

# Motifplanning



## Investment Philosophy

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# Executive Summary

Your investment plan should reflect your values, goals, and time horizon. At Motif Planning, every portfolio is built with purpose, grounded in evidence, and integrated into your full financial life plan.

We focus on what you can control:

- Keeping costs and taxes low
- Staying invested for the long term
- Managing risk with discipline
- Diversifying globally across markets and sectors
- Avoiding behavioral mistakes that hurt returns

The market rewards patience and discipline, not prediction. Prices already reflect the collective knowledge of millions of investors, which makes consistent outperformance unlikely.

Rather than trying to outguess the market, we focus on capturing its returns efficiently through diversified, low cost investments.

Our role is to provide independent, ongoing advice that connects your investment strategy to your financial life. The goal is simple: align your money with your purpose, stay focused through market noise, and build lasting financial confidence.

Motif Planning helps clients clarify what matters most before investing a single dollar, so every portfolio decision supports their personal and financial goals.

# Why should my investments reflect my goals and values?

Investing is one part of your overall financial life plan. The goal is not to beat the market but to use the market to fund the life you want. At Motif Planning, investing starts only after clarity on your goals, values, and time horizons.

As an advice only fiduciary, I do not manage or sell investments. I help you design a globally diversified, evidence based portfolio that fits your plan, your tax situation, and your comfort with risk. The focus is on what you can control: costs, taxes, behavior, and discipline, not on predicting markets.

The market itself is an efficient system. Prices already reflect the collective knowledge and decisions of millions of participants. Like a crowd guessing the number of jelly beans in a jar, individual estimates vary, but the average tends to be remarkably accurate. This means that trying to outguess the market is rarely successful or necessary.

Your investment plan should balance growth and security, stay aligned with your purpose, and be designed to weather volatility. The following principles outline how I think about investing and how we apply those ideas in your financial plan.



## How does an advice only fiduciary approach benefit me?

You deserve advice that is free from product sales, commissions, and hidden incentives. Motif Planning operates as an advice only fiduciary, which means I work solely for you and your best interest. My compensation is transparent and flat fee, not based on assets or transactions.

You stay in full control of your investments while receiving the same level of professional advice as a traditional investment advisor.

This structure removes the pressure to sell investments or gather assets and keeps the focus where it belongs: on your plan, your cash flow, your taxes, and your long term goals.

Advice only financial planning provides education and clarity. You learn how your investments work, why each piece of your portfolio exists, and how it supports your life plan. The goal is to build confidence in your decisions and independence in your financial future.

# Do markets really work, or can investors find an edge?

Markets are powerful systems that reflect the collective knowledge and decisions of millions of participants. Every day, investors around the world analyze information, make trades, and adjust prices. This constant activity drives all available information into market prices almost instantly.

The efficient market hypothesis helps explain why predicting short term price movements is nearly impossible. Prices already include what everyone knows and expects. Trying to outguess the market usually means competing against thousands of full time professionals and high speed algorithms that react in fractions of a second.

A simple example is the jelly bean jar experiment. When a group of people guess how many jelly beans are in a jar, individual guesses can vary wildly, but the average of all guesses often lands very close to the real number. Markets work the same way. The collective average of many independent decisions is usually more accurate than any single prediction.

