

What Is Evidence-Based Investing?

(Hint: It's the **Evidence** That Counts)

EVIDENCE-BASED INVESTING

Long-term market history
Peer-reviewed academic evidence
Practical application
Patient participation

TRADITIONAL ACTIVE INVESTING

Near-term market forecasting
"Expert" opinions
Speculative venture
Rapid reaction

VS.

How Do Evidence-Based (EB) & Traditional Active (TA) Investors Differ?

EB investors understand near-term market swings are unpredictable; they ignore the "noise."

EB investors assume that time is on their side; they give their plan time to grow.

EB investors are guided by peer-reviewed academic inquiry (for "steady as she goes" resolve).

EB investors define success as being able to comfortably fund their personal financial goals.

EB investors manage market risk factors (and their expected returns) and diversify away concentrated risks.

EB investors focus on minimal trading, understanding that the costs involved are among the biggest drags on their end returns.

EB investors participate in the market to earn expected long-term returns according to time-tested academic evidence, their personal goals and individual risk tolerances.

THEY SEE THE FUTURE DIFFERENTLY

THEY WORK ON DIFFERENT TIMELINES

THEY ARE GUIDED BY DIFFERENT DETERMINANTS

THEY DEFINE "SUCCESS" DIFFERENTLY

THEY USE RISK DIFFERENTLY

THEY CONSIDER COSTS DIFFERENTLY

Bottom Line
EVIDENCE-BASED INVESTORS APPROACH INVESTING DIFFERENTLY

TA investors believe they can successfully predict when and how to trade on breaking news.

TA investors feel a sense of urgency to make the "right" calls to beat the market.

TA investors act on "expert" opinions (which are vulnerable to biases, blind spots and changeable conditions).

TA investors define success as outperforming others or making a lot of money.

TA investors don't distinguish between *market* risks (factors that are expected to yield extra returns) and *concentrated* risks (which just add more risk).

TA investors focus on cleverly timed trades over the costs, commissions and taxes they incur.

TA investors try to **beat** the market through clever stock-picking and market-timing.

That's why, when it comes to your time, your money, your future AND YOUR FAMILY...
WE CHOOSE EVIDENCE-BASED INVESTING



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