Episode 61: How SHOULD You Think About Your Investment Portfolio?

Bob French 00:00
The purpose of Retire with Style is to help you discover the retirement income plan that is right for you. The first step is to discover your retirement income personality. Start by going to risaprofile.com/style and sign up to take the industry's first financial personality tool for retirement planning. So we've talked a lot about what not to do when you're investing. But what should you be doing?

Wade Pfau 00:49
Hey, everyone, welcome to Retire with Style. I'm Wade, and I'm joined by Alex as well as our frequent special guest. And we're happy to have him back on the show today as well, Bob French. Welcome back to the show Bob.

Bob French 01:04
A frequent special guest here?

Alex Murguia 01:08
Well, let's just say frequent guests, let's just say frequently It's a very specia guest. There's no need to put on a turn, apparently. So every guest, he's a featured guest.

Wade Pfau 01:18
You set the record for most guest appearances. You're like, what Saturday Night Live, when they have their five time hosting. It's gotta get you a special jacket,

Bob French 01:29
a jacket or something out of this.

Wade Pfau 01:32
Something maybe?

Alex Murguia 01:35
God, you guys can't depend on me. Take it away. I'm tired of carrying you. Today, what are we talking about to do?

Wade Pfau 01:46
it's the last in the current art on the investing theme, it's something we will return to in the future again. But we did want to at least what we've been talking about a lot with Bob was just what not to do as an investor. And we've shot we thought we should just leave that hanging in terms of we want to talk

somewhat about what you should do as an investor. And then we'll come back to that, again, with a future arc, we'll bring back Bob to get further into the weeds on, on how to build investment portfolios, but at the very least, we don't want to leave that all hanging at this point. And so we wanted to talk about just these ideas around what investors should be thinking about and doing when they build their portfolios. That's really the heart and soul of today's episode.

Bob French 02:36
Yeah, absolutely. I mean, a lot of it really comes down to you know, as Wade said, we talked about all of the ways that things don't work. But you kind of need to do something. So, you know, how do you think about putting these portfolios together? How do you think about what will actually work in the context of your broader retirement income plan? And what does that mean for how you structure your investment portfolio? So, I mean, I think there's, there's a couple big kind of big ideas that we can be talking through here. And we can kind of elaborate on on each of them. But, you know, I think one of the best place to start is, you know, thinking about what risk actually means and what that means for your portfolio. So, you know, I mean way analysis, you know, whenever you you start looking at this stuff, the first thing people are always going to ask about with investments, is standard deviation.

Alex Murguia 03:42
Just for the audience, you may want to describe just the term

Bob French 03:45
Yeah, standard deviation is is a measure of, you know, when you observe something when you observe the returns of a stock or mutual fund or whatever. How far are these observations? How far are these returns from the average? And,

Alex Murguia 04:03
Wade, I thought for sure, but I was gonna say it's a measure of central tendency.

Bob French 04:10
I had to stop myself.

Alex Murguia 04:13
I didn't, you know, that sounds too much like a teacher or something like that.

Bob French 04:17
Yeah, I didn't, I started out bad started about observations here. But no, it's just a measure of, you know, when you look at something, how big is the dispersion? You know, the actual statisticians are pulling out their hairs. I say that, but, you know, I think that's a good way of thinking about it. If you were to grab a random observation or random monthly return from the s&p 500. How far could you expect it to be from the average return guideline? So basically, how much volume

Wade Pfau 04:51
the bell curve shaped distribution or like the normal distribution, which is a bell curve that you generally expect about two thirds Have the returns to fall within one standard deviation of the mean, or of the

average. So, yeah, it's again, it's that idea of dispersion around the average how, if you get the same return every year, and it's a fixed return, it would have a zero standard deviation, you'd know what you're gonna get. But like, as you move to more volatile asset classes, do you get a bigger standard deviation? Just more dispersion around the average? Yeah.

Alex Murguia 05:25
And that's sort of what we said earlier, like the if I'm not exactly sure, but more or less if the average return on the stock market in general was 10%. Standard deviation is 17%, then you could expect two thirds of the time or return of 10 plus 17, within minus 17. And that's one that's that's within sort of, you know, assuming a normal distribution. Yes, stock market isn't perfectly normally distributed. But for this podcast is good enough. Now that what we're saying is, that's what people think risk is. And, Bob, you want to take the comment further of not so fast.

