

# Investing for Eternity

# What is Investing?

- Using your money to purchase financial products with the hope that you will sell them for a higher price than you purchased.
- Saving money in the hope that it will grow in value.

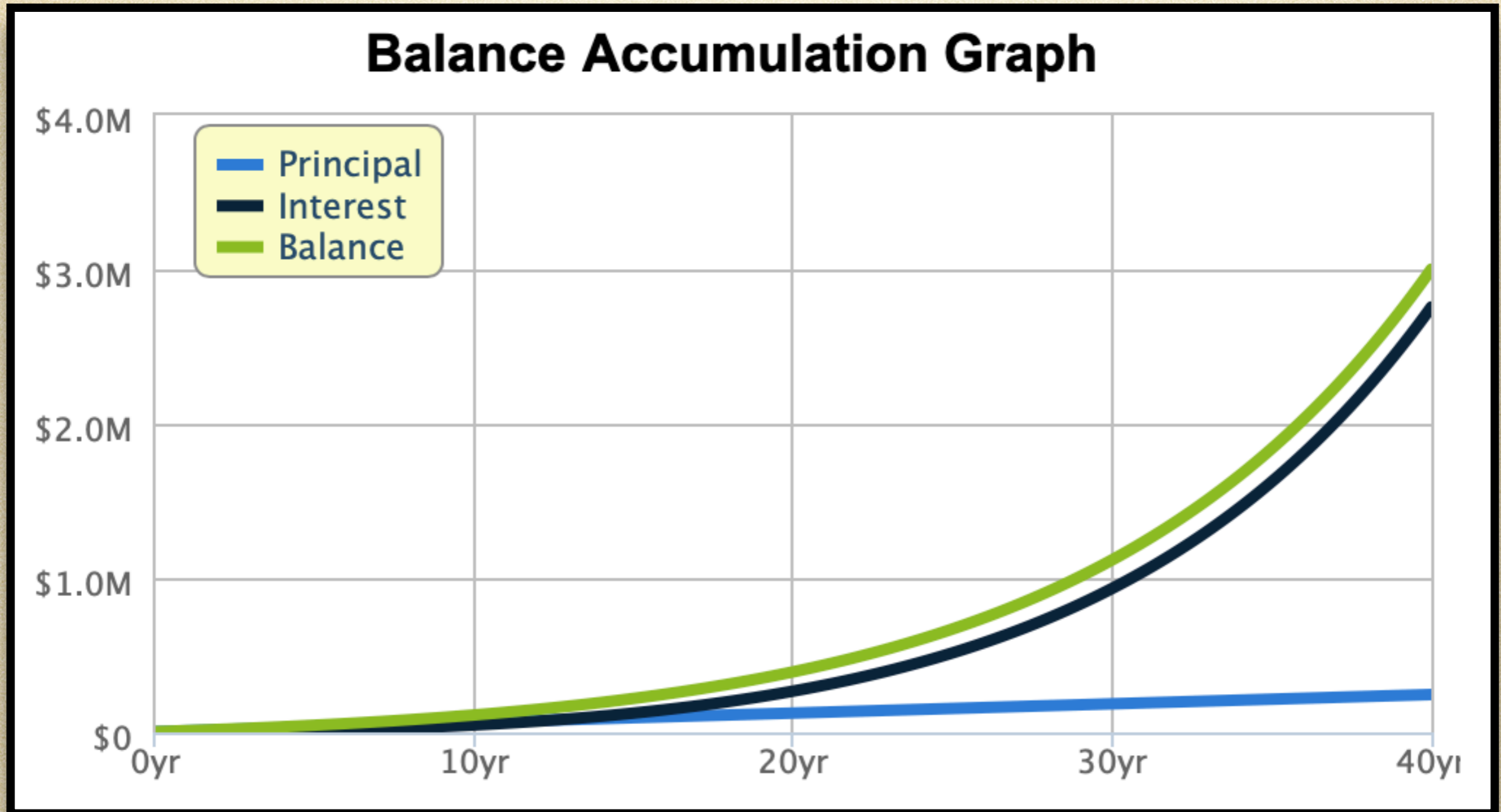
# Purpose of Investing

- Grow money to outpace inflation
- Allows you freedom to not have to work until you die
- Allows you to purchase or experience things
- Allows you to leave a legacy

# Example

- Invest \$5,000 initially
- Contribute \$500 / month
- Assume average of 10% growth for 40 yrs
- Total Contributions: \$240,000
- End Balance: \$3,001,