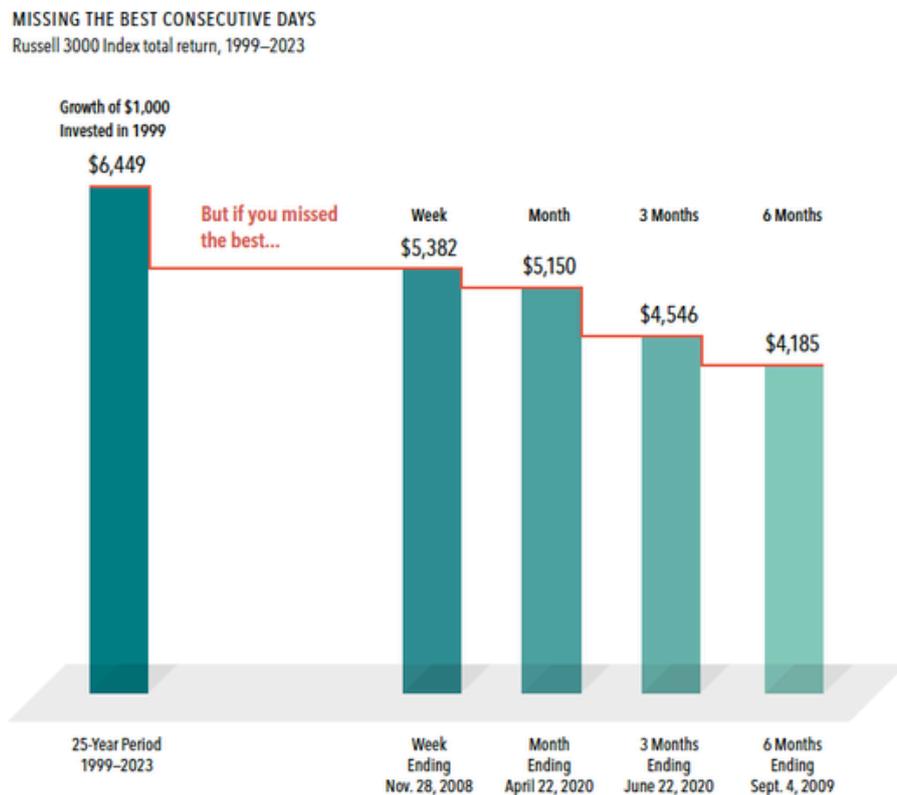
Rather than trying to beat the market, investors can use it to their advantage. Accepting market efficiency frees you to focus on things you can control, such as costs, taxes, and behavior. It also reinforces the importance of staying invested through all conditions instead of chasing short term trends.



# Why does time in the market matter more than timing the market?

Investing rewards patience. Markets move unpredictably in the short term, but over decades they have delivered strong returns for disciplined investors. The focus should be on staying invested, not trying to predict the next move.

Market timing often sounds simple but rarely works. Missing even a few of the market's best days can dramatically reduce long term returns. Over the last 25 years, a fully invested portfolio grew several times larger than one that sat out during a few strong weeks. Predicting when to get out and back in requires being right twice, which almost no one can do consistently.



Source: Dimensional

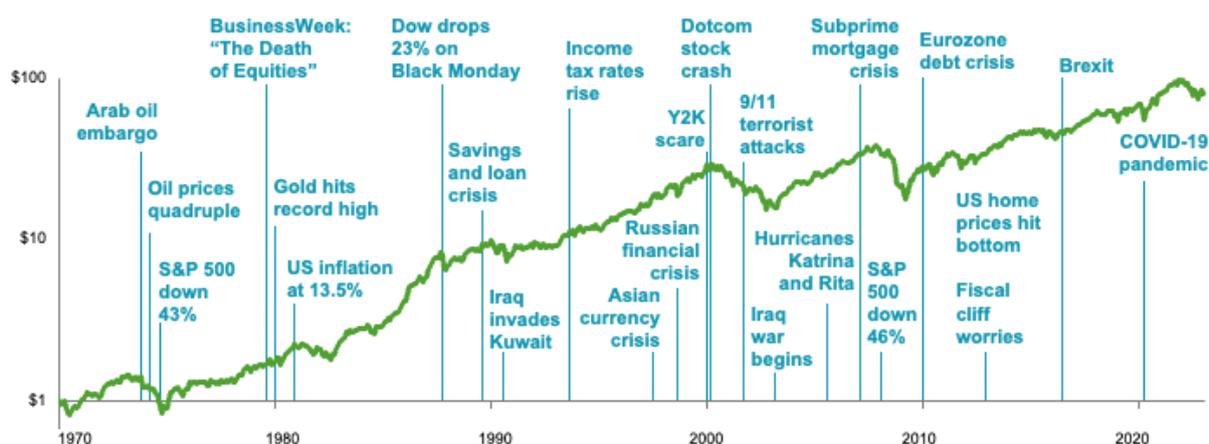
# Why does time in the market matter more than timing the market? (cont.)

Volatility is the price of growth. Markets fall and recover in unpredictable cycles, but the long term trend has always been upward. Downturns often lead to periods of strong returns when investors least expect it. The data shows that staying invested through uncertainty has been far more rewarding than trying to time exits and reentries.

Money you plan to use within five years should not be at risk in the market. That portion belongs in cash or short term bonds. Everything beyond that horizon can remain invested for growth. This structure keeps short term needs safe while allowing long term money to compound.

Compounding requires time and discipline. You earn returns on both your initial investment and the growth that follows. Interrupting that process by reacting to headlines or market swings sacrifices long term progress. The best strategy is simple: stay invested, stay diversified, and let time do the heavy lifting.

