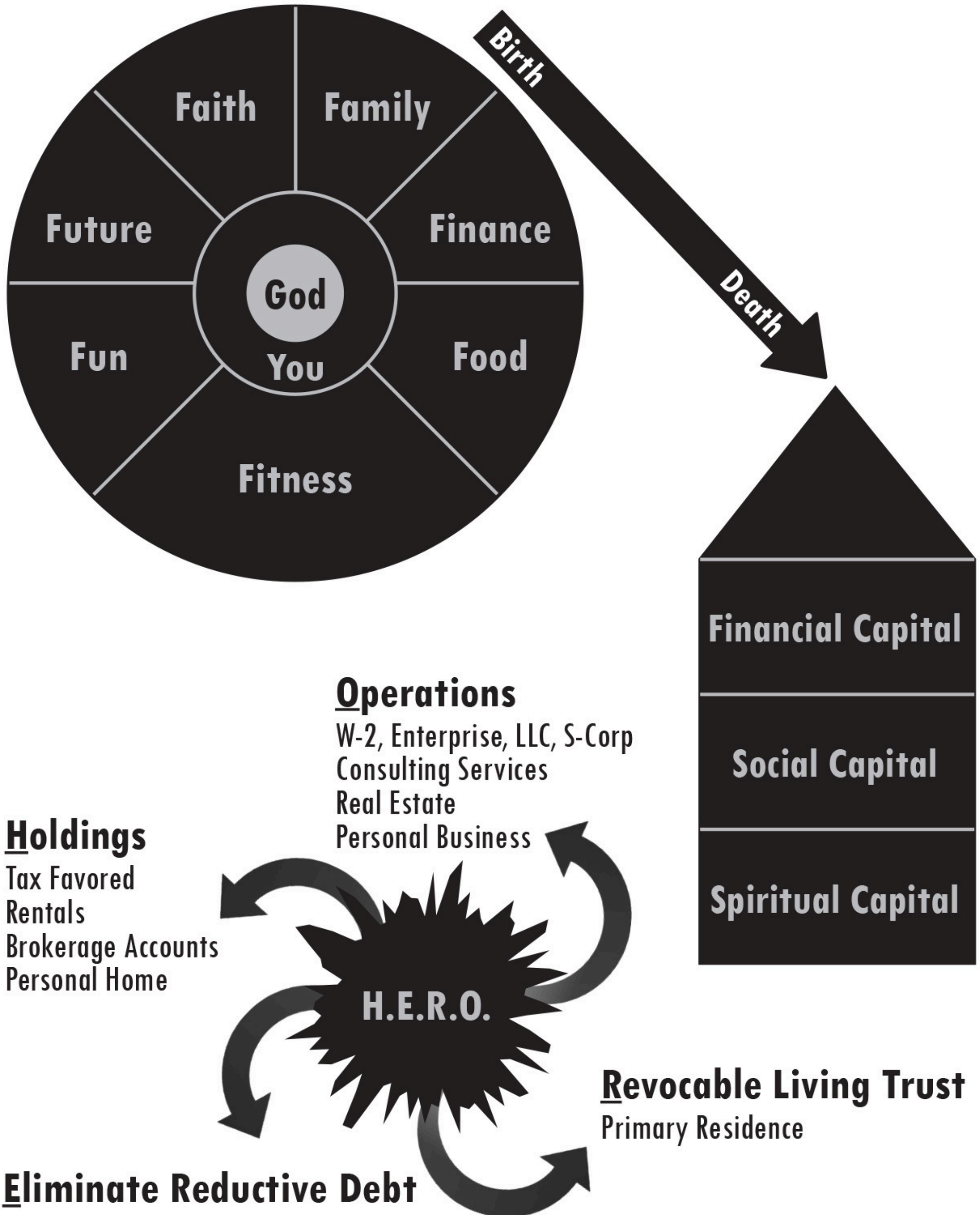


Life Balance Wheel

The House of _____



*Inspired by Mark J. Kohler

Percentage of Americans Who Currently Hold Various Types of Debt

Type of Debt	General Population	Millionaires
Credit card debt	40%	6%
Auto loan	35%	18%
Student loan	22%	2%
Medical debt	12%	2%
Family/friend loan	8%	1%

Type of Debt	General Population	Millionaires
Business loan	2%	2%
Home equity loan	10%	9%
Mortgage loan	30%	34%

Investing (employer-sponsored 401(k), Roth IRA)	80%
Investing (outside of employer: ETFs, single stock, IRA)	74%
Savings	73%
Real estate	36%
Note: Only 22% inherited their millionaire status.	

Building Your Savings

QUICK START EMERGENCY
\$1,000 - \$5,000



***Implement a Debt Snowball if Needed**

PERMANENT EMERGENCY FUND
PLUS REPLACE BIG TICKET
ITEMS FUND
(cars, vacations, etc.)
3 Months Living Expenses
(Safety Net)

