

The logo for BAIRD, featuring the word "BAIRD" in white, uppercase letters on a blue, trapezoidal background that tapers to the right.

BAIRD

Private Wealth
Management

The Informed Investor

Five Key Concepts for Financial Success

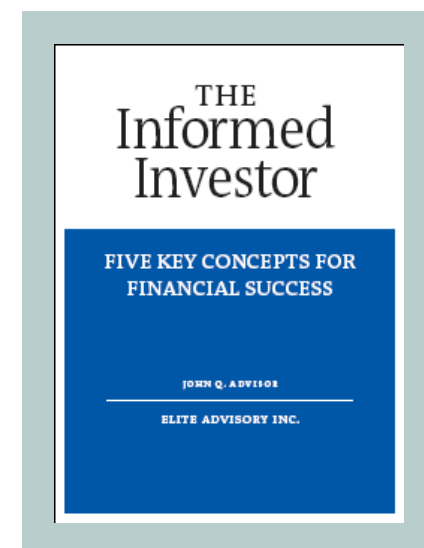
The Wathen Lobel Group Private Wealth Management

Robert W. Baird & Co., Inc
110 Main St., PO Box 98
Evansville, IN 47708

rwbaird.com
812-426-1481

Table of Contents

	TAKING A COMPREHENSIVE APPROACH TO YOUR LIFE
	RISING ABOVE THE NOISE
	FIVE KEY CONCEPTS FOR FINANCIAL SUCCESS
	YOUR NEXT STEPS



Taking a Comprehensive Approach to Your Financial Life

- Money means different things to different people. Each of us has different dreams....
 - Financial freedom
 - Educational funding for children or grandchildren
 - Travel or a vacation home
 - Charitable legacy
- Whatever your dreams are, you need a framework for making wise decisions about your money that will help enable you to achieve all that is important to you.
- A broad range of financial issues calls for a broad, comprehensive outlook. It's for this reason that many affluent individuals want help with more than just investments. They want real wealth management – a complete approach to addressing their entire financial lives.

Wealth Management Defined

- We define wealth management as a formula:

$$\mathbf{WM = IC + AP + RM}$$

- Investment consulting (IC)
 - Astute management of investments over time
- Advanced planning (AP)
 - Wealth enhancement
 - Wealth transfer
 - Wealth protection
- Relationship management (RM)
 - Clients
 - Network of financial professionals
 - Clients' other professional advisors

Rising Above the Noise

- Some investment professionals work hard to make their work confusing. They believe they have a vested interest in creating investor confusion. They use jargon that can intimidate and make it difficult for you to understand relatively straightforward concepts.
- But investing is actually not that complicated.
- We'll explore the different methods that investors use to make decisions about their money and we'll talk about how we believe you should approach to your portfolio.

Three Investment Decision Matrix

Market Timing

Yes

No

Yes

Security
Selection

	1 The Noise Quadrant Most individual investors Financial journalists	2 Conventional Wisdom Quadrant Financial planners Stockbrokers Most mutual funds
No	3 Tactical Allocation Quadrant Pure market timers Asset allocation funds	4 Information Quadrant Academics Many institutional investors

Five Key Concepts for Financial Success

1. Leverage diversification to reduce risk.
2. Seek lower volatility to enhance returns.
3. Use global diversification to enhanced returns and reduce risks.
4. Employ asset class investing.
5. Design efficient portfolios.

Concept One: Leverage Diversification to Reduce Risk



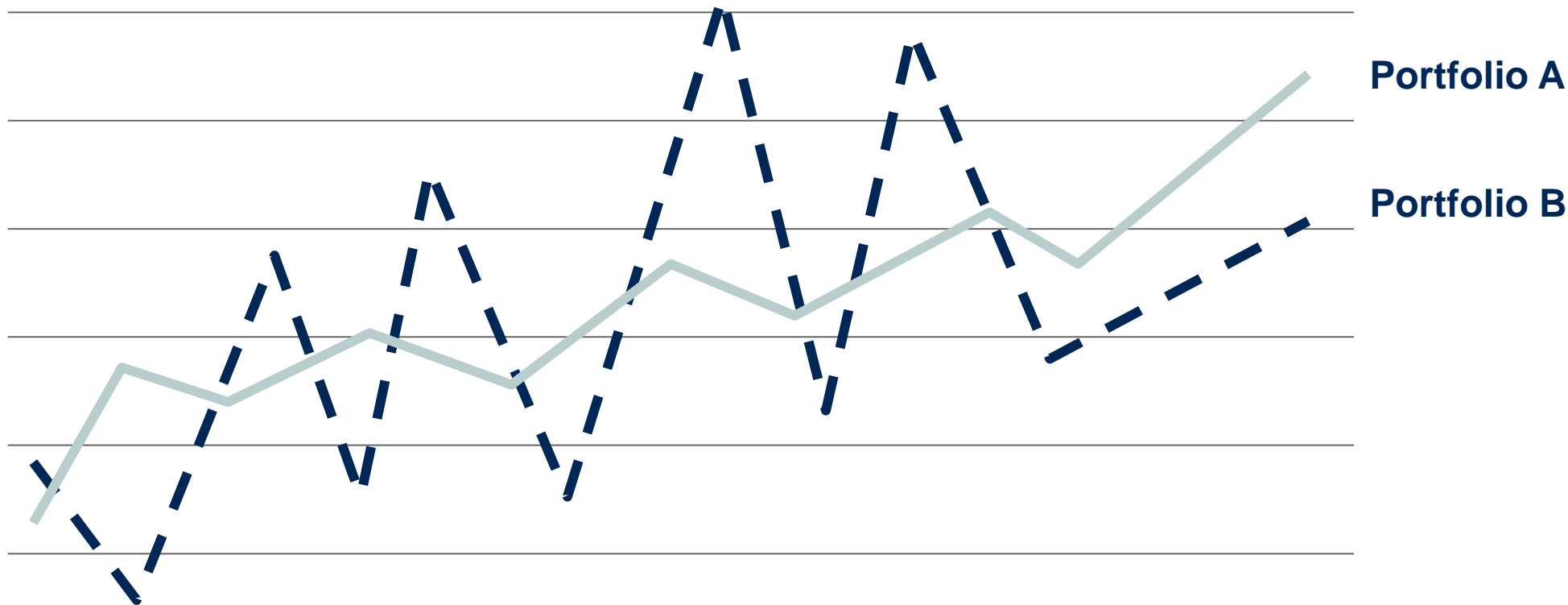
Source: CEG Worldwide.

