MATSON MONEY®

INVESTOR AWARENESS GUIDE

After over twenty years in the financial industry, I've seen a huge range of things that can happen when it comes to investing. Early in my career I was slammed with the reality of market crashes with Black Monday in 1987. I witnessed first-hand the devastation of the tech-bubble bursting in 2000 and helped clients weather that storm, and in 2008 I helped advisers and clients navigate through the real estate bust and helped those who stuck with their strategy recover when the stock market rebounded.

The most important thing I've learned from these experiences is that making important investment decisions based on short-term circumstances is one of the most dangerous moves any investor can make.

In this guide, I hope you will find validation for what you have known to be true about investing in your gut. That there is no magic formula, or get rich overnight, or sure fire stock that will make you a millionaire. However, there is an academically, historically, and statistically validated method for investing long-term that will help you pursue your goals without market speculation.

For over twenty years it's been my mission to tell the truth to investors. I'm going to show you an academic process that wasn't created in the self-serving halls of Wall Street, but in the halls of prestigious colleges by great academic minds of our times. This process can make it possible to build the wealth you need to support your family and fulfill your dreams. In this guide you will find the beginning of the journey toward discovering an academic path to investing. I hope it gives you confidence and renews your optimism for pursuing your goals.

The truth will set you free - John 8:32.