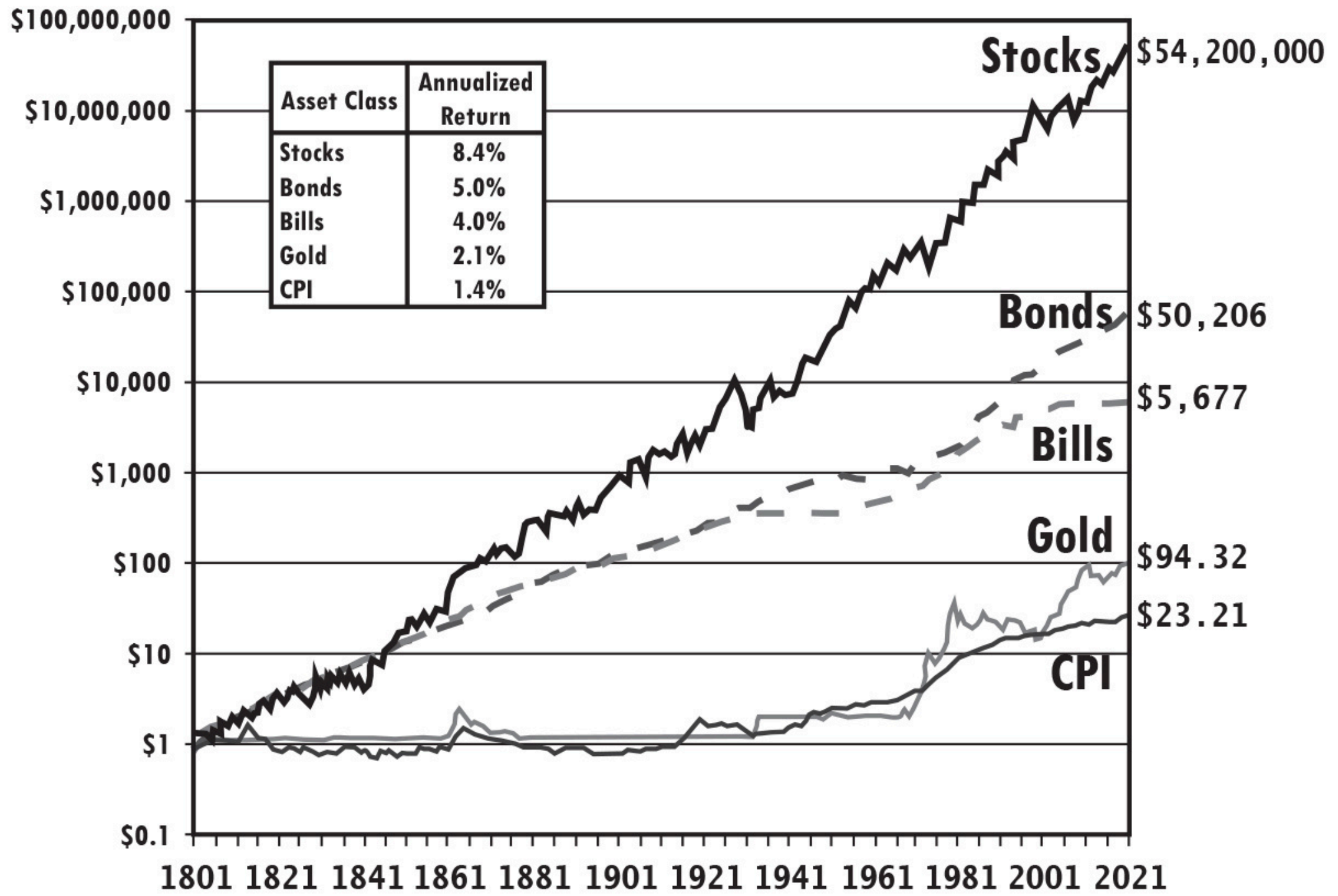


INCREASE HOLDINGS FUND
(house, deferred savings - IRA, 401k,
ROTH, rentals etc.)
Investment Opportunities



Total Asset Returns

Total nominal return indexes, 1802-2021



Source: Jeremy Siegel, "Stocks for the Long Run, 6th edition (McGraw-Hill Publishing) New York, NY 2023, 23

Investor Conflicts

Diversification
Seeking to reduce risk, but simply using different sources.

Anchoring
Relating to the familiar experiences, even when inappropriate

Optimism
Belief that good things happen to me and bad things to others

Mental Accounting
Taking undue risk in one area and avoiding rational risk in another