Bob French 06:06
Yeah, no, no, absolutely not so fast. You know, it is an important number, it is something that will have an impact on kind of your experience with investing just how much this stuff is bouncing around. Absolutely is meaningful, but it's not. It's not how we think about risk. And a good way to think about this is let's say you have two investments. You have your let's say, your you got that, you know, 10% average return with the 17% standard deviation. So it's Yeah, market ish, like, but it's pretty risky. That's 17% standard deviation. That's a big volatility.

Alex Murguia 06:50
And then 17 percentage points.

Bob French 06:52
I have 17 percentage points. Yeah. 17 percentage points is, as Alex said, two thirds of the time, you'll be between a negative 7% return. And a 27%.

Wade Pfau 07:05
Alex, watch CNBC. If they ever mentioned that three standard deviation event on TV. That's just a fancy way of saying less than a 1% chance.

Alex Murguia 07:18
Wow, you were my friend? I thought you were

Wade Pfau 07:22
I don't know, do they? Those are black swans.

Bob French 07:28
Now those are black swans, the black swans,

Alex Murguia 07:31
that's when they say it's a black swan. There's a bubble or the bubble pot or whatever.

Bob French 07:37
But let's look take that kind of market like return. And let's say we have a second investment we have we can choose, you know, this one has it's got a standard deviation is zero. I know what that return is going to be. But the average return is negative 5% per year. Which investment would you choose? More specifically? Which one is riskier, riskier to your investment portfolio to your retirement plan? Well, obviously, the riskier one is the one where you're just lighting your money on fire. The second one is more risky.

Alex Murguia 08:14
I would say this to Bob, let's say it's 2% a year. Yeah, it's 0% standard deviation, you're actually losing money on a real returns basis.

Bob French 08:24
Yeah. Absolutely. You know, we can we can quibble with where that break point is. But just because something has a 0% standard deviation does doesn't mean it's not risky. Because we want to be looking at it in the context of well, how much can you spend the whole point of doing all of this, the whole point of investing, of saving your money and doing all this retirement planning is to be able to have that retirement is be able to have that spending in retirement, and if something's not helping you towards it. If something's adding uncertainty into that, that's risky. That's what risk is, at least for retirement focused investors.

Alex Murguia 09:11
This this also goes back to there's some retirement income, like echoes here of some some basic tenants. And when I'm hearing Bob Wade, and you may want to expand upon this, when when the sort of the phrase that you hear a lot lately is income is the out Yeah,

Wade Pfau 09:26
yeah, that retirement planning is really it's about an asset liability matching and liability is just your goals, what are your financial goals, and risk is not being able to meet your financial goals. So in simple investing frameworks, and it's kind of like with the idea of modern portfolio theory that developed since the 1950s, where like you're saying return is just an average return risk is measured as the standard deviation of returns. You kind of assumed that the quote unquote risk free asset is a treasury bill because has a really low standard deviation. But that's not absolutely not necessarily a risk free asset for a retirement portfolio. If it's going to ensure if you'd like you put, I put all my money into treasury bills, because it's a quote unquote risk free asset. But if that's not going to give me the the ability to fund my spending goals and retirement, then it's hardly a risk free asset in that context. And so yes, absolutely. Risk is not meeting your financial goals. It's not short term volatility in the portfolio.

Alex Murguia 10:35
And, and this isn't as trying to be cute with the standard deviation frame and say, Oh, no, but we just focus on upside, volatility is not the downside, or, you know, people get into these Sortino ratios and things like that's not we mean, and we just mean, on the far side of complexity, just look at your life, what really is risky? It's not volatility in the portfolio, it's the probability of achieving your goals, you

know, etc. So that's, I think that's a good one we have we came up with five. So what's numero dos, Bob?

Bob French 11:05
Well, the next one actually is another, I think, pretty meaty one to talk about, it's that the average investor holds the market that is just on its face. A true statement. You know, if you look at it on $1, weighted basis, the average investor literally has to hold the market, because the average investor expanded out is the entirety of the market. So

Alex Murguia 11:35
no, that's good. I think, though, just sticking people reacting, right. And so there's an implication here, that's, that's very important when it comes to asset allocation. For me, I read that as when I'm deciding, you know, I just won the lottery, I have a million dollars, how should I invest my portfolio? Well, in aggregate, investors choose to allocate their portfolios, according to the entirety of the global market. And what that means is technically speaking, again, I don't know the actual numbers. But if the US represents 55% of on the equity side, the US represents a 55% of the global market. Emerging markets is another, I don't know 10-15%. And then Western Europe and Asia represent the remainder? Well, that's how you would choose that, that you can make the case that that is the efficient allocation of capital across the globe, because that's how people have chosen to invest their portfolios that way, does that mean that everyone should invest? It should allocate that way? Because that's a reflection of how the world efficiently allocates that capital, at least on the equity side, or there now some wrinkles that you work your way down from?