We track progress, not headlines, and coach clients through periods of uncertainty to keep them invested and aligned with their plan.



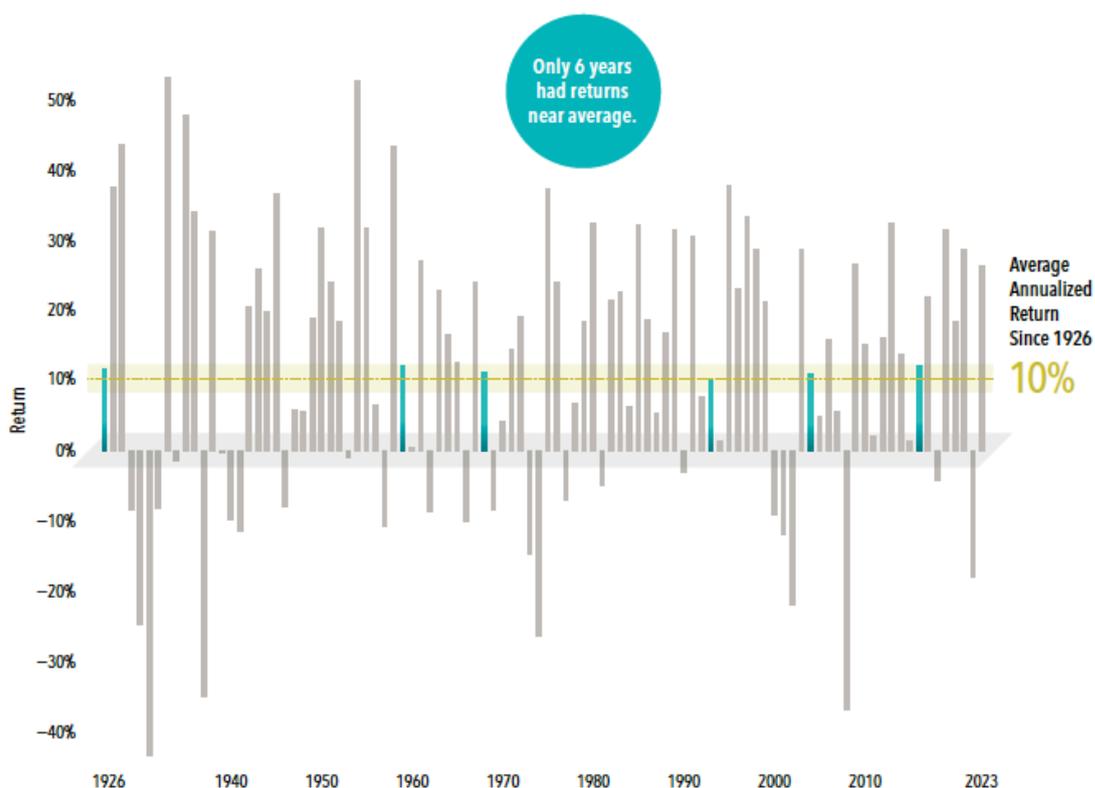
Source: Dimensional

# How can I stay invested when markets are volatile?

Market volatility is normal. It can feel uncomfortable, but it's also the reason investors earn higher long term returns compared to keeping money in cash. Without short term risk, there would be no reward for staying invested.

Since 1926, the US stock market has averaged about a 10 percent annual return, but yearly results have rarely landed near that number. Returns have ranged from losses of more than 40 percent to gains above 50 percent. Only a handful of years came close to the long term average. The lesson is clear: consistency in behavior matters more than consistency in returns.

ANNUAL RETURNS FOR S&P 500 INDEX  
1926–2023



Source: Dimensional

## How can I stay invested when markets are volatile? (cont.)

Downturns are temporary, but your reaction to them can have lasting impact. Selling in fear locks in losses and misses the recovery that often follows. History shows that periods of strong performance frequently arrive soon after major declines.

Accepting volatility is part of being a long term investor. Markets cannot be predicted, but they have rewarded those who stayed patient through uncertainty. A well diversified portfolio, clear goals, and a disciplined plan make it easier to endure the bumps and capture the rewards that follow.

Motif Planning builds portfolios designed to weather volatility and supports clients with clear communication during market downturns.

