

## **20 Vital Questions You Need to Know to be a Successful Stock Market Investor.**

What are the right questions every investor needs to answer to gain true peace of mind in the stock market? Below are the Must-Answer questions from **Main Street Money** with Mark Matson from the national broadcast pledge special on public television beginning in 2012.

There's good news and bad news here. The bad news is that very few investors can successfully answer 'yes' to all, or even a majority of them the first time they see or hear them. The good news is that with the support of a good coach, you can find the answers to each and every one. The answers to these questions are critical for your success and they will be unique to you. No two investors will have the exact same answers – they are yours and yours alone.

As you read through these, I encourage you to be rigorously honest with your answers. To answer 'yes' it must be a 100% 'yes', and no fuzziness or doubt. If you have any doubt about the question, it must be answered 'no'. It is my job as your coach to help you achieve a perfect score.

So let's get started...

- 1. Have you discovered your *True Purpose for Money*, that which is more important than money itself?**  
**Yes or No** *This is the very heart of your most sacred values. What is it that you value more than money itself? Most investors get caught up in investing their money for money's sake. The more the better and the end game is to have the most. Your True Purpose for Money is the compass and foundation from which all spending and investing decisions are formed. Every investor and foundation from which all spending and investing decisions are formed. Every investor has one, but often it takes some focus and development to clarify it into a laser- focused tool for personal and portfolio growth. **This is the first step in developing true peace of mind.***
- 2. Are you invested in the market?** **Yes or No** *Do you own stocks, or preferably, stock-based mutual funds? Most investors can answer 'yes' to this question.*
- 3. Do you know how markets work?** **Yes or No** *While most investors answer that they do have money in the market, very few can honestly say they truly understand the dynamics of how free markets price securities. They are, in effect, ignorant of the forces that ultimately determine their investing results. You can easily see how having wealth in something that you do not understand would be extremely disturbing, especially when markets take large losses. **Never put your money in anything you do not truly understand – that includes the stock market!** It is your coach's job to help you focus on the right things so that you do not have to focus on everything.*
- 4. Have you identified your investment philosophy?** **Yes or No** *Everyone knows that it is important to have basic philosophies of life to simplify making complex decisions. For example, it is critical to have basic underlying philosophies of religion, business, education, and even the nature of good and evil. Most people do not even know it is possible to have a philosophy when it comes to the field of investing. It is possible and critical to success. Most people choose an investment strategy without an underlying philosophy. To be successful, a philosophy must be developed and instituted first. **There are two basic market philosophies: markets work and markets fail.** It is your job to understand what each means and choose the one that is appropriate for you. Remember working with a coach will assist you in making your choice.*
- 5. Have you identified your personal risk tolerance?** **Yes or No** *This is an academic and scientific number that helps you compare various investment risk/reward scenarios. It is essential that risk is not simply dispatched in generic terms and left without being quantified. Remember, you cannot successfully control something you cannot measure. Risk must be measured to be used properly. Here it is important to have your existing portfolio analyzed by an independent coach to properly identify the types and extremes of risk in your current assets.*

6. **Do you know how to measure diversification in your portfolio?** **Yes or No** *Everyone knows it is prudent to diversify, but how do you measure it? Academics and economic scientists use a very specific measuring tool called correlation to determine if your portfolio has been properly built. If you do not know specifically, the tendency of the assets in your portfolio to move in a step-rate fashion so that when one crashes that all crash, you are not truly diversified or in control on your portfolio. Diversification is not optional; it is a must for success. To do it right, you must measure it.*
7. **Do you consistently achieve market returns?** **Yes or No** *Most people don't even know what market returns are. If you read our report, **How to Become a Successful Stock Market Investor**, you should have a good idea. Your next step is to analyze your current holdings to see if they have consistently held up to the returns of the asset categories you are in during the periods you have held them. The odds are against you, and you have probably lost to the market. It is easy to find managers who had top performance in the past; it is all but impossible to pick them in advance with any consistency.*
8. **Have you measured the total amount of commissions and costs in your portfolio?** **Yes or No** *Even if you own a supposedly 'no load' mutual fund, the internal commissions could be more than you could ever imagine. **Make no mistake, the internal commissions and trading costs in managed accounts and mutual funds are the grease that keeps Wall Street rich and Main Street suffering.** Without an independent analysis, you will never know or understand what these hidden costs are doing to you and your portfolio. What you can't see, can hurt you. Burying your head in the sand and staying in the dark is not the solution. Your coach will give you an independent analysis and show you how commissions and trading costs kill off your returns.*
9. **Do you know where you fall on the Markowitz Efficient Frontier?** **Yes or No** *I would be amazed if you did, because most people don't even know that Harry Markowitz, the economist who developed this Nobel-winning investment tool, even exists. Yet, the most sophisticated investors have been using this tool to build better portfolios for over a decade now. This economic study allows a coach to help you see exactly how much volatility and expected return your existing portfolio has and allows you to compare other mixes.*
10. **When it comes to building your investment portfolio do you know exactly what you are doing and why?** **Yes or No** *Investing can be very confusing even for professionals. Rare indeed is the investor who knows their True Purpose for Money, and rarer still, the investor who knows what all the hidden costs are, their true risk profile, and how diversification works in their portfolio. Much of their results are left to chance, or worse yet, the commission-driven financial plans of an advisor or broker. Most investors simply throw up their hands in disgust and frustration from trying to grasp it all. It doesn't have to be that way.*
11. **Are you working with a financial coach versus a financial planner?** **Yes or No** *A good investment coach will help you, first, by answering all of these questions. If you cannot answer yes to most of them, chances are you are not working with a coach. As an investor, if I didn't first know the answers to these questions before I invested my money, I would not sleep at night.*
12. **Do you have a customized lifelong game plan to guide all of your investing and spending decisions?** **Yes or No** *This strategy integrates your life goals, visions, dreams, values, and investment risk and return preferences into a total plan for success. Money serves no purpose at all, unless it helps you to live a more powerful and dynamic life. By creating this life-long game plan, your money and life will take on more purpose and direction.*
13. **Do you have a written investment policy statement?** **Yes or No** *The great football coach Vince Lombardi left nothing to chance and created masterful game plans for his team that took into account every possible eventuality of the game – in advance. In other words, good or bad, he always had a plan to guide him to victory. He never panicked. That is exactly what an investment policy statement can do for you. It lays out the game plan for any and all market outcomes. No matter what happens to the market, you are prepared in advance. It also spells out how much risk and return you are targeting, and your time horizon. If you do not currently have one, that is a serious flaw in your investing process.*