Keep it real,

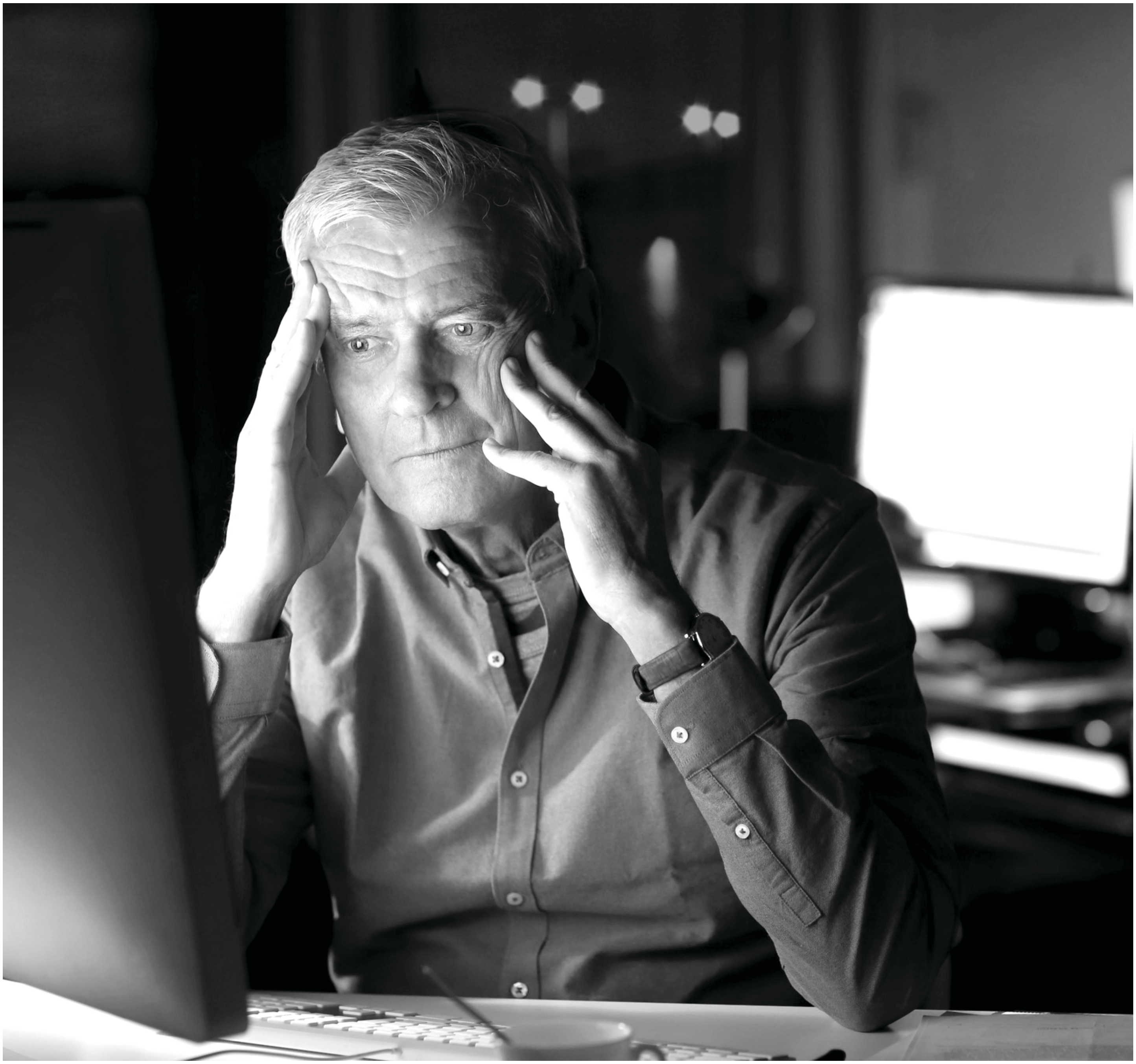
Mark E Matson

Mark Matson is the CEO of Matson Money, managing billions of dollars for thousands of investors nationwide. He is an author, speaker, and a regular contributor to national media outlets including MSNBC, Fox Business News, The Wall Street Journal, Investment News, Forbes.com and many more. Mark also hosts Matson Money Live! a weekly show about investing broadcast on Livestream.

DO YOU EVER WORRY ABOUT...

- Getting high enough returns on investments?
- Maintaining your standard of living at retirement?
- Affording high quality education for children?
- The next market crash?
- The next market boom?
- Missing out on the latest, greatest stock tip?
- Making sense of all the information available?
- Someone else having a better portfolio than you?
- Not having money to care for your loved ones?
- Getting bad advice and, worse yet, paying for it?
- Buying high and selling low?

If you answered "yes" to any of these questions, you could be trapped in the Investors' Dilemma. Each of these questions simply represents a symptom of what I call a much larger problem—the Investors' Dilemma. Once you understand the phases of this cycle and what can happen to your investments as a result, you will gain a whole new perspective on investing.



THE INVESTORS' DILEMMA

No matter how well it has been designed and implemented, an investment strategy by itself will probably never bring you investing peace of mind. Although most of the financial world likes to pretend that investment decisions are based purely on logic and rational thought, the truth is that the vast majority of investment choices are driven by emotional and psychological factors.

The Dilemma outlines the typical process investors go through when facing important financial decisions. Let's look at how each phase of this cycle can work against your ultimate sense of financial well-being:

1: FEAR OF THE FUTURE

The cycle begins with a sense of uncertainty about the future. You might have questions about your financial future, such as:

"Will there be enough money to maintain my standard of living?"
"How much should I save?"
"How do I know which investment will get the best returns?"
"How much risk should I take?"

The list goes on and on, but the common quality is that almost all investors are afraid that either they don't know enough or haven't saved enough and, as a result, will find themselves destitute and powerless in the future.

You might not even be fully aware of the impact these fears have on your life, because it lurks under the surface in your subconscious. Fear plays a large role in dictating how investors feel as well as how they behave. You need to get over the fear that the market is this terrible destructive thing that's going to destroy all of your wealth and understand how much wealth markets create and how you can participate in the market.

THE GOOD NEWS:
With the proper tools, strategies, and information you can start your journey on achieving a level of confidence and peace about your financial future that you never knew possible... Just imagine what life would be like if you were able to overcome your fears about your financial future.

2: FORECASTING THE FUTURE

Based on this inherent fear and uncertainty, many investors feel the need to get some kind of prediction about what's going to happen in the future. After all, if someone could just tell us what is going to happen with inflation, long-term interest rates, share prices, overseas markets, etc., then there would be nothing to fear.

Along these lines, it is easy to be convinced that someone else really does have the information, power, and insight to forecast the future. You could become an innocent victim of wish fulfillment. It would be so much easier if someone really had the answers; you can lose sight of the simple fact that it is just not possible to predict the future.

This explains why people are drawn to investing programs broadcast regularly on CNBC, eagerly subscribing to Money magazine and voraciously perusing the Internet in search of the next hot stock tip.

Why do investors and advisers believe in stock picking, market timing and track-record investing?

Believing that someone out there, whether it's you, or a broker, or some money manager who's on the cover of a magazine, can actually predict and forecast the future and pick all of the best stocks is an enticing, yet treacherous, line of thought.

The greatest fallacy in the investing industry is that superior performance is a factor of skill and not luck.

THE GOOD NEWS:
You don't have to have an accurate prediction about the future to pursue investment success.

3: TRACK-RECORD INVESTING

But, if you wanted a prediction about the future, what would be the most logical place to look for it? History... experience... in other words, the past.