Bob French 12:53
No, there's always wrinkles here, Alex. There's no simple answer on this one, it's starts to

Alex Murguia 13:00
Answer the question, Bob

Bob French 13:04
we started with that average. And that's why I was emphasizing that average investor piece, because we're not average, you know, we're all different from the average investor in a number of different ways. Some of them don't matter. Some of them do. And, you know, we can start with, you know, pretty big ones. We're focused on retirement, you know, we have a very long term timeframe, where we're looking to fund specific liabilities. At some point in the future, the vast majority of us listening to this here are in the US who are going to be spending our money in the US. You know, that means that we're probably going to be wanting to overweight the US in our portfolio. We are also and a lot of people don't realize this, we're also probably a lot less risk averse than the average investor. It's really important to remember the bond market is massively larger than the stock market. I don't have the numbers in front of me right now. But you know, a good way to kind of conceptualize it is the bond market is roughly twice the size of the stock market. And if we were to hold a true market cap weighted portfolio, it would be about two thirds bonds, it'd be 1/3 stock and two thirds bonds. Some people do that. And that's a very, very reasonable way of putting your portfolio together. But most people don't. Most people have substantially more stocks than that, in fact, you know, the bog standard retirement

portfolio is 60/40. You know, it's almost the The inverse of that. And that's simply because you know, people are less risk averse than the average investor. So you always gotta be thinking about it in terms of, you know, how am I different? How should I be changing the market portfolio to better accommodate my specific situation and better accommodate what I want to be doing with my portfolio. If you're looking for more personal advice, please know that our show is sponsored by McLean Asset Management. Learn more at McLeanam.com. That's McLeanam.com. Mclean Asset Management is a wealth management firm where we help you design and implement the right retirement plan for you.

Alex Murguia 15:50
I think I think on the domestic market, let's just bring it down to the US market. Yeah. And so this is where you hear some people say, just buy a total market index fund and call it a day on the merits of that argument you can't argue with, but I would say to the degree that you differ from the average market participant from a financial planning perspective, from what you're doing for a living and your own human capital perspective, I think I think it merits consideration to deviate from from a total market portfolio. Wade do you want to?

Wade Pfau 15:50
know, a little bit and Bob had said in terms of like, if you're a US based investor, you maybe want to overweight the US investments. And that's the reason for that is, again, back to this the first point we were talking about, if your spending goals adjust for US inflation, you want to have an investment portfolio that's better hedged to protect against inflation in the United States. And so that would be kind of the thinking around how you then choose an asset allocation. So you have, what are the characteristics of your liabilities. But then also to the point, you're making notes as well about what are the characteristics of your assets, and in particular, your human capital. If you have a career in a particular field, you may be over allocated to the equities in that particular sector of the market. And so just at a broad level, as you think about building the most diversified portfolio, you may not want to have your financial portfolio is heavily allocated in an area that your human capital is very heavily heavily allocated. And just the extreme of that that really made this clear was like when Enron had its debacle where people who worked at Enron, their 401 K plans, this they were not holding a total market portfolio, they may have been heavily overweighted. In Enron stock, their human capital is heavily connected to Enron's financial position. And then in terms of real estate markets, they may have owned a home in an area that is suddenly an ROC goes out of business, Enron goes out of business, the real estate may plummet in that particular market. And so that's where just thinking about these other characteristics of my situation, my human capital, and even real estate in that scenario, can impact how I want to approach my investing allocation strategy. And simply, I may want to not have as much Enron stock in my financial portfolio, because all the other assets on my household balance sheet are heavily heavily over allocated to the financial performance of Enron. And that's an extreme example of this concept of thinking about how do my assets and liabilities impact how I may want to allocate my financial portfolio?

Alex Murguia 18:56
That's great. So the takeaway from that point is, listen, the market portfolio is effectively an aggregate high, everyone chooses to hold their assets that is the diversified portfolio, if you want to make that case, beyond the total US stock market, because if you just leave it there, your logic is, is short. So it

should expand to the degree that but it's totally viable, then, if you're implementing the wrinkle, that it's to the degree that I'm different from the global hole, then fine, you begin to sort of slice it up accordingly. You know, fair enough, right?