Concept Two: Seek Lower Volatility to Enhance Returns

Year	Consistent Investment		Volatile Investment	
	Rate of Return	Ending Value	Rate of Return	Ending Value
1	8%	\$108,000	30%	\$130,000
2	8%	\$116,640	-20%	\$104,000
3	8%	\$125,971	25%	\$130,000
4	8%	\$136,049	-20%	\$104,000
5	8%	\$146,933	25%	\$130,000
Arithmetic Return	8%		8%	
Compound Return	8%		5.39%	

Source: CEG Worldwide.

Consistency Beats Volatility



Two Portfolios with the Same Average Return

Source: CEG Worldwide.

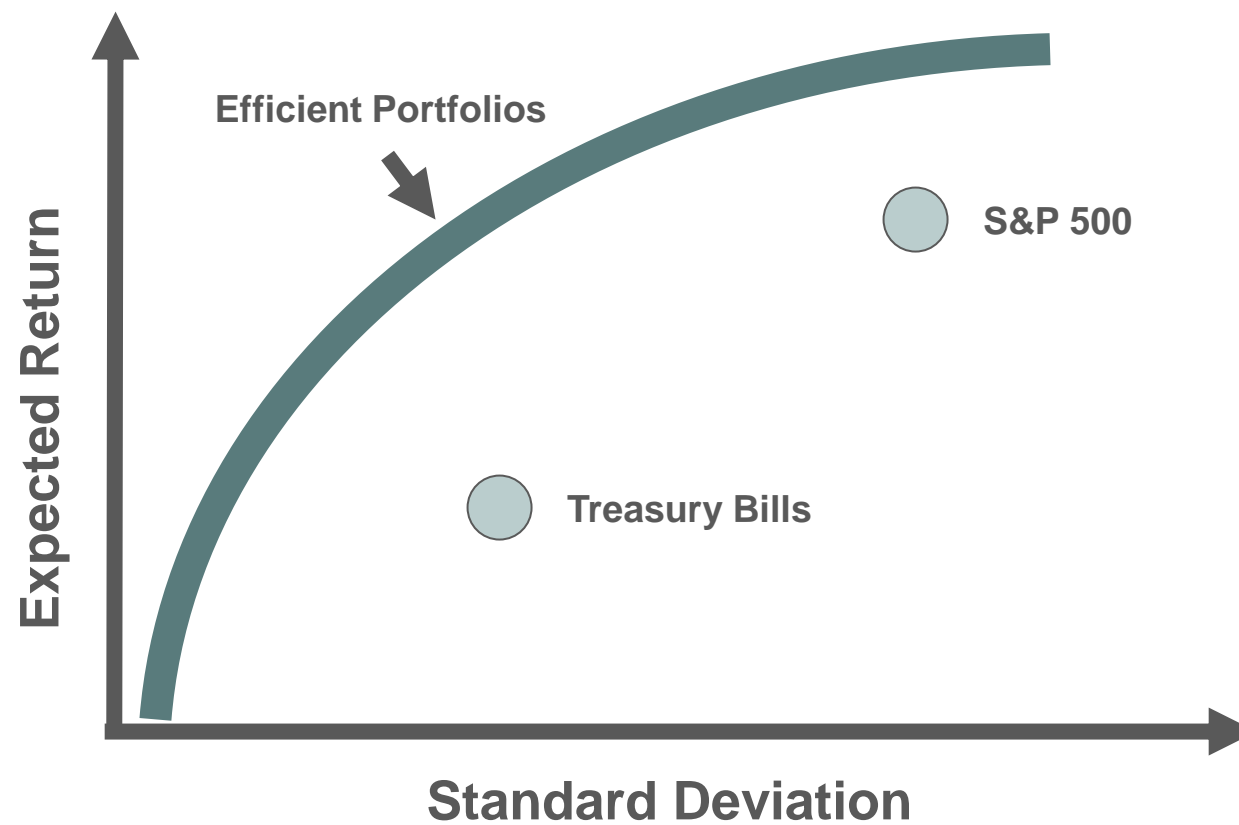
Concept Three: Use Global Diversification to Enhance Returns and Reduce Risk