In investing, looking to the past to get an idea of what investments or managers will do well in the future is called Track-Record Investing. For example, looking for managers or funds that have recently outperformed the market in the hope that those same managers will continue to do the same in the future.

A glaring example of the futility of the track-record approach to investing would be the run on Technology and U.S. Large stocks in the late 1990s. Following several years of impressive returns, investors actually felt "safe" stockpiling these types of investments in their portfolios. Using the track-record perspective, it seemed as if there was a possibility that these particular investment vehicles had qualities that would allow them to defy the rules of investing.

The media blitz certainly did nothing to deter the illusion that perhaps finally investors had found the golden "low-risk, high return" investment for which we all yearn.

Almost every investment advertisement includes these words:

Past performance is no indication of future results.

These are, in fact, words of wisdom every investor should take to heart. While it seems counter intuitive, you cannot rely on past performance to achieve your future financial goals.

THE GOOD NEWS:
Track-record investing is not the answer to implementing a successful investment strategy.

4: INFORMATION OVERLOAD

The pull toward track-record investing is exacerbated by the barrage of information thrown at the average investor today. Most of us were taught to study, research, and gather as much information as possible prior to making financial decisions. In the past, this kind of investigation and analysis was required in order to feel confident about investing choices.

However, information today is so readily accessible that most investors get more information than necessary without even trying. Although the culture in which we live provides an abundance of information, often investors remain stuck in a scarcity mentality, frantically acting on a need to seek more, better, or different information, regardless of its usefulness.

Currently, when you look for the word “mutual fund” on any Internet search engine, you will find more than 12 million pages to peruse. In the quest for financial peace of mind, investors feel compelled to expose themselves to books, newspapers, magazines, financial talk shows, advertisements, friends’ experiences, the Internet, and more. Some even worry that if they aren’t hooked in 24-hours per day, seven days a week, they will miss out on valuable information that could mean the difference between wealth and poverty.

Instead of reducing fears and doubts about investment decisions, this deluge of information only tends to intensify investors’ anxiety. They are on overload.

THE GOOD NEWS:

If you know the RIGHT things, you don’t need to know EVERYTHING.

5: EMOTION-BASED DECISIONS

You never can overcome your own humanity. As much as we would prefer to think that we make investment decisions based purely upon logic, advertisers and journalists are well aware that emotion ultimately drives most investment decisions.

As a quick demonstration, consider the statements below. See if you can match each statement with the emotion being expressed (answers listed in the key below).

1. *"It doesn't matter how sophisticated his charts are or how much sense he makes, I just don't feel comfortable letting him handle my money."*
2. *"I'm not sure if I should have put my money in that fund. It lost 5% already. Maybe I'll sell some of it tomorrow."*
3. *"My boss got 25% on his money. I only made 8%! I wish I got 25%."*
4. *"I wish I'd known that stock was going up, I would have bought more shares."*
5. *"My dad worked in that company all of his life and left his money to me in his will. It would be wrong to sell it just to diversify my portfolio."*

REGRET

GREED

TRUST

LOYALTY

ENVY

Answer key: 1. trust 2. regret 3. envy 4. greed 5. loyalty

We as people are naturally predisposed toward or against specific investing tactics. What is interesting is that no matter what our emotional tendency may be, we can almost always find what looks like purely factual data to support our view. It's easy to overweight information that validates our perspective while minimizing any information that goes against what we inherently believe.

THE GOOD NEWS:
Simple awareness of your emotions when it comes to financial and investing matters can make the difference between good and bad investment decisions.

6: BREAKING THE RULES

As in any endeavor, there are certain accepted principles that can simplify our ability to achieve success. In the area of weight-loss, for example, the rules are straightforward:

1. Eat less 2. Move more.

The Matson Money rules of investing are also simple.

1. OWN EQUITIES   2. DIVERSIFY   3. REBALANCE

1. Own equities
Investing in stocks is one of the greatest wealth creation opportunities known to man. Stocks (i.e., equities) are the only investment that has historically beat inflation. That means that most investors should allocate at least a portion of their portfolio to stocks.