Bob French 19:34
Fair enough. And then to be clear, you know, the total market portfolio is not a bad portfolio. You know, I mentioned the most efficient portfolio.

Alex Murguia 19:45
If you're right now holding a total stock market portfolio for the US. And you say yourself, hey, I'm not, I'm not, you know, and you say to yourself, I'm not getting international because, you know, whatever it doesn't, it doesn't fly with me or whatnot. And I want it the total market, because that's the total market, but you're not really thinking about your own personal situation in that, then your logic is flawed, because technically you should get the whole global portfolio cannot because it's not like people in Europe or, or all of a sudden dumber than people in the United States, you know that that kind of thing. So, you know, but it's totally fine if you deviate, but just know why. Because, you know, to weights point, you're retiring in the US and you want your you want to hedge inflation, etc. So 100%, you get that? Absolutely. What is it? What's the third one?

Bob French 20:34
So the next one is kind of one of the things you used to always got to keep in your mind, as you're thinking about your portfolio, it's that chance dominates expected returns. So in a lot of these conversations, we'll take a look at the historical data, we'll do a bunch of math, and we'll say, you know, the market has an expected return of of x, this is what we think the markets going to do over time. And you know, there's lots of different ways that that statement can be made with more or less humility. But even at the most humble, where you just say, hey, here's what I did in the past, it's probably going to be somewhere in that ballpark in the future. At any given point in time, chance, just the randomness of stock returns of financial market returns that dominates that expected return. You know, when you think about one of the good examples of this is if you go back and you plot, the annual average, or annual return of say, the s&p 500. And you can do the math, you'll come up with, Hey, here's what the average return was, there are almost no individual years that are within like two or three percentage points of that average, you do not get that average or expected return. That's something that is kind of an artificial number. And you need to kind of understand that and accept that. When you invest in these types of risky assets, especially in the stock market. You know, Alex, you were talking about, hey, here's what the standard deviation range looks like. Again, those are big numbers, they're all over the place. And you need to understand that and take that into account, how well you can stay disciplined, when we start seeing some of those big numbers on, especially the downside, you don't want to panic, during a market decline, you want to position your portfolio such that, you know, absent something truly crazy happening, new are going to be able to set it up, you're going to be comfortable, comfortable, maybe too strong a word, but you know, you're gonna be able to just ride it up right out what the markets gonna do. You know, we've all seen thinking back to say 2008. You know, we've all seen those people who sold out, you know, a month before the bottom, they just couldn't take it anymore, because their portfolio was too risky. They weren't thinking about that. That how chance is what's going to really be determining their returns on a short term basis here.

Wade Pfau 23:36
I guess, maybe one other related idea why me so much simple kind of investing examples are based on here's a fixed rate of return that may be calibrated to what we think is an average return. And then following that x and y will happen when it's usually an example around how you'll be a millionaire by a certain age, but just with an average return, I mean, the reality is 50% of the time, you'll be below average 50% of the time above average. And it's important to just really remember that the volatility or the standard deviation around that average, is you're not going to get the average return, you're going to end up getting something better or worse, and you don't have control over what that will be. Because that's the inherent uncertainty. That's a part of investing. And that really can have an important impact as well, not just what we expect markets will do.

Alex Murguia 24:39
No, I think you're both right, I get to I get two takeaways from this and there's talking about long term but it shows you the look at the markets are efficiently priced, then what's random is when the news comes in, and that that is that then affects the prices for that day, if you will, but that's just noise and so Uh, you need to learn to separate yourself from that. Because if not, it'll it'll just, it'll just be an albatross to your investment discipline body. So there's that piece to it. I think on the other side, though, in terms of chance, and this is that, you know, to tie it back to retirement income. And this is why a lot of times, you know, when we look at the recent study, two thirds of the folks really are looking for contractual income to play some role. And you really think about why that is, I mean, the reality is, is you have, if you're just depending on the market to come through for your retirement, you're somewhat depending on chance. And what I mean by that is not on a daily basis, but you have to retire into a good cycle for stock market returns, because the first few years really will dictate a lot of your success from a withdrawal strategy. And so that's why, you know, a lot of folks feel comfortable having a layer of contractual income for essential expenses, because I think implicitly, I don't think they, they plan at all like that. But implicitly, what they're doing is they're they're kind of giving themselves this sort of slight immunization or vaccine, whatever it is, for this sort of the chance that the chance outcomes that they're going to experience as soon as they enter retirement, they could be doing the best behaviors leading up to retirement, right. But it, a lot of it is just out of your control, it's dependent on the stock market cycle in which you're retiring is retiring into, and, you know, who knows what's going to happen. And so I, that's how I would interpret that from a retirement income. So

