T F P

Thalheimer Financial Planning

Fee-Only Financial Planning and Advice

TFP's Investment Principles

- Markets work. Securities prices reflect all available information.

- Diversification is key. Concentrated investments add risk with no additional expected return.

- Risk and Return are related. Exposure to meaningful risk factors determines expected return.
    - Stocks are much more volatile than bonds, but the real returns have been much higher than "safer" alternatives.
    - Inflation is a less noticeable risk in the short-term, but a great risk in the long-term.
    - The great long-term financial risk isn't loss of principal but erosion of purchasing power.
    - The great long-term financial risk of stocks is not owning them.

- Portfolio structure explains performance. Asset allocation primarily determines the results of a diversified portfolio.

- Costs Matter. Higher investment costs reduce returns. Lower taxes increase investment returns.

- Investing is not about "beating the market", but in capturing market returns in the most cost-effective way. There is NO evidence that actively managing one's investments – stock selection, market timing – pays off.

- Good Investor Behavior:
    - Faith and optimism in the future
    - Patience
    - Discipline