Media Response
Tendency to react to news without reasonable examination

Narrow Framing
Making decisions without considering all implications

Regret
Treating errors of commission more seriously than errors of omission

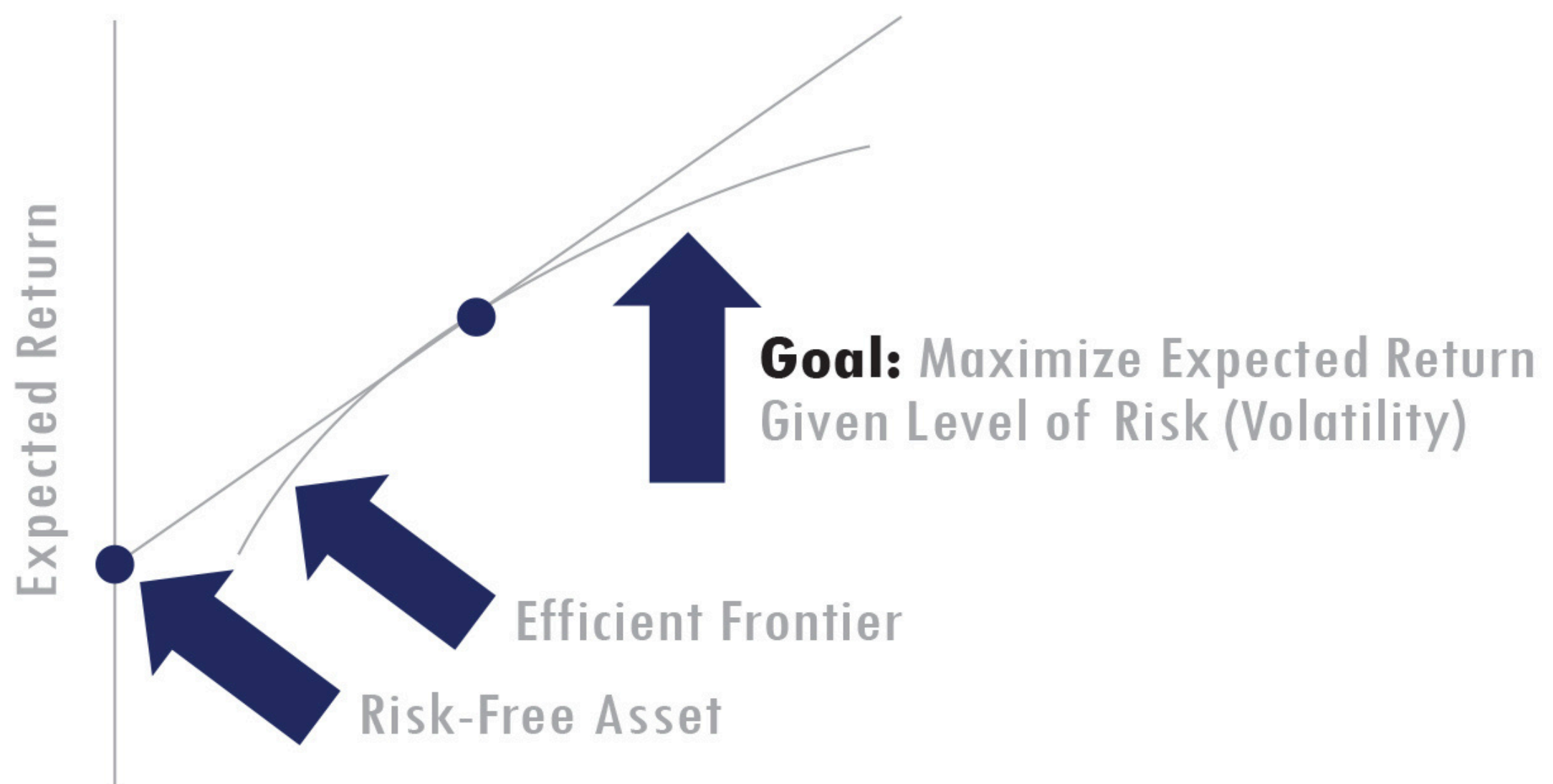
Loss Aversion
Expecting to find high returns with low risk

Herding
Copying the behavior of others even in the face of unfavorable outcomes



Modern Portfolio Theory

Diversification works: Own multiple asset categories that tend to have dissimilar price movements



Harry Markowitz

1990 Nobel Peace Prize

1952 Portfolio Selection in
the Journal of Finance

Efficient Market Hypothesis

Mispricings do occur but not in predictable patterns that can lead to consistent outperformance.

Active management strategies cannot consistently add value through security selection and market timing.

Evidence Based Investment Strategy: designed to reward disciplined investors with capital market returns.