14. **Have you devised a clear-cut method for measuring the success or failure of your portfolio? Yes or No**  
*How do you know that your portfolio is doing what it is supposed to do? If you make 15% is that good, or if you lose 10% is that bad? What benchmarks do you compare it to? How do you know if it is working?*
15. **Do you fully understand the implications and applications of diversification in your portfolio? Yes or No**  
*How do you know if you are diversified? How do you measure it? What is your portfolio likely to do during various market cycles? What is your historic, worse-case scenario for your portfolio and what is the best? Historically, what is your worst and best five-year performance? These are all questions you should be able to address if you have properly built-in diversification in your portfolio, and you understand how it really works.*
16. **Do you have a scientific system for measuring portfolio volatility (risk)? Yes or No**  
*Scientists measure variability of outcomes with the statistical measure of Standard Deviation. How do you measure it? It is actually possible to use statistics to examine volatility, the key measure of risk, with the same analysis that won the Nobel Prize for Harry Markowitz. Without this measurement, you are flying blind. It is the foundation of prudent and sound investing. If your planner or broker did not educate you about standard deviation, this should be a big red flag that tells you something is missing. Your coach can help you fix this problem.*
17. **Are you aware of all the illusions propagated by the stock brokerage and financial community to sell commission based products? Yes or No**  
*The large financial institutions create this illusion that, by using their research, it is possible to consistently and predictably make superior returns. Are you aware of how they use the media and advertising to create the illusion that they can do something that is, in reality, smoke and mirrors? By understanding all of the techniques they use to persuade investors, you can avoid many of the deadly investor traps.*
18. **Do you know the three warning signs that you are gambling and speculating with your money versus prudently investing it? Yes or No**  
*They are stock picking, market timing, and track record investing – otherwise known as chasing performance. With the help of a coach you can discern if you have accidentally fallen into these destructive investor behaviors and traps.*
19. **Can you identify the cultural messages and personal mindsets about money that destroy your peace of mind? Yes or No**  
*Money can be a great blessing or a corrosive and divisive burden. Many of the mindsets and beliefs that you may have about money can destroy your ability to use it as an empowering tool in your life. By understanding these biases, you can effectively choose more powerful beliefs to alter your relationship with money and how you use it in your life.*
20. **Are you ready to shift your personal experience of money and investing from a scarcity mode to an abundance mode? Yes or No**  
*Scarcity means 'not enough'. When you experience money in this mode, the outcome is doubt, regret, and often, fear. Money is often felt to be a negative and frustrating thing to deal with. In this mode, no matter how much money you have, it is never quite enough. Money is experienced as a painful event. This is often felt after large unexpected portfolio losses. By shifting your experience of money to an abundance mode, you are now able to experience your wealth as 'more than enough'. This is the only question you must be able to answer 'yes' to now, so that you may work with a coach to transform your investing experience from scarcity to abundance.*

## **Knowledge without Action Is Useless**

- Find out what coaching can do for you.
- Complimentary 30 minute brainstorming session – by phone or in person.

**Don't put it off. It is too important.  
You owe it to yourself and your loved ones understand the answers.**

Remember, the most dangerous and devastating problems in life are the ones you do not know exist. You cannot fix a problem that you don't know you have. The first step in solving any problem is to identify and quantify its destructive effects. Before you proceed further down your present path, meet with us and identify what hidden dangers lurk within your portfolio and how you can take steps to fix any problems.

Find out what the last sixty years of economic and academic research can mean to you personally. This is your golden opportunity to turn the tables on the financial community and take back control of your portfolio and investment life.

In my 30-plus years in the financial industry I have seen many very expensive mistakes. Mistakes that cost people thousands and hundreds of thousands of dollars. This is true not only in people's portfolios for their life's savings, but also in the amount of taxes they pay, their mortgage plans, their estate planning, as well as not protecting their assets from lawsuits, divorce and IRS threats.

I am dedicated to helping folks understand how to make smart choices for accumulating assets, reducing taxes, and protecting wealth. Our team of coaches are independent and dedicated to helping our clients create and maintain a profit plan that accumulates and preserves wealth for themselves, their heirs, and their legacy.

**If you want to know what stockbrokers, insurance agents, attorneys, and accountants are not telling you, call us today. Don't wait! Make sure your profit plan is on track for wealth and protection. Call or email me today!**

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