- Investors here in the U.S. tend to favor stocks and bonds of U.S.-based companies.
- Unfortunately, these investors' emotional reactions are causing them to miss out on one of the most effective ways to increase their returns.
- By looking to overseas investments, you greatly increase your opportunity to invest in superior global firms that can help you grow your wealth faster.
- Global diversification in your portfolio also reduces its overall risk. The price movements between international and U.S. asset classes are often dissimilar, so investing in both can increase your portfolio's diversification

Concept Four: Employ Asset Class Investing

- Lower operating expenses
- Lower turnover resulting in lower costs
- Lower turnover resulting in lower taxes
- Consistently maintained market segments

Concept Five: Design Efficient Portfolios



Source: CEG Worldwide.

Your Next Steps: The Need for Wealth Management

- Taking a comprehensive approach to achieving all your financial dreams requires wealth management.
- This means more than just taking care of your investments. It also means addressing your advanced planning needs, including wealth enhancement, wealth transfer, wealth protection and charitable giving.

Your Next Steps: True Wealth Management

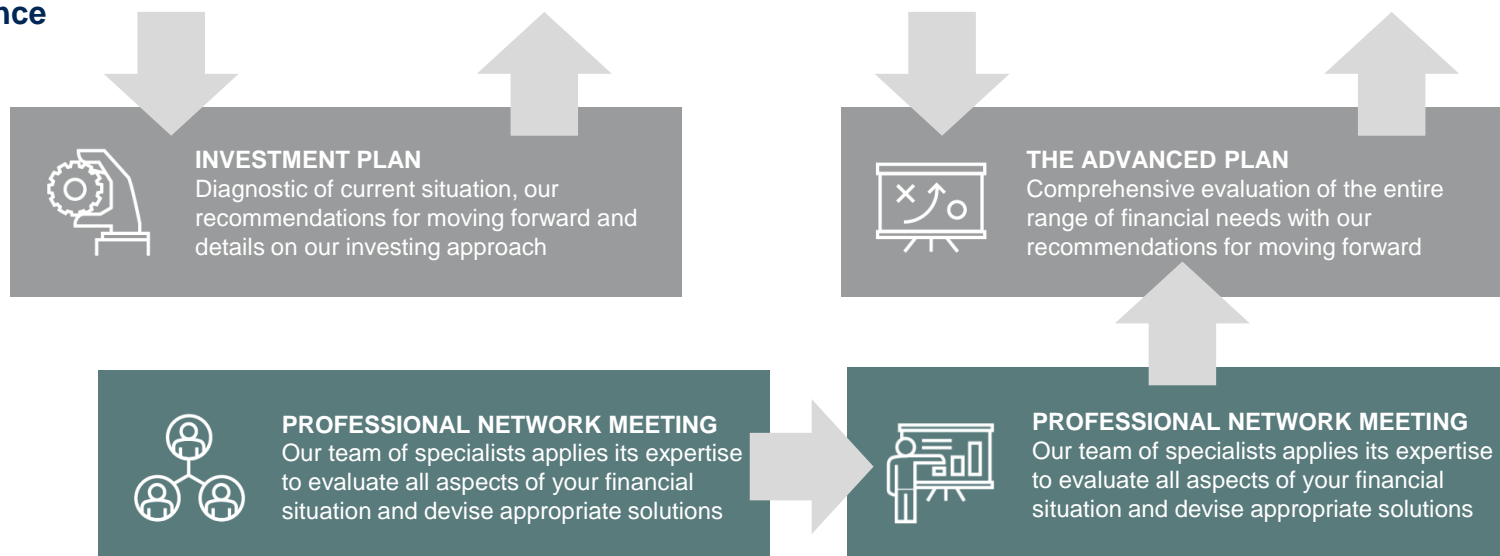
- Many in the financial services industry today call themselves wealth managers but offer little more than investment management. How then will you know whether you are dealing with a true wealth manager?
 1. The wealth manager should offer a full range of financial services, including the four areas of advanced planning.
 2. The wealth manager should work with you on a long-term, consultative basis.

The Consultative Wealth Management Process

Client Experience



Supporting the Experience



Conclusion

- You owe it to your family and yourself to make sure that your investment plan—and overall wealth management plan—is designed to effectively address your very specific financial needs in order to maximize the probability that you will achieve all your financial goals.
- We wish you nothing but success in achieving all that's important to you.

The logo for BAIRD, featuring the word "BAIRD" in white, uppercase, sans-serif font inside a blue parallelogram shape that is wider at the top and tapers towards the bottom.

BAIRD

Private Wealth
Management

The Informed Investor

Five Key Concepts for Financial Success