

DIVERSIFICATION HAS TRADE OFFS



Warren Buffet once said that "diversification is protection against ignorance. It makes little sense if you know what you are doing."¹

In other words, within the vast universe of stocks and bonds, why buy a grab bag of both winners and losers, if you can identify the winners and just pick those?

Mr. Buffet has built his legendary investing firm, Berkshire Hathaway, on the principle that with enough research you can find companies that are undervalued by the market and purchase their stock before it goes up. Of course, Berkshire Hathaway doesn't just speculate in stocks, but often buys whole companies and then takes an active role in bringing them up to their potential.

But the problem with trying to copy the winners only investment approach is that it requires you to "know what you are doing" every time. This is the hard part. And if you can't do it on your own, it requires you to believe that somebody else could miraculously do it for you.

Even with a formidable research department and some of the smartest people in investing making decisions, for the past several years Berkshire Hathaway has not been beating the market.

According to *Business Insider*, after peaking in 1985, when Buffet's firm outperformed the S&P 500 by 35% on a trailing 10-year basis, their outperformance has steadily dwindled.²

No doubt, at some future point, Buffet's firm will again beat the overall market. It's just that nobody knows when. And that uncertainty has been built into the price of their shares.

Diversification means that no one knows with any certainty what an individual stock, market sector, country or even the market as a whole will do. So you invest with the highest probability of outcome over time.

Maintaining the discipline of diversification is not as exciting as guessing right for a short-term payoff. After all, it means knowing in advance that you're going to own some things that are not the top performers for some period of time.

Remember, there's still "No Free Lunch." Diversification doesn't guarantee a future profit or protect entirely from short-term down turns in portfolio value. But if your long-term goal is a fully-funded retirement portfolio, diversification has been the most prudent strategy.

As *How Stuff Works* says about diversification, "It might not be glamorous, but it's a safe way to grow your money over a long period of time."³

Of course, all returns involve risk. But we can assist you with a plan that takes into account your unique circumstances, and help you stay the course when portions of your portfolio move in different directions.

Have a great weekend!

Source: Efficient Advisors

Golf Tip of the Week



Stick Your Finish

There are many mechanics to consider in a golf swing, from the tee up to the follow through. But one of the most important parts of the swing is often overlooked – the finish. Professional golfers have mastered how to swing with speed and power, but still slow down at the end of their swing to remain balanced and poised.

To achieve this for yourself, make sure you stick your finish throughout your whole swing and put the majority of your weight in your front foot. Not only will this help stop you from topping the ball, but it will give your shot the maximum amount of power through that front leg. You should also be driving power through your hips and glutes, not your momentum or lower back. This will help you stick your finish like a champ (and protect your back)!

Tip adapted from Golf Digestⁱ

Recipe of the Week

Amish Sugar Cookies to Share



[5 Dozen]

Ingredients:

- 1 cup butter, softened
- 1 cup vegetable oil
- 1¼ cups sugar
- 1¼ cups confectioners' sugar
- 2 large eggs
- 1 tsp. vanilla extract
- 4½ cups flour
- 1 tsp. baking soda
- 1 tsp. cream of tartar

Directions:

These cookies are so easy to make and the perfect dessert to share with friends. They're sweet, soft, and perfect to go around. Have a family BBQ, school meeting, or book club coming up? Wow the crowd at your next gathering with these sweet treats.

1. In a large bowl, mix together the butter, oil, and sugar until blended. Mix in the eggs and vanilla, and blend.
2. Combine the dry ingredients (flour, baking soda, cream of tartar) and gradually add to the wet mixture until smooth.
3. Measure out a spoonful of dough and place it on an ungreased baking sheet. Bake at 375° F for 8 to 10 minutes or until golden. Chill and serve!

Recipe adapted from Taste of Homeⁱⁱ

Health Tip of the Week



Eat This, Not That: Easy Food Swaps Anyone Can Do

Eating healthier doesn't have to be hard! In fact, you might not have to make any major changes in your current diet! By swapping out unhealthy options for healthier picks, you can cut the bad stuff and still enjoy your meal. Here are some of our favorite food swaps:

- Mustard instead of mayonnaise (0 calories vs. 90 calories)
- Scrambled eggs with green onions instead of cheese (170 calories vs. 275 calories)
- Sparkling water instead of soda (0 calories vs. 140 calories)
- Fresh fruit instead of dried fruit (69 calories vs. 325 calories)
- Greek yogurt instead of sour cream (28 calories vs. 60 calories)
- Olive oil spray instead of a tablespoon of olive oil (5 calories vs. 120 calories)
- Corn tortillas instead of flour tortillas (100 calories vs. 280 calories)
- All-bran cereal instead of granola (80 calories vs. 200 calories)

- Goat cheese instead of Brie cheese (70 calories vs. 100 calories)

There are lots of healthy swaps, like these, that can help you reduce your caloric intake, consume less sugar, and make it easy to create a more-balanced meal.

Tip adapted from Eat This, Not Thatⁱⁱⁱ

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ⁱ<https://www.golfdigest.com/story/breaking-90-tim-cooke>

ⁱⁱ<https://www.tasteofhome.com/recipes/amish-sugar-cookies/>

ⁱⁱⁱ<https://www.eatthis.com/food-swaps-cut-calories/>