the glutton gorging on a delicious meal – it feels good until it doesn't, and the damage is often irreversible. History is replete with tales of individuals who had all their money invested in company stock, companies like Enron, Worldcom, Global Crossing; etc. all had huge, fabulous runs and disasterous endings.

Concentrated bets are a great way to make a lot of money in the markets as long as you are “right.” The problem with making concentrated bets is the ability to repeat success. More often than not individuals who try simply wind up broke.

Regardless of how many times I discuss these issues, quote successful investors, or warn of the dangers – the response from both individuals and investment professionals is always the same.

> *“I am a long-term, fundamental value, investor. So these rules don’t apply to me.”*

No you’re not. Yes, they do.

Individuals are long term investors only as long as the markets are rising. Despite endless warnings, repeated suggestions and outright recommendations – getting investors to sell, take profits and manage portfolio risks go unheeded.

Unfortunately, by the time the fear, desperation and panic stages are reached, it is far too late to act, and I will only be able to say that I warned you.