# SANDENE®

## Smarter Planning, Smarter Investing

Jeff Sandene, CFP®

"I build Professional Investment Portfolios **based on facts,** not emotions or hype, with an intense **focus on risk management.**"

**EVIDENCE-BASED INVESTING**

INCORPORATES...

- Economic Research
- Factual Market Data
- Index Investing

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**BEHAVIORAL ECONOMICS**

AVOIDS...

- Cognitive Biases
- Emotional Mistakes
- Irrational Investing

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**RISK MANAGEMENT**

RECOGNIZES...

- Price Volatility
- Market Signals
- Recession Impacts

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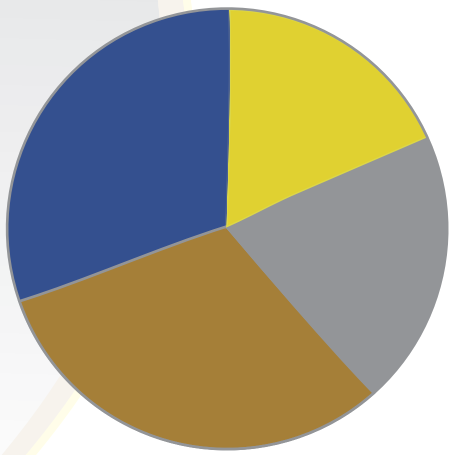
**PROFESSIONAL INVESTMENT PORTFOLIO**



# Investing is simple, but not easy.

- Warren Buffet

## EVIDENCE-BASED INVESTING

takes into consideration all economic and investment research of the last 90 years, including modern portfolio theory, the efficient market hypothesis, the magic of compounded investment returns over long periods of time, and the difficulty active investment managers have in consistently beating their respective indexes.

## BEHAVIORAL ECONOMICS

is the study of how people's money and investment decisions are impacted by scores of emotional and cognitive decision-making biases and heuristics, including loss aversion, bandwagon effect, and confirmation bias. Behavioral economics identifies the sources of people's money mistakes and decision-making shortcuts, thereby casting a shadow upon the 'rational investor' and 'efficient market' assumptions underlying much of traditional economics and shining a new light on decades of economic and investment research.

## RISK MANAGEMENT

techniques are employed, when appropriate, to counter the long-term cycles of financial markets. Market cyclicality can be characterized as either 'volatility to ignore' or 'volatility to respect'. Volatility to ignore is important to recognize because it can lead to serious investor mistakes. Temporary losses often exceed 10%, and the rebounds from these periodic corrections can be swift, making it perilous to attempt market-timing strategies. Volatility to respect is usually associated with a recession. There have been fourteen U.S. recessions in the past 90 years[1]. The average stock market decline associated with those recessions is over 40%[2]. Stock market losses during recessions have plenty of corroborating market and economic evidence. Paying attention to market and economic signals and executing a 'rules-based' investment management process, may result in avoiding the worst segments of recessionary bear markets.



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1 Federal Reserve Bank of St. Louis: Federal Reserve Economic Data, 12/26/2018.

2 Yardeni Research: S&P 500 Bull and Bear Market Tables, 2/18/2018.

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