

In this Issue:

- Defining Terms of Prudent Investing
- Steve, Blake and Ric Travel to Phoenix
- Season's Greetings

Call our offices for a FREE consultation!

Phone (318) 869-3133
Toll Free 1-888-836-2738
Fax (318) 869-3134
920 Pierremont Rd.
Suite 105
Shreveport, LA 71106

Phone (941) 907-3030
Fax (941) 907-7780
9040 Town Center Parkway
Lakewood Ranch, FL 34202



Defining Terms of Prudent Investing

By Ric Cochran

When it comes to your portfolio, do you have specific criteria that guide all your investing decisions? Or do you just wing it? It seems to me that too many investors just wing it. I regularly see people gambling and speculating under some illusion they're prudently investing, trying to do it themselves as if managing their financial security were as simple as building a backyard project after buying a book or watching a YouTube video.

Some have way too much of their portfolio invested in a single stock, often a company they retired from. They might acknowledge that diversification is important; but they go on to proudly explain how their company is somehow different, a well known brand with an impressive history that like the Titanic, can never go down. We believe there are no exceptions to the need to reduce risk through diversification because we've seen too many companies people thought were unsinkable go belly up.

Some make poor investments at the behest of advisors selling a good story, albeit a story that might well fail to pass fiduciary scrutiny – the legal obligation to provide the most objective advice for the client.

Still others are aware of their own limitations and seek the most rigidly objective, evidence based and peer reviewed academic criteria on which to base their decisions. They realize they have too much at

stake to wing it and want to deal with a fiduciary who has a legal obligation to serve their best interests rather than a commission salesperson who doesn't. They want facts and proof they're doing the right thing. To those, we say, welcome to our world of investing based on scientific evidence rather than a good story!

Alan Golden, an attorney friend of mine recently spoke about the importance of defining one's terms rather than assuming they're understood. These are our terms – what we're one-hundred-percent committed to. This is what we believe:

1. **Demand academic proof:** Scientific, evidence based, peer reviewed Nobel Prize winning academic research is the most prudent foundation upon which to base investment decisions—not feelings, not recent events, and certainly not what someone said in the media.
2. **Tune out the noise:** While some proclaim to be able to beat markets by various means, like claims of Bigfoot, alien abductions, and Elvis sightings, we have yet to see convincing evidence over the long-term and we've certainly looked for it. The evidence based on audited records does not support anyone beating markets over the long-term; those who try tend to eventually be exposed as charlatans; and history has shown how well-structured, diversified portfolios tend to be very generous over time with no need to beat markets.

continued on page 2

Important:
FREE Workshop coming up! See Louisiana News for details!

Florida News

9040 Town Center Parkway
Lakewood Ranch, FL 34202

WHAT IF...

**Everything you thought you knew
about investing was wrong?
Rainey Asset Management (RAM)***

- Why do investors really lose money? You'll be shocked!
- Why does Wall Street profit even when investors lose?
- Why does the financial press favor Wall Street over Main Street?
- Who profits from greed and fear at your expense?
- What about volatility and how can it be tamed?
- How can investors achieve true financial peace of mind?

**Call our office for information on
upcoming workshops.**

Make plans to attend one or several!

*Rainey Asset Management, Inc. is a Registered Investment
Advisory Firm registered in Florida and Louisiana.



**November S.A.F.E. PLANNING Workshop
held at the ComCenter in FL.**



**Congratulations Cindy Tench who
celebrates her fifth anniversary in
the Florida office on December 3!**

Defining Terms of Prudent Investing *continued from page 1*

Many in the financial industry and on television have agendas counter to yours. Always be skeptical!

3. **Gambling and speculating with a portfolio is never prudent:** Whatever doesn't measure up to science is gambling and speculating. Without science, all you have is luck.
4. **Risk Matters:** Too few investors seem to really understand risk and return. Fewer still seem to know the current level of risk in their portfolios. And even fewer realize there are ways to manage portfolio risk so as to avoid nasty surprises during volatile markets.
5. **Commissions, fees and costs matter:** Hidden fees and costs can be like cancer in a portfolio. Inflation can be a huge hidden cost!
6. **Education is essential to avoiding the biggest investor traps:** You don't have to know everything as long as you know the most important things. We believe in speaking on a level anyone can understand and have a tool called the 20 Must Answer Questions to measure learning progress. We're committed to helping clients over time reach a point where they can confidently answer all the 20 Must Answer Questions with confidence.

We believe investors should be serious about reducing risk and costs in their portfolios without sacrificing returns. We believe advisors should be able to provide audited portfolio returns achieved by all other investors net of fees in portfolios they recommend. We believe advisors should provide continuing education, not in any way related to selling, to help investors achieve lifelong dreams they're depending on their portfolios to provide. We believe advisors should eat their own cooking – invest their own money where their clients' money is invested. And we believe advisors should regularly invest their own time learning from leading academics how to more prudently invest and help clients make smarter decisions. These are principles we're dedicated to. We're committed to walking the walk – not just talking the talk. What about you and your portfolio? After all, who has more at stake than you do?

