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“What are common mistakes that even seasoned investors make?”

By Jeffrey H. Thomasson, Robert W. Hauswirth and Charles L. Heekin

Numerous studies have shown that average investors dramatically underperform both the market as a whole and the funds in which they are actually invested. Regardless of whether they are invested in stocks, bonds or a diversified combination, most individual investors systematically underperform their benchmarks.

Why? The list of reasons and common mistakes is long: market timing; chasing recent performance; lack of diversification; investing in fads; short-term trading versus long-term investing; tax considerations driving investment decisions; high fees and costs; working with advisors whose interests and incentives are conflicted. These are common killers of long-term investment performance.

These issues are well-known and documented. Individuals who are only faintly aware of the financial markets can easily understand how these mistakes lead to disappointing performance. And yet they happen all the time, day-in and day-out, through every economic and market cycle.

So, what can investors do to avoid these all-too-common mistakes?

Create—and stick to—a written investment policy. Just like big institutions, private investors need a written game plan that outlines their goals and objectives, risk tolerance, time horizon and other factors that determine the structure of their portfolio. This is especially important during times of financial stress because it provides a disciplined framework for decision making and maintains detached objectivity.

Remain emotionally ambivalent toward investments. Fear, greed and the transitional state of panic are the enemies of good investment decisions. Moreover, they are difficult to resist when impulses kick in. Yet, these are the very emotions that cause investors to buy at the top of market cycles and sell at the bottom—or to hang on to Grandpa's old turnpike bonds simply because they have been in the family for decades.

Recognize that certain behavioral biases exist and be on the lookout for their impact. Do not remain too firmly anchored to a particular point of view; be willing to change on the basis of new information. Avoid becoming overconfident in yourself or your advisors. Resist going along with herd behavior and getting caught up in speculation. Filter the reliable and useful information from the noise, analyze competing views, and take the long view toward investment management.

It is a daunting task and few individuals can manage it by themselves. Working with an experienced, independent advisor can be one of the smartest decisions an investor can make. Choose an advisor who will listen and ask the right questions, an advisor with experience and objectivity, whose long-term interests are aligned with yours. Ask advisors about the topics outlined above and gauge their responses. And remember: They are working for you and must put your financial interests first. ®

GOING ALONE MAY HURT YOU

A study on individual investor success, conducted by Dahlbar Inc., estimated investment results for the 20 years ending December 31, 2009, using data from the Investment Company Institute and Barclays Capital Index Products. According to the research:

- The average equity investor earned a 3.2 percent annualized return during that period, compared to 8.2 percent for the S&P 500 index.
- The average investor in taxable fixed income earned only a 1 percent annualized return, compared to 7 percent for the Barclays Aggregate Bond index.
- Finally, the average asset allocation fund investor, using a diversified mix of stocks and bonds, did not even keep up with inflation, earning an annualized return of 2.3 percent compared to 2.8 percent for the consumer price index.

The principal conclusions:

1. Investors are impatient; they lack the patience to stay focused and invested over long periods of time, switching often from fund to fund.
2. Investors act irrationally, exhibiting a series of behavioral characteristics that detract from performance.

“Most individual investors systematically underperform their benchmarks.”

– Jeffrey H. Thomasson, Robert W. Hauswirth and Charles L. Heekin

How to reach Oxford Financial Group, Ltd.

To reach Oxford Financial Group, call 317.843.5678 for Jeffrey H. Thomasson or 312.846.6000 for Robert W. Hauswirth and Charles L. Heekin.

MY AREAS OF CHARITY AND COMMUNITY INVOLVEMENT INCLUDE...

Jeffrey: Youth services, humanitarian activities, museums, education, arts and culture

Robert: Education, health and human services, arts and culture

Charles: Arts and education, children's charities and environmental causes

MY HOBBIES ARE...

Jeffrey: Antiques, art collecting, film, painting, opera, music and theater

Robert: Golfing, racquetball, running, biking, theater and film

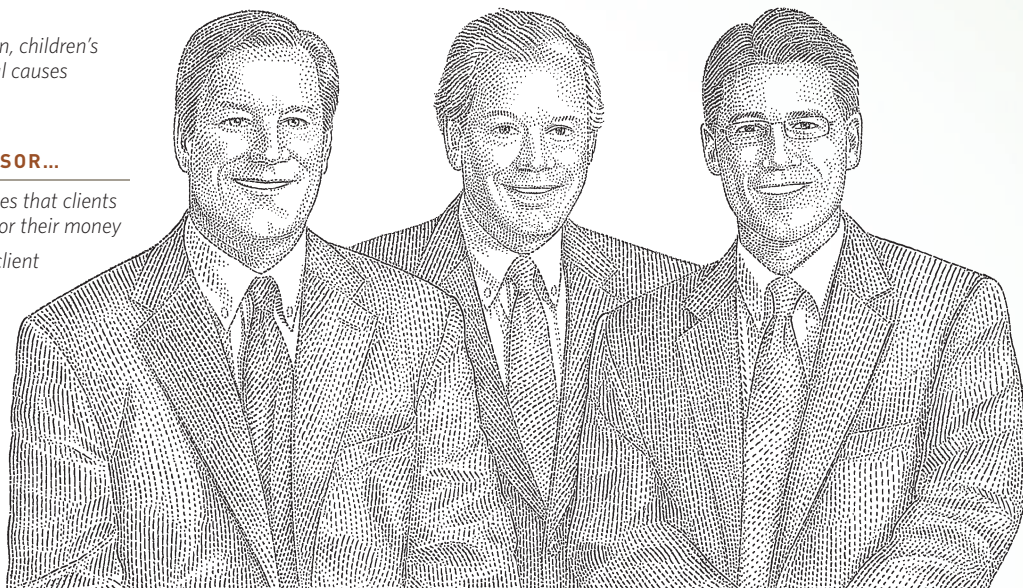
Charles: Sports, scuba diving, hiking, travel, historical literature and live music

A GOOD WEALTH ADVISOR...

Jeffrey: Sincerely appreciates that clients expect and demand value for their money

Robert: Understands that client relationships are truly the foundation of the business

Charles: Is committed to delivering consistent and unbiased advice



Left to right: Charles L. Heekin, Jeffrey H. Thomasson and Robert W. Hauswirth

About Oxford Financial Group, Ltd.

Founder Jeffrey H. Thomasson is CEO and managing director of Oxford Financial Group, Ltd. He is committed to serving clients' financial and investment planning needs and has been doing so for more than 25 years. He obtained the Certified Financial Planner designation through study in the fields of investment, insurance and retirement and estate planning. He received the Indiana University Kelley School of Business Distinguished Entrepreneur Award. Robert W. Hauswirth is a director in Oxford's Chicago office, where his focus is providing clients with comprehensive investment and financial advice, which he has been doing for more than 15 years. He earned his MBA from Northwestern University's Kellogg School of Management. Charles L. Heekin is a director in Oxford's Chicago office, focusing on business development and advising clients. His experience includes 10 years on Wall Street working in capital markets, advising professional money managers, financial institutions, charities and endowments.

Assets Under Management
\$8.4 billion (globally)

Minimum Fee for Initial Meeting
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Minimum Net Worth Requirement
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\$2 million (investment services)**

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64 years (combined)

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