Efficient Market Hypothesis

January 1928 - December 2021

1 Month T-Bills
3.26%

S&P 500
10.19%

6.93%
Market Factor

January 1928 - December 2021

S&P 500
10.19%

US Small Cap
12.14%

1.95%
Size Factor

January 1928 - December 2021

US Growth
9.76%

US Value
12.60%

2.84%
Value Factor

January 1964 - December 2021

US Low Prof
8.34%

US High Prof
12.12%

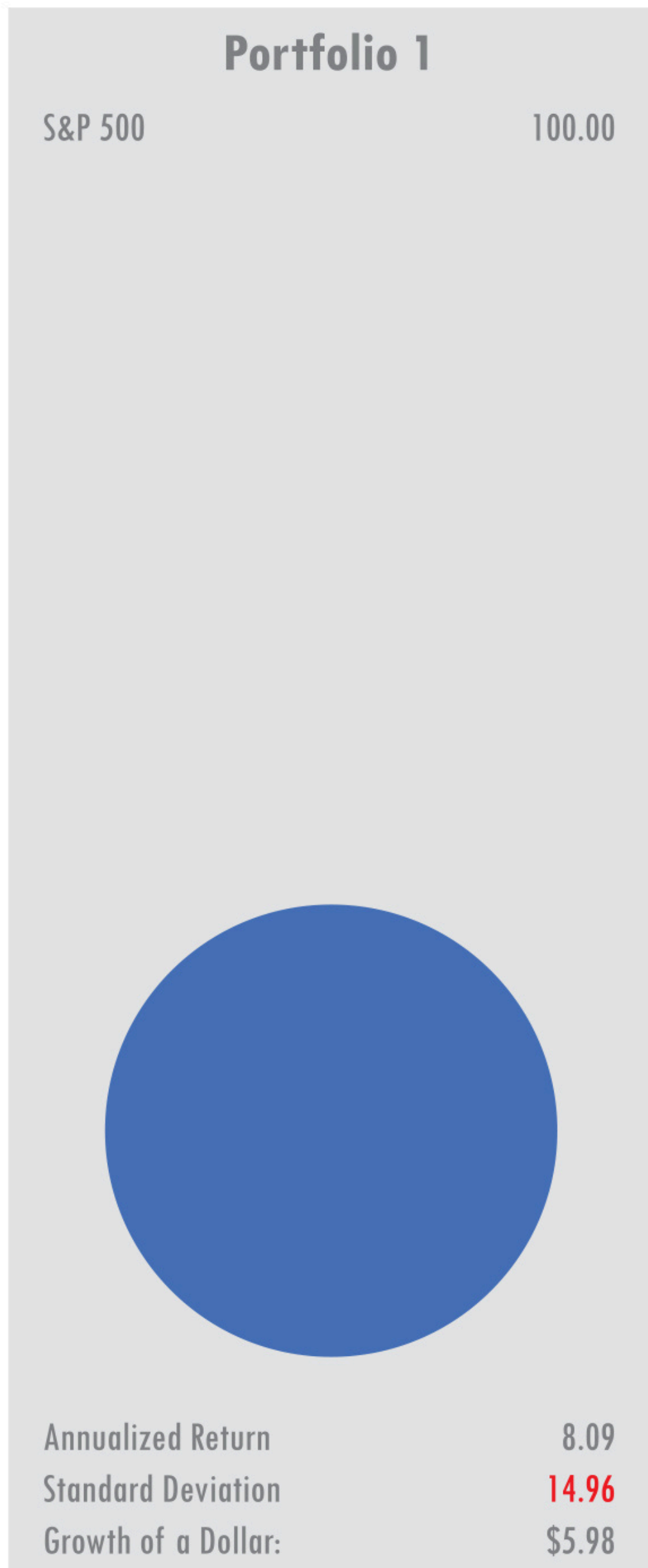
3.78%
Profitability Factor

Returns refer to the premium over the risk-free rate short term treasury. Returns based on The Center for Research in Security Prices, University of Chicago. Data from 1/1928-12/31/2021 and 1/1/1964-12/31/2021. You cannot invest directly in an index. Unmanaged indexes do not reflect management fees, transaction costs or other costs that are associated with some investments or a managed portfolio.

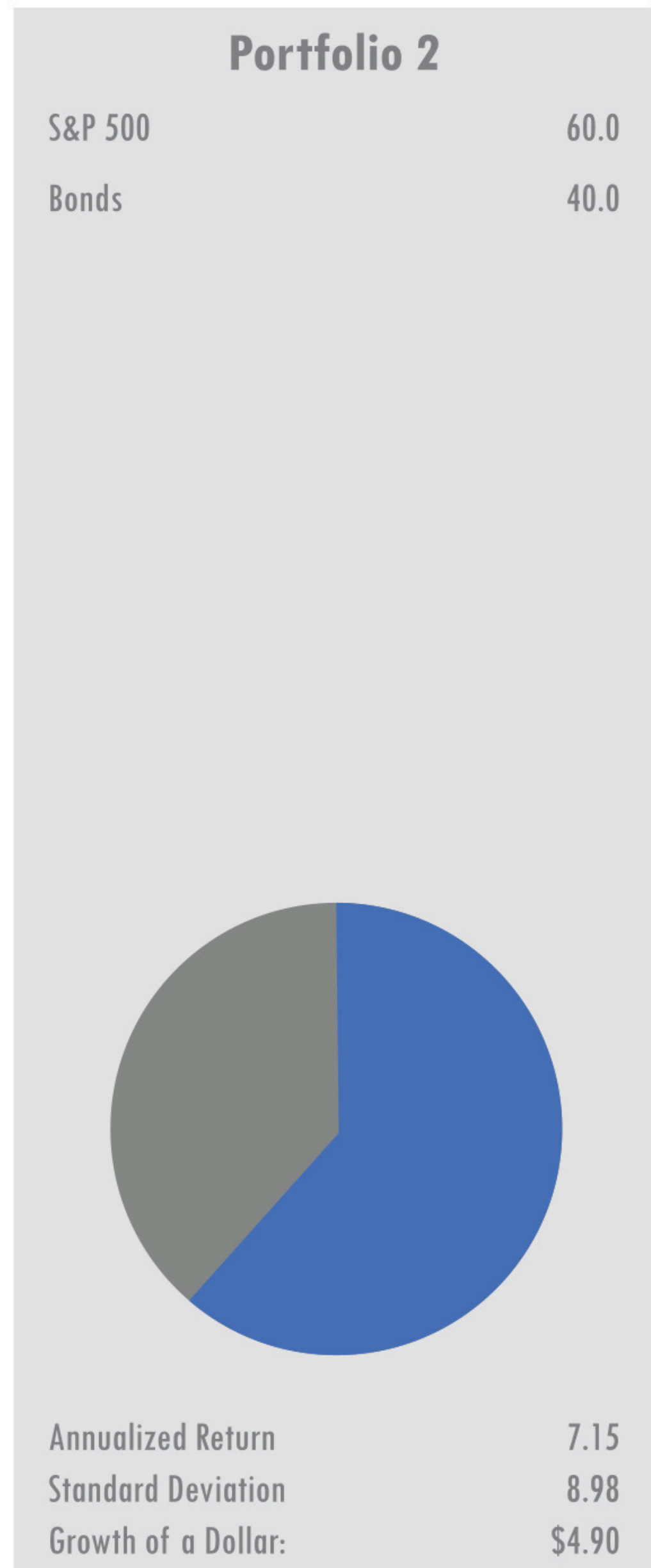
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Evidence Based Investing Strategy

Building an Efficient Portfolio - 60/40 Hypothetical
Illustration: January 1999 - December 2021