Wade Pfau 26:39
Simple example there to like, if you're assuming a 7% return, that means you expect your wealth to double every 10 years. And so that means 10 years before retirement you're expecting, I mean, with cash flows, you make things more complicated, but basically, you're really relying on this idea that your wealth is going to double, you're only halfway to your goal 10 years before retirement. And of course, the reality is over any 10 year holding period, you're still gonna see a lot of fluctuations around the average. And that's part and parcel with using just investments as a way to help fund a retirement strategy.

Bob French 27:20

Curious if you should be looking at a Roth conversion, or what a Roth conversion even is, head over to McLeanam.com/roth to get McLean's free ebook, here's a Roth conversion right for you, and learn about when you might want to do a Roth conversion. And when you might not just head over to McLeanam.com/roth To download your free ebook today. Yeah. So moving on to the fourth point here. This is one we've kind of harped on, but it's important to kind of drive at home. active investing is a zero sum game, actually not even a zero sum game. It's a negative sum game. You know, we've talked about the reasons why. So what we want to be doing, you don't need to, we don't spend time on on why. But you know, what that means is don't don't do that, you know, focus on more passive type of solutions. So index funds or other passive vehicles that will allow you to target these very specific things that you want in your portfolio, and that you can have some, some level of comfort, some level of confidence that you'll actually get that you wouldn't from an active.

Alex Murguia 28:43
I'd like to say there a couple things to be careful and and wait after I'm done. I think it'd be good, because you spoke about in the last one, just a quick like, few sentences on the arithmetic of active management. You mentioned in the last one, because I think that that bears mentioning, because if you get that you kind of see why index, right? But I have plenty of friends that say, Oh, I index, but they don't really what they do is they go back and forth between an industrial ETF or technology driven ETF, or some sort of sector ETF, and they just rotate, you know, and they say, oh, no, but I'm indexing. No, you're really timing the market, you know, across the different sectors, sure, you're getting a basket that's, that's, you know, diversified and passive. But the way you're utilizing that is in a very active tactical manner. And so I'm saying that to be a bit of a wet blanket from folks that may be thinking that and you know, being that sort of conscious, if you will, no, you're not really indexing you're not really passive. If you're just sick, the rotating with ETs, that's not you're missing kind of the lead, if you will, but that being the case indexing at its philosophical sense, makes sense because of the arithmetic of active management.

Wade Pfau 29:59
We We've talked about this quite a bit, but it's really just this idea that the average investor gets the average market return. And that's gross of fees. So then any sort of fee drag expense ratio on those investments, just means your average investors and getting the average return less the fees. And so fees are a really important predictor of returns and net returns. And so the lower the fees, it's going to give you more opportunity to have a better net return net of fee performance. And that's where low cost funds tend to be more passive and, and that not then you get into the whole issue of risk you're taking when you move away from the market portfolio. But simply with this point about fees, its fees are going to take away from the average return that the average market participant can get.

Alex Murguia 30:56
And this bleeds into your fifth point. But

Bob French 30:59
yeah, no, and absolutely, definitely does. The fifth point is basically just do the basics. Right? You know, investing is not, it's not simple. But it's not that hard, either. You know, you start as we talked about, can you start with the market, you move a little bit here and there, depending on the specifics of

your situation. And then, you know, go out and find, you know, well diversified funds, you know, diversification is the the only free lunch in the market. But you go out, you find some well diversified funds that very well represent what you want to be investing in. And then you find the cheap ones that do that. You know, it doesn't need to be this overly complicated thing there. You watch CNBC every every day at lunch,

Alex Murguia 31:49
again, geez, I decided to be vulnerable. And this is the reaction, that was really my decision, this is the response I get. That's the last time I'm opening up in front of you guys. Yeah,

Bob French 32:02
we'll hold your safe space for something else here. But it doesn't need to be complicated. You know, this doesn't mean stick your head in the sand and you know, throw away every investment or every investment statement that you get until you're 63. And just hope everything's where it's supposed to be, you know, I keep an eye on things. So you can make adjustments along the way. But you don't need to get crazy. And most people or at least most people who think about this, they want to get crazy. They want to go down all of the different rabbit holes. And it doesn't work. In fact, actually speaking to this western Wellington, I think this is his phrase. You know, he actually he may have even mentioned it on the podcast, but you know, he thinks about investing. And as like soap, your portfolio is like soap, the more you touch it, the less you have. So you want to just kind of let it be your set it in place where it needs to be. Do what you need to do. But just generally leave it alone.