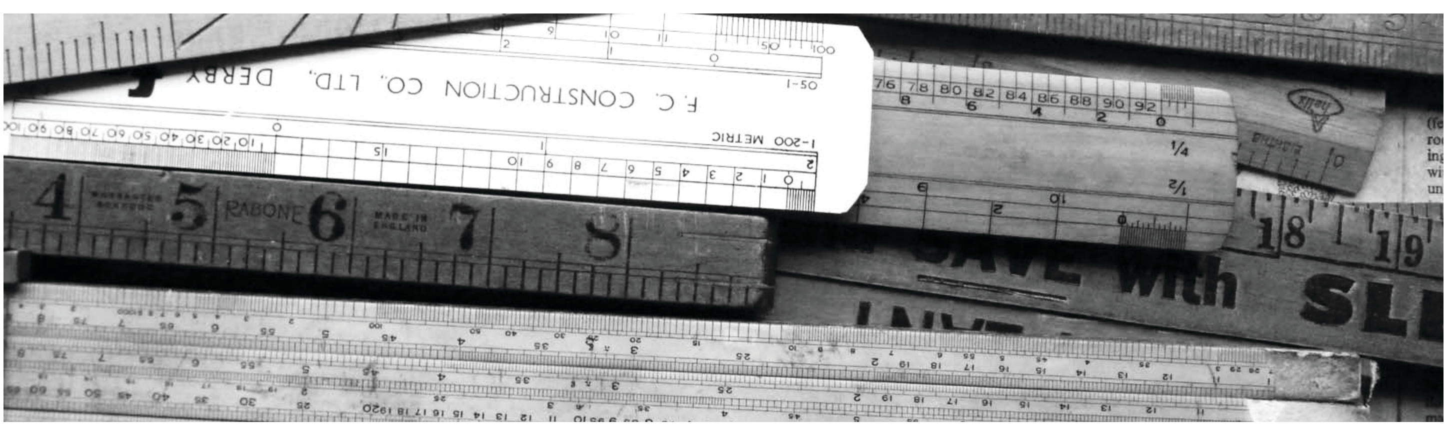
2. Diversify
Diversification is a word thrown around carelessly in the investing industry. Although many use the term and say they do it, not everyone's definition of real diversification is the same. At Matson Money, diversifcation means investing in stocks globally, in over 45 countries.

3. Rebalance
While rebalancing may be simple concept, it's application can be very difficult for investors to execute. Rebalancing a portfolio allows investments to be sold when they are relatively high and bought when they are relatively low (buy low, sell high), unfortunately doing this goes against our natural human instincts.

And, the "golden rule" of investing is: Buy when prices are low and sell when prices are high.

All of this sounds simple enough. However, it isn't knowing the rules that is hard; it's consistently following them that challenges most people (in weight loss or investing). When people make investing decisions about the future based on track-record or emotions, without realizing it they wind up ignoring the fundamentals, which can sabotage their portfolios.

THE GOOD NEWS:
With the proper investment strategy, your portfolio could be focused on fundamental principles and freed from personal emotions.

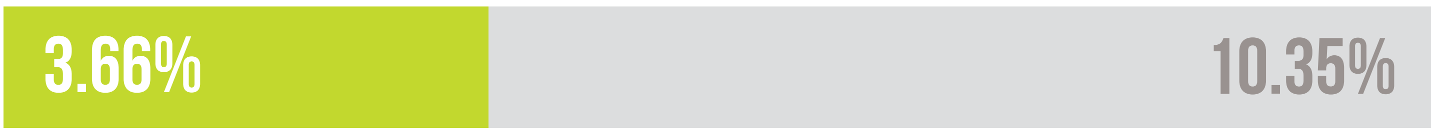


7: PERFORMANCE LOSSES

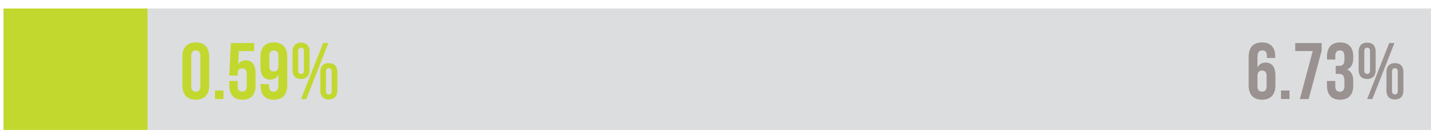
Put all the phases of the Investors' Dilemma together and what you usually get are performance losses. Simply stated, investors fail to capture the kind of returns they expect. Typically, they expect to get the returns they see listed in the newspaper, online, or in magazines; however, it is rare that the average investor actually achieves the same returns as published in the newspaper.