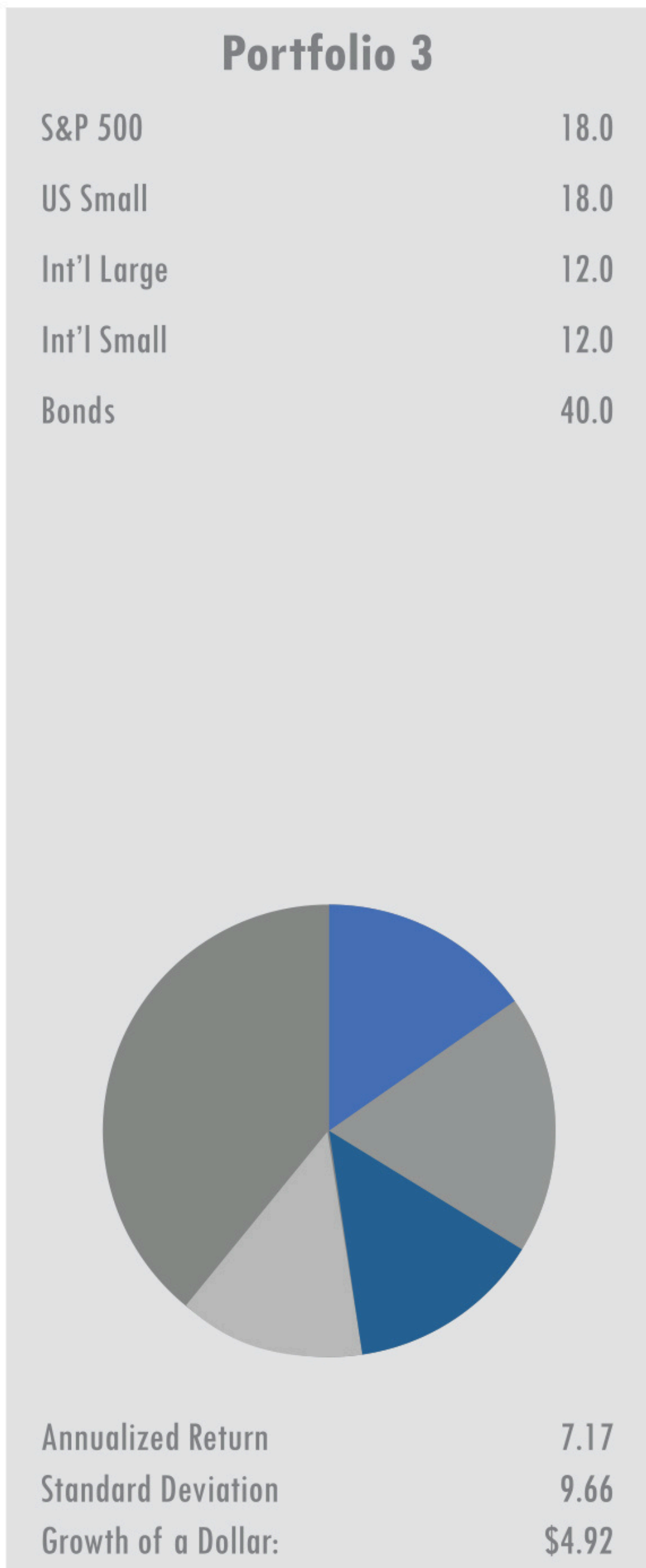
All US Equities (**undiversified**)



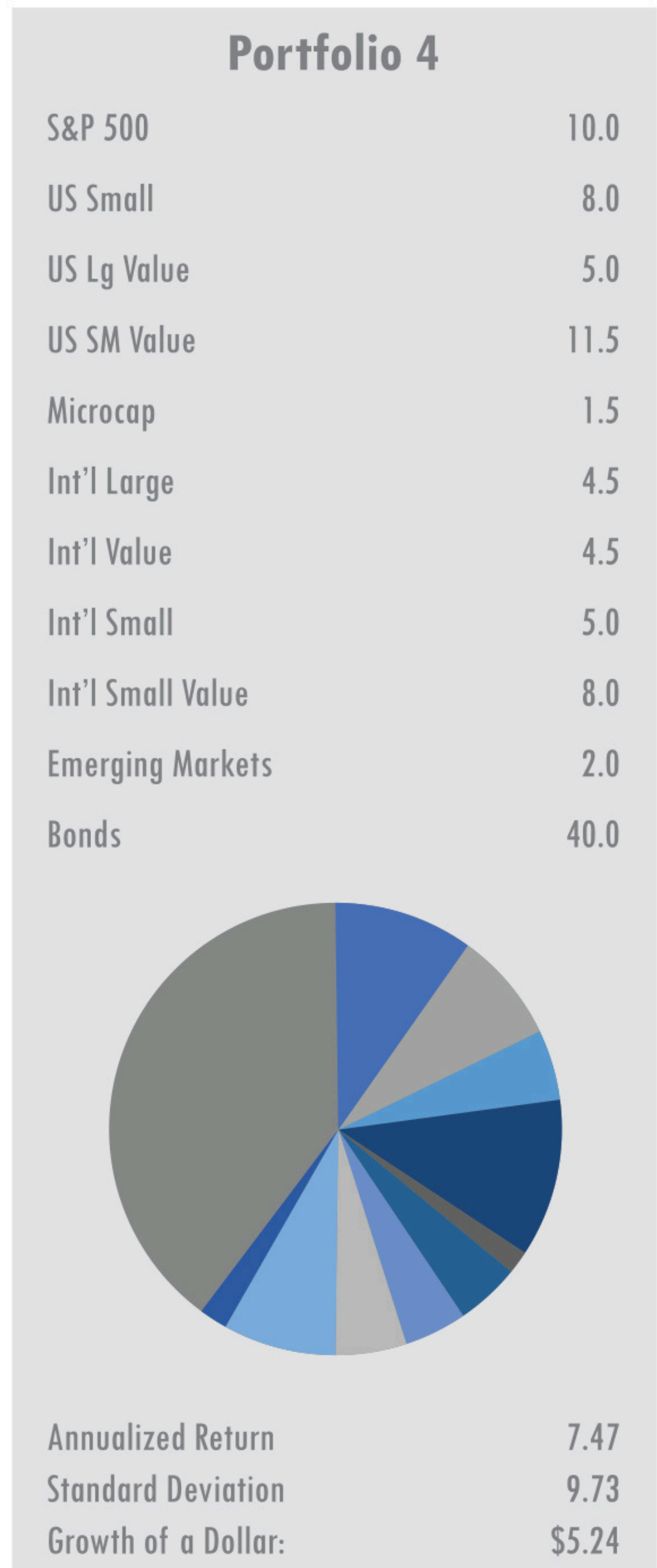
Fixed Income Effect

Evidence Based Investing Strategy-2

Building an Efficient Portfolio - 60/40 Hypothetical
Illustration: January 1999 - December 2021



Global + Small Effect



Global + Small + Value Effect

Evidence Based Investing Applied

Captured almost 92% of “Undiversified” All-US Stock Return with 40% of the Portfolio in BONDS!