Wade Pfau 33:14
Yeah, I read that's a great analogy that stuck with me. I know, it looks like you wanted to mention that. I just don't recall if it was on the episode, or maybe it was in our pre episode call. Hopefully it was on the episode.

Alex Murguia 33:24
Well, I hate to I hate to say this western said it. But Bob said it a couple of podcasts before

Bob French 33:32
I got that from one. We'll give him credit for that.

Alex Murguia 33:39
No, it's true. It's true. And listen, you know, this, to me is similar to investment advice in our firm, where it seems after you do this for so many years, to some extent, you know, investment advice is just investment, not financial planning advice, but investment advice is almost distilled into ways when the markets are doing well. You continually reinforce a client's that it's not always going to be this way, and to temper your enthusiasm. And when the markets are doing poorly. It's it's the same, it's the same message. It's not always going to be this way and temper their anxiety. And yeah, that's effectively at the end of the day investment advice. You know, from from a professional standpoint now, obviously, from a financial planning, etc. There's more to it. But really, it's it's just that it's just that in a way that resonates with the clients that that you're going over. Why? Because you want to avoid the sort of the sloppiness of things.

Bob French 34:41
Yep. No, and this is, you know, if you've seen like any of my presentations, you've probably seen this slide the fear versus greed roller coaster. You know, when the markets are going up, everyone's getting really really excited. At some point. They're gonna turn around, people get more more nervous and then they start freaking out. And at some point, markets are gonna come back. And we just keep doing that forever. But what we want to do is just stay on that boring middle line, because that's what actually gets you to the retirement that you want.

Alex Murguia 35:19
way Wade, can you can you believe Bob? Think if you've seen my presentation? I don't know. Senior, if Wade says that okay, yeah, there's a good chance people listening in.

Bob French 35:33
I think that's a safe ish. statement here, Alex.

Alex Murguia 35:38
Hey, I'm trying to go.

Wade Pfau 35:41
technically correct?

Alex Murguia 35:43
No, no, it's a great point.

Wade Pfau 35:48
One in a million of you.

Alex Murguia 35:50
And I think we're, we're at a record here. Yeah. So you're telling me there's a chance? All right, that's great. And with that, listen, we've been through a lot of these episodes. As Wade said, though, we should probably go into some financial planning concepts. It's investment style, not retirement, not retire with style. Right, Wade? So but I think this puts a nice bow on the list, and we went through what not to do. And I think that's important, because we're gonna get to in future episodes, that right now we're going to break it up a bit. But we're getting into future episodes, the the nuts and bolts of what to do. But again, I can't stress enough on the far side of complexity. If you follow these five steps, you're going to do better than a significant portion of the people next to you, you just will. And with that, you know, that's one to grow up.

Wade Pfau 36:49
knowing is half the battle.

Alex Murguia 36:51
Bob. So yeah, exactly. Half the battle. There you go.

Bob French 36:57
So no, absolutely. You know, I think so much of investing is what not to do. And, you know, that's kind of what we did. And then we'll get eventually, the let me back on to really go into the weeds on, you know, understanding what's actually going on behind the scenes and how risk and return actually work within the financial markets. But, you know, I think for, as Alex said, you know, just doing those basic things, keeping these five ideas in mind will serve you very, very well and give you help you build a portfolio that will be, as Alex said, again, significantly better than a significant portion of investors out there.

Wade Pfau 37:43
Okay. Well, thank you, Bob. And thanks, everyone for listening. And we'll This is not the longest episode, but I think we covered quite a bit of important concepts. So thank you again. bobbin. Hope everyone has a great week, and we'll catch you next time on Retire with Style.

Bob French 37:59
Wade and Alex are both principals in McLean Asset Management and Retirement Researcher. Both are SEC registered investment advisors located in Tyson's Virginia. The opinions expressed in this program are for general informational and educational purposes only and are not intended to provide specific advice or recommendations for any individual or on any specific securities. To determine which investments may be appropriate for you, consult your financial advisor. All investing comes with the risk including risk of loss. Past performance does not guarantee future results.