Just how much return can you lose by falling prey to the Investor's Dilemma? Would you be surprised to know the average investor loses 7% right off the top annually? Dalbar, Inc., a leading financial-services research firm, has demonstrated that historically an investor's performance does not equal market performance.* In 2016, Dalbar found the following annualized returns for the 30 year period of 1986-2015 investors, whose average holding period for an equity fund investor was 4.10 years and the average holding period for a fixed income fund investor was 2.93 years:

The average equity investor realized an annualized return of 3.66%, compared to 10.35% for the S&P 500.**



The average bond investor realized an annualized return of 0.59%, compared to 6.73% for the Barclays Aggregate Bond index.



Of course, past performance is no guarantee of future success.

These numbers ruthlessly make their point. As demonstrated by the phases of the Investors' Dilemma, investors are continually getting in and out of the market, each time chipping away at potential returns. This specifically can be seen in the case of those who attempted to ride the wave of Technology stocks. Sadly, some of these investors lost between 20-70% of their wealth practically overnight.

Obviously, when this effect is compounded over a period of years, the potential for reaching financial goals is significantly decreased. These kinds of losses can't help but create additional frustration and fear about the future, thereby initiating the Investors' Dilemma cycle all over again.

THE RESULT:
NOT ENOUGH INVESTING PEACE OF MIND

In the end, the result of The Investors' Dilemma is to limit people's ability to accomplish their most meaningful life goals and dreams. Not only are they not where they want to be financially, but they have also spent a large portion of their lives fraught with stress, anxiety, concern, and fear that initiate and perpetuate the dilemma.

* Dalbar's Quantitative Analysis of Investor Behavior, 2016 uses data from the Investment Company Institute (ICI), Standard & Poor's and Barclays Capital Index Products to compare mutual fund investor returns to an appropriate set of benchmarks. Covering the period from 1986-2015, the study utilizes mutual fund sales, redemptions and exchanges each month as the measure of investor behavior. These behaviors reflect the "average investor." Based on this behavior, the analysis calculates the "average investor return" for the various periods. These results are then compared to returns of respective indices. *Past performance is no guarantee of future result. **Id. Dalbar's QAIB defines "Average Investor" as "The universe of all mutual fund investors whose actions and financial results are restated to represent a single investor. This approach allows the entire universe of mutual fund investors to be used as the statistical sample, ensuring ultimate reliability." p. 29 "Average equity investor" and "average "bond investor", as used in the same study, is that subset investing only in equity mutual funds or investing only in fixed-income funds, respectively. See p.33 at n. 4. Dalbar's average investor equity fund returns are set forth in a table on p.5.

WHAT REALLY MATTERS ON YOUR INVESTING JOURNEY?

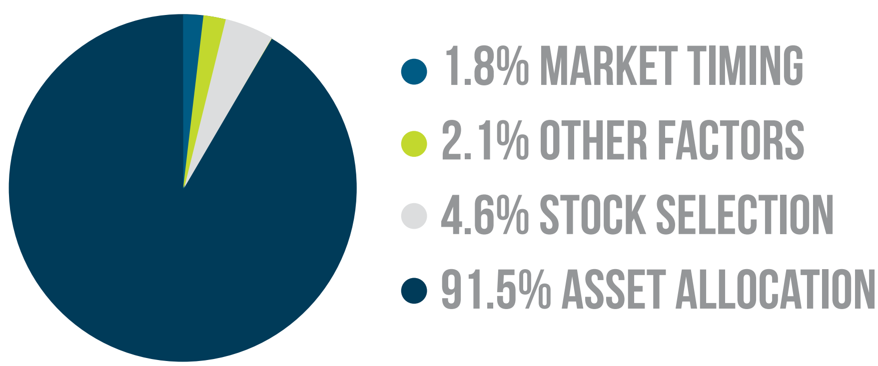
ENGINEERING MATTERS

Engineering when it comes to your portfolio, means how much of each type of investment is in your portfolio and in what percentages.

Many in the financial industry would have you believe that if you can get access to decent investment vehicles for as small a fee as possible, that's all you need to have a successful investing experience. The reality is that while those things are important and must be considered, they are not the major determinants of portfolio performance.

You should know that how a portfolio is engineered is a critical component for success. What goes into the portfolio and in what specific percentages has a profound impact on a portfolios likelihood of long-term success. Studies show that 91.5% of a portfolio's performance is determined by the allocation of the portfolio (not stock selection, market timing, or any other active management factors).

DETERMINANTS OF PORTFOLIO PERFORMANCE



It's difficult, sometimes even for professionals, to discern the difference between and efficiently engineered portfolio and one that is inferior because pie charts can often look similar.

In order to eliminate speculating and gambling from the investing process, at Matson Money we base our strategies in validated academic principles. Each one brings another layer of structure and guidance to portfolio design.

