Financial Symmetry

Why the Long-Term Matters

A Deeper Look at the Financial Symmetry Strategy

What You Can Expect as A Financial Symmetry Client

Investment Reviews. We review your investment portfolio regularly to rebalance, review holdings, track contributions/withdrawals and performance.

Ongoing Communication. We answer your questions on a timely basis and keep you informed of market events.

We Save you Time. Whether you are a non-discretionary client (investment changes require your approval) or discretionary client, we save you time and stress by making the investment changes for you.

Rules-Based Investment Process. A rules-based process can't control short-term outcomes but can improve our odds of success over the long-term. Therefore, we meet monthly to review global market indicators and then firm investment decisions are made as a team, not one individual.

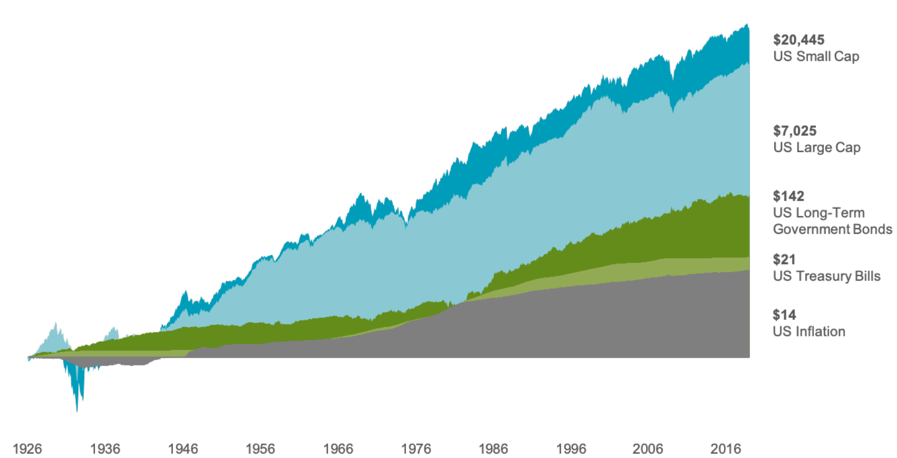
As Fiduciaries, We Invest with You. We invest our own money the same way we invest our clients' money.

Financial Symmetry Core Investment Beliefs

Managing an investment portfolio is a process, not a one-time decision. At Financial Symmetry, we believe an effective investment strategy involves discipline, research and a defined process.

Equities for the Long-Term and Bonds/Cash for Short-Term Cash Needs. We create a customized portfolio for each client based on their expected cash flows (risk capacity) and risk tolerance (ability to handle market declines). Historically, the equity and bond markets have provided growth of wealth that has more than offset inflation. Instead of fighting markets, let them work for you as noted in Growth of a Dollar[5] graph below.

Monthly growth of wealth ($1), 1926–2018



Asset Allocation Determines Long-Term Returns. While many focus on finding the perfect investment, the better approach is to determine your appropriate asset allocation and stick with it in both good and bad markets.

Valuation Matters. We believe asset classes (US stocks, International stocks, etc.) can become under/overvalued and you should tilt your portfolio toward markets with the highest expected return.

Diversification. Often called "the only free lunch in investing" because it is the best way to minimize risk while not reducing expected return. It's tough, if not impossible, to know which market segments will outperform from period to period as noted below[6].

Annual returns (%): 2004–2018

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Higher Return	33.9	34.5	36.0	39.8	8.8	79.0	28.1	9.4	18.6	38.8	32.0	5.4	21.3	37.8	2.1
	33.2	25.2	32.6	8.2	6.6	49.4	26.9	3.4	18.6	32.4	13.7	4.5	12.0	32.1	1.9
	26.0	13.8	25.0	6.3	4.7	28.5	22.9	2.3	17.1	27.2	4.9	1.4	11.6	21.8	1.5
	18.3	4.9	18.4	5.9	-33.8	27.2	19.2	2.1	16.3	1.2	1.9	1.0	6.7	14.6	-4.2
	10.9	4.6	15.8	5.5	-37.0	26.5	15.1	0.6	16.0	0.6	1.2	0.9	5.5	3.8	-4.4
	2.7	3.1	4.3	5.3	-39.2	2.3	3.7	-4.2	2.1	0.3	0.2	0.2	1.5	1.1	-11.0
	1.3	2.4	4.1	-1.6	-47.0	0.8	2.0	-13.6	0.9	-0.1	-1.8	-4.4	1.0	0.7	-14.2
Lower Return	0.8	1.3	3.8	-17.6	-53.2	0.2	0.8	-18.2	0.2	-2.3	-5.8	-14.6	0.8	0.6	-18.8

- S&P 500 Index
- Russell 2000 Index
- Dow Jones US Select REIT Index
- Dimensional International Small Cap index
- MSCI Emerging Markets Index (gross div.)
- ICE BofAML One-Year US Treasury Note Index
- Bloomberg Barclays US Treasury Bond Index 1–5 Years
- FTSE World Government Bond Index 1–5 Years (hedged to USD)

Tax Efficiency. You spend after-tax returns not pre-tax, so we optimize your portfolio for your tax situation.

Market Timing is Challenging. Knowing the exact day to buy and sell is almost impossible. This is why we implement portfolios that align with your goals and tilt towards investments with the highest expected return

Stay the Course. Many people struggle to separate their emotions from investing. Markets go up and down. Reacting to current market conditions may lead to making poor investment decisions.

Select High Quality Investments at a Reasonable Cost. Common characteristics we look for in investment options include: independence, reasonable cost, evidenced based results and an ethical company culture.

Rebalancing. The practice of buying your losers and selling your winners. The goal of rebalancing is to minimize your risk.

Avoid Reactive Investing