Ric Cochran writes and speaks about investing for everyday people. He's an investor coach at Rainey Asset Management. You can learn more by visiting RaineyAssetManagement.com and following RAM on Facebook at www.facebook.com/RaineyAssetManagement.

Isn't it nice that wrinkles don't hurt?

**To steal ideas from one person is plagiarism.
To steal from many is research.**

*One of the hardest things in life
is to know which bridge to cross and which to burn.*

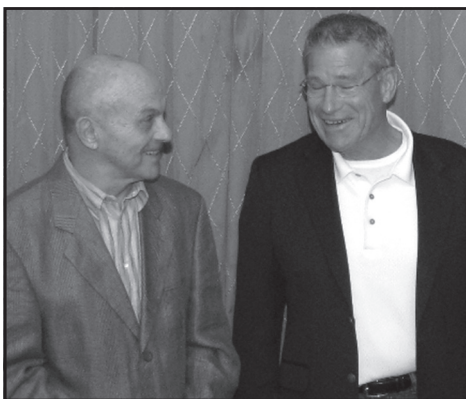
Steve, Blake and Ric Travel to Phoenix

Steve, Blake, and Ric attend workshops at least twice a year and sometimes more to learn more about how to coach investors. Here are some of the highlights from their recent trip to Phoenix.



Terrance Odean, professor at the Haas School of Business is a leading expert in behavioral finance along with Nobel Prize winner and colleague Dr. Daniel Kahneman. Dr. Odean has written extensively about how the average investor is his own worst enemy, repeating the same investment mistakes at a heavy cost in lost opportunity and often lost money. Our hope is to help clients avoid making those costly mistakes that Dr. Odean says come from overconfidence, excessive trading, going with the crowd, and stubbornness. There will be more on that in a later issue. Dr. Odean is a member of the Matson Money Academic Board along with Dr. Lymon Ott, a leader in statistical analysis, and Dr. Arthur Laffer, former White House economic policy advisor to President Ronald Reagan.

Dan Wheeler is a pioneer of the style of investing we pursue and works closely with recent Nobel Prize recipient Dr. Eugene Fama who we have enjoyed listening to and meeting with as recently as last year. Dan Wheeler played a key role in providing a way for small investors who had the discipline to invest in the same pools as huge pension funds which tend to shun small investors, not wanting those wanting to trade in and out on whims. The answer was being careful who you let in so as to try and avoid “hot money.”



Recent recipient of a Nobel Prize in economics, Dr. Eugene Fama is a serious numbers guy with a sense of humor. Here he is sharing a joke with Steve last year in Chicago.



A longtime fan of his work in behavioral finance along with Dr. Kahneman, Ric enjoyed a few minutes visiting with Dr. Odean after his talk.

*Middle age is when you still believe
you're gonna feel better in the morning.*

Louisiana News

FREE PUBLIC WORKSHOP

**TUESDAY
January 7, 2014**

**SHREVE MEMORIAL LIBRARY
BROADMOOR BRANCH
1212 CAPTAIN SHREVE DRIVE
(ONE BLOCK NORTH OF EAST PRESTON)**

**10 am / S.A.F.E. Planning : Don't Lose
Your Home & Savings To Pay For
A Nursing Home**

**Please call ahead to make your
reservation! (318) 869-3133**

Ask about our RAM Workshop

Invite friends, family members, and anyone you care about to attend our workshops. This is important to everyone who wants to protect an estate from devastating nursing home costs and / or costly investing mistakes.

You are invited to book signing for Elaine Marze, author of *Hello Darling and Widowhood, I Didn't Ask For This*, as well as being RAM / SAFE newsletter editor, on Saturday, December 14, 1-3 pm at the Cedar Grove Branch Library, 8301 Line Ave in Shreveport and Saturday, January 4, 2-4 pm at the Broadmoor Branch Library, 1212 Captain Shreve Dr.

**See the new issue of
PRIME TIME MAGAZINE
at [www.issue.com/
primetimemag](http://www.issue.com/primetimemag)**

OR

**When you come by the
office, be sure and pick
up your FREE copy!**

*Rainey Asset Management, Inc. is a Registered Investment Advisory Firm registered in Florida and Louisiana.



920 Pierremont Rd.
Suite 105
Shreveport, LA 71106

PRSRT STD
US POSTAGE
PAID
SHREVEPORT, LA
PERMIT # 1079



Visit our website at www.raineyassetmanagement.com to download your **FREE** Investor Awareness Guide and take the **FREE** online Investor Quiz! Call our office to speak to one of our Investor Coaches and follow us on **Facebook** and **Twitter**.



We would appreciate readers visiting our Facebook page which will give you access to important information. "Like" to receive updates.
www.facebook.com/RaineyAssetManagement