35% LESS Volatility (Risk)

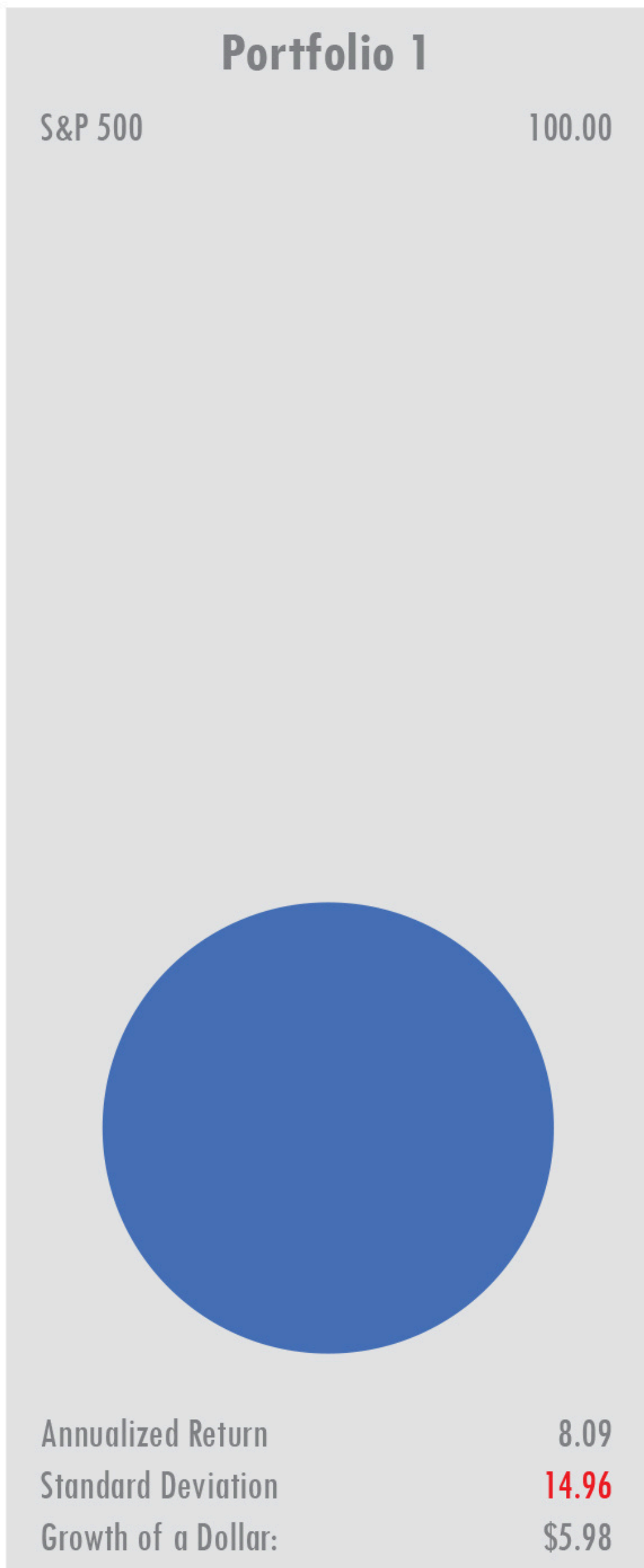


8.09% vs 7.47%

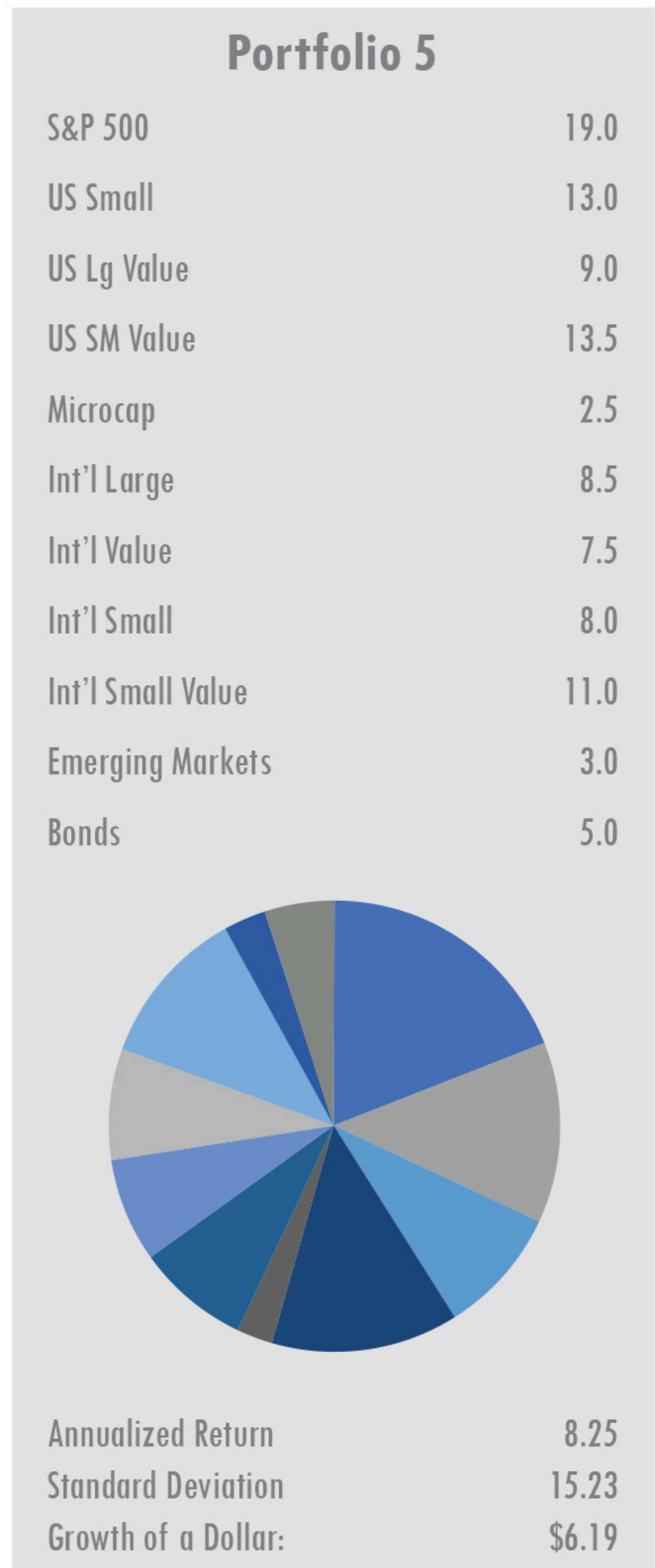
OK with Higher “S&P” Volatility?

Why settle for undiversified, S&P 500 “only” returns?

January 1999 - December 2021



***500 stocks in 1 Country**



***14,000 stocks in 50 Countries**

OK with Higher “S&P” Volatility?