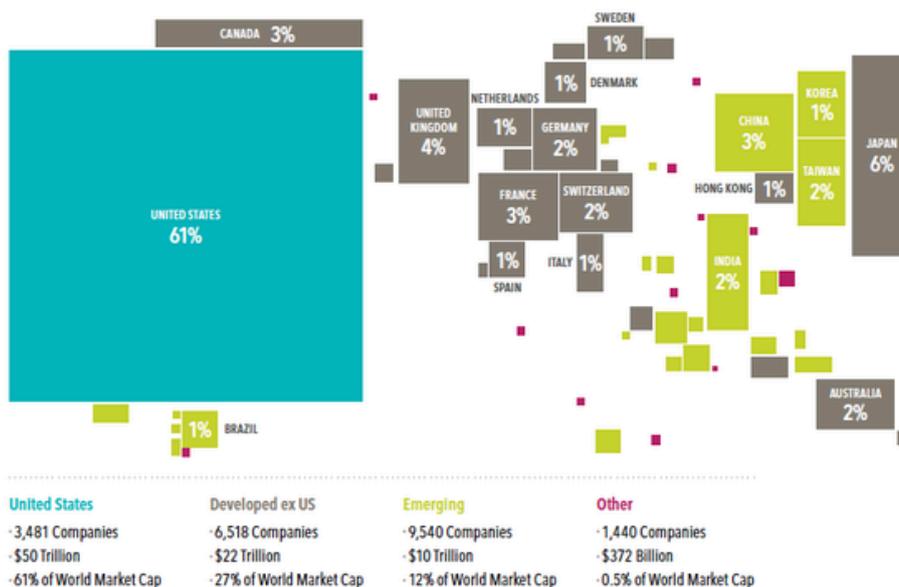
# Why should I invest globally instead of just in US markets?

No single country or sector leads forever. Market leadership changes constantly, often without warning. One year the United States may lead, the next it may lag. Over the past two decades, countries like New Zealand, Denmark, and Japan have each topped performance charts in some years and fallen to the bottom in others.

A globally diversified portfolio spreads investments across thousands of companies and dozens of economies. When one region or sector struggles, another often thrives. This balance helps create a steadier experience and reduces the impact of any single market's decline.

Global diversification also expands opportunity. Roughly 40 percent of the world's equity market lies outside the United States. Limiting investments to one country means missing nearly half of the available growth and innovation.

PERCENT OF WORLD EQUITY MARKET CAPITALIZATION  
As of December 31, 2023



Source: Dimensional

# Why should I invest globally instead of just in US markets? (cont.)

Diversification goes beyond geography. It includes different asset classes, industries, company sizes, and styles such as value and profitability. Small and value stocks, for example, have historically delivered higher expected returns, though not every year. Owning many types of assets helps capture these premiums when they appear.

A global approach doesn't guarantee profits or eliminate risk, but it does help manage uncertainty. The goal is not to pick winners, but to own them all and let markets work in your favor.

We use globally diversified portfolios to reduce concentration risk and connect these allocations to each client's goals, tax situation, and time horizon.

ANNUAL RETURNS FOR DEVELOPED MARKETS, RANKED  
2004-2023



Source: Dimensional

# How much risk should I take with my investments?

Risk is more than market ups and downs. It is the level of uncertainty you can handle financially and emotionally while staying focused on your goals. There are three dimensions of risk that guide how your portfolio is built and managed.

## **1. Risk Tolerance**

This is your emotional comfort with volatility. Some people can watch markets fall without stress, while others feel anxious and want to react. Your tolerance affects how you behave during turbulent markets and how likely you are to stay disciplined through them.

## **2. Risk Capacity**

This is your financial ability to take risk. It depends on your income stability, time horizon, savings rate, and other resources. Someone with a long career ahead and steady earnings can usually accept more risk than someone nearing retirement or drawing from investments.

## **3. Risk Perception**

This is how you interpret market activity and news. Perception changes with experience and confidence. Understanding that volatility is normal helps you stay grounded when markets move sharply.

A strong investment plan balances these three dimensions. The goal is to choose an amount of risk that supports your financial plan and feels sustainable through every market cycle.

Motif Planning measures each client's tolerance, capacity, and perception of risk to build a portfolio that fits both their goals and comfort level.

# How do emotions and behavior affect investment results?

The biggest threat to long term investment success often comes from behavior, not the market. Emotions and instincts can lead to poor decisions at the wrong time. Recognizing these biases helps you avoid mistakes that can reduce returns. Common behavioral biases include:

**Recency bias:** Believing that recent market trends will continue and overreacting to short term results.

**Loss aversion:** Feeling the pain of losses more strongly than the pleasure of gains, which can lead to selling during downturns.