Efficient Market Hypothesis

Essentially states that free markets work, and the price of any individual security is the right price for that moment in time.

Modern Portfolio Theory

Is a method to build portfolios and maximize expected return for any given level of risk through diversification.

The Three-Factor Model

Explains the premiums for different segments of stock investing due to increased risk factors.

By combining these academic principles we can design portfolios that eliminate gambling with your investments while maximizing long-term expected return for a given level of risk.

Source: "Determinants of Portfolio Performance," Financial Analysis's Journal, Gary P. Brinson, L. Randolf Hood, and Gilbert L. Beebower, 1986. "Revisiting Determinants of Portfolio Performance: An Update," Brinson, Singer, Beebower, 1991. "Determinants of Portfolio Performance II: An Update," Benson, Singer and Beebower, 1996. Eugene F. Fama, "Random Walks in Stock Market Prices," Financial Analysts Journal, September/October 1965
Fama, Eugene; French, Kenneth. "The Cross-Section of Expected Stock Returns". Journal of Finance. 1992 Markowitz, Harry. "Portfolio Selection." Journal of Finance. 1952

EXECUTION MATTERS

How your portfolio strategy is executed over time will have a significant impact on long-term results.

Even a seemingly strongly engineered portfolio can break down under the pressure of time if not managed prudently. It is not unusual for investors or even managers to divert their initial course of investing due to short-term market conditions or investing trends. Giving in to some of these active management pitfalls can drastically reduce the long-term success of a portfolio.

There are many ways to undo great engineering in a portfolio – many of them are behavior oriented. The only true measure of a portfolio's success is real results over time. To evaluate if your portfolio is being properly executed, here are some things to consider.

MATSON MONEY'S COMMON SENSE RULES OF PORTFOLIO EXECUTION:

Fees are important but should never be the primary decision making variable.

No two advisers will have the exact same engineering and execution capabilities, therefore...

Given two identically engineered portfolio and execution abilities, choose the lowest fees.

Engineering and execution will be the primary determinants of investor performance.

Firms that have adequately engineered and executed portfolios should have actual investing results to display to their prospects and clients.

Investment returns should comply with Global Investment Performance Standards (GIPS) and be reviewed by a third party for verification.

Your investments are far too important to leave to chance, doing the homework on how your portfolio is engineered and managed long-term is critical to your success.

ADVICE MATTERS

Feeling a little confused? Don't worry, a local coach can help you better understand this report and customize a financial game plan for you. Meeting with a coach is a crucial step in implementing an academically sound investment strategy.

Advice matters. Insight matters. Having someone in your corner matters. Knowing your broker has your best interest in mind, has experience in the game, and is operating off of a different paradigm than most brokers matters. Many brokers and Wall Street professionals see you simply as a resource to exploit... they sell the fear of the market to convince investors to time the market, pick stocks, or track record invest while thriving on those commissions.

Coaches who work with Matson see you as a partner in wealth creation. Stop the vicious effects of the Investor's Dilemma and the unconscionable lies that many professionals sell in order to see commissions slide from your pocket to theirs.

A coach can help you make prudent decisions about how much volatility and what types of risk you want to incorporate into your portfolio. He or she helps you to distinguish prudent from imprudent risk. A good coach also aids you to truly understand and measure diversification in your portfolio, and will introduce you to a community of like-minded investors on a quest to get the most out of their investing journeys together.

Everyone's situation is unique, if you'd like to get your personal questions answered (with no obligation whatsoever, this is just about getting you all the information you need to make better decisions) I have a friend who would be very happy to take your call and connect you with an independent coach in your area. Again, there is no pressure during this call, you can choose how much or little to share, and you can be confident this is a totally confidential conversation. Please feel free to call one of our phone operators at 888-807-2642 or connect with us via any of the Online platforms listed on the next page.

WHY SHOULD I CALL A COACH?

Coaching helps you focus on your values and creates a powerful vision for the future that can be used to transform your life and expand your experience of money and investing.

The most common result I see from the traditional commission-driven financial planning process is fear, anxiety, confusion, complexity, and a reduced ability to take action on your own behalf.

A coach helps you wade through all of these very complex issues and maintain long-term discipline around the investing process. Ultimately, investing is a people problem, not necessarily a portfolio problem.

Another thing that a coach will do is make independent recommendations. These are not based on commission, but based on doing what is in your best interest.

CONNECT WITH A COACH TODAY!

Call: 888-807-2642

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