Why settle for undiversified, S&P 500 “only” returns?

Hypothetical \$100,000 Portfolio Starting Value:

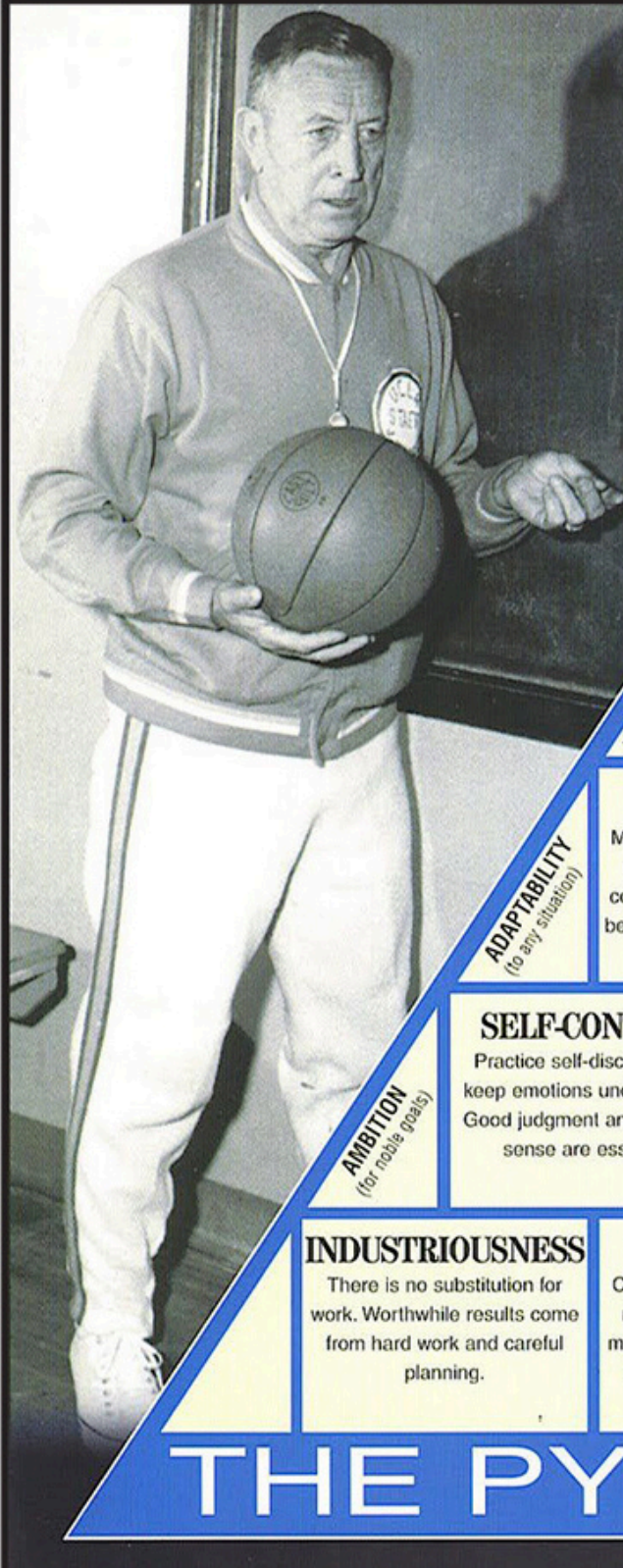
8.09%
VS
8.25%

or

\$598,504
VS
\$619,216

Difference:
\$20,712

Pyramid of Success



Success is peace of mind which is a direct result of self-satisfaction in knowing you did your best to become the best that you are capable of becoming.