**Overconfidence:** Assuming skill rather than luck explains past success and taking unnecessary risks.

**Herd behavior:** Following what others are doing instead of sticking to your plan.

Even experienced investors are influenced by these biases. The key is to have a process that protects you from emotional reactions. This includes setting clear investment rules, automating contributions, and focusing on long term goals instead of daily headlines.

Good behavior compounds just like money does. Staying disciplined, patient, and consistent is one of the most reliable ways to improve investment results.

We help clients recognize and manage behavioral biases through education and structured decision-making, so short term emotion does not drive long term results.



# How do taxes and fees impact my returns?

Investment returns matter, but what you keep after taxes and costs matters more. Taxes and fees are the two factors that most directly reduce long term growth, and both can be managed with planning and discipline.

## **Keep costs low**

Funds with high expense ratios, trading fees, or hidden layers of management costs can erode returns over time. Low cost index funds and exchange traded funds are efficient tools for capturing market performance without unnecessary expenses.

## **Be tax aware**

Where and how investments are held affects what you keep. Using the right account type for each investment helps lower taxes. Rebalancing, harvesting losses, and timing withdrawals are other ways to manage taxes without changing your overall investment strategy.

## **Focus on after tax, after fee results**

What matters is not how much your investments earn on paper, but how much ends up in your pocket. Every dollar saved in costs or taxes compounds just like returns do.

Managing taxes and fees does not require complex trading strategies. It requires awareness, consistency, and a plan that integrates investing with your broader financial life.

Motif Planning integrates investment decisions with cash flow, benefits, and tax planning to improve after tax, after fee results across all accounts.

# What does evidence based investing mean in practice?

Good investing is guided by data, not prediction. Academic research has identified long term factors that help explain differences in returns between groups of stocks. These factors are grounded in decades of market evidence, not speculation or opinion.

Portfolios built on these principles favor characteristics that have shown higher expected returns over time. Small company stocks, value stocks, and profitable companies have historically rewarded investors for accepting additional risk. These premiums do not appear every year, but they have persisted across long periods and global markets.

This approach rejects stock picking, market timing, and forecasts. Instead, it focuses on broad diversification and disciplined exposure to proven sources of return. The goal is to capture market performance efficiently rather than chase short term trends.

Evidence based investing also means accepting uncertainty. No model or dataset can predict the future, but research and data provide a rational foundation for long term decision making. When combined with behavioral discipline and tax awareness, this approach creates a reliable structure for achieving financial goals.

We use research from leading financial academics to design portfolios that target proven sources of return and explain these strategies in plain language.



# How often should I review and rebalance my portfolio?

A strong investment plan is not something you set and forget. It should adapt as your life and goals change. Regular reviews keep your portfolio aligned with your financial plan and risk level.

## **Review regularly**

Life events, career changes, and evolving goals can all affect how much risk you should take and how your investments are structured. Reviewing your portfolio at least once a year helps confirm that it still fits your long term plan.

## **Simplify when possible**

Complex portfolios often add cost and confusion without improving results. Fewer, well diversified holdings make it easier to manage performance, taxes, and behavior. Clarity helps you stay consistent when markets fluctuate.

## **Rebalance with discipline**

Over time, different parts of a portfolio grow at different rates. Rebalancing brings your allocation back to target by selling what has grown and buying what has lagged. This keeps risk in line and enforces a simple principle of disciplined investing: buy low and sell high.

Consistency, not complexity, drives success. A plan that is simple to understand, easy to follow, and regularly reviewed will outperform one that reacts to every market move.

Motif Planning reviews client portfolios at least annually, rebalances when allocations drift, and simplifies holdings to maintain clarity and efficiency.

# Closing summary

Investing should serve your life, not the other way around. The purpose of your portfolio is to support your goals, reflect your values, and give you confidence about the future.

Markets will rise and fall. Tax laws will change. New investment products will appear. What stays constant is the need for discipline, perspective, and clarity. Good investing is less about prediction and more about process.

At Motif Planning, investing is part of a larger financial life plan. The portfolio is designed to fund the life you want, minimize unnecessary risk, and keep more of what you earn. By focusing on evidence, behavior, and long term thinking, you can build wealth with purpose and peace of mind.

## **Contact us**

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