John R. Wooden
Head Basketball Coach, Emeritus, UCLA

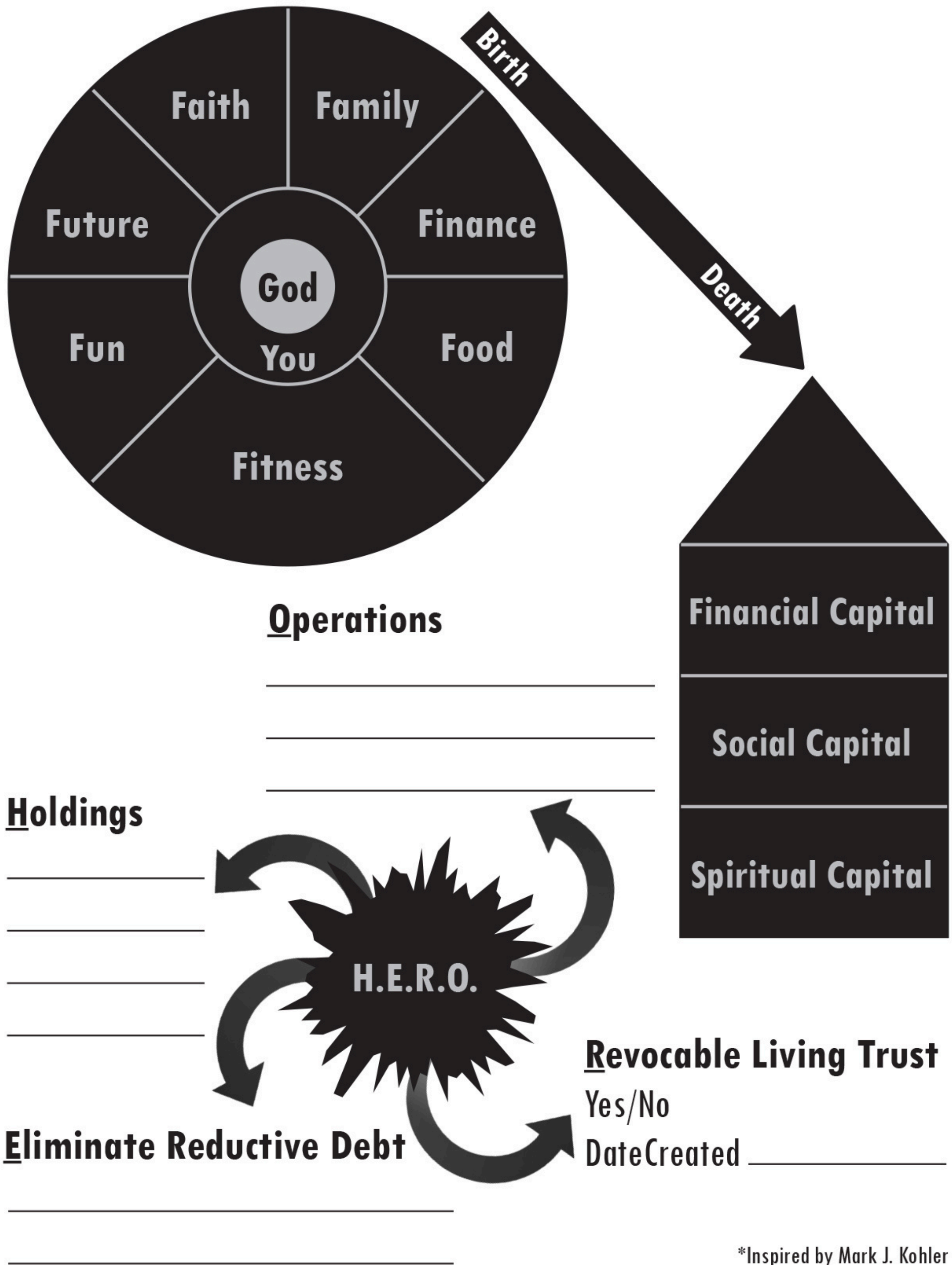
FIGHT (determining effort)		FAITH (through prayer)		PATIENCE (good things take time)	
COMPETITIVE GREATNESS Be at your best when your best is needed. Enjoyment of a difficult challenge.					
POISE Just being yourself. Being at ease in any situation. Never fighting yourself.		CONFIDENCE Respect without fear. May come from being prepared and keeping all things in proper perspective.		INTEGRITY (unity of intention)	
CONDITION Mental-Moral-Physical. Rest, exercise and diet must be considered. Moderation must be practiced. Dissipation must be eliminated.		SKILL A knowledge of and the ability to properly and quickly execute the fundamentals. Be prepared and cover every little detail.		TEAM SPIRIT A genuine consideration for others. An eagerness to sacrifice personal interests of glory for the welfare of all.	
SELF-CONTROL Practice self-discipline and keep emotions under control. Good judgment and common sense are essential.		ALERTNESS Be observing constantly. Stay open-minded. Be eager to learn and improve.		INITIATIVE Cultivate the ability to make decisions and think alone. Do not be afraid of failure, but learn from it.	
INDUSTRIOUSNESS There is no substitution for work. Worthwhile results come from hard work and careful planning.		FRIENDSHIP Comes from mutual esteem, respect and devotion. Like marriage it must not be taken for granted but requires a joint effort.		ENTHUSIASM Brushes off upon those with whom you come in contact. You must truly enjoy what you are doing.	

ADAPTABILITY (to any situation)
RESOURCEFULNESS (proper judgment)
RELIABILITY (creates respect)
HONESTY (in thought and action)
AMBITION (for noble goals)
SINCERITY (keeps friends)

THE PYRAMID OF SUCCESS

Life Balance Wheel

The House of _____



*Inspired by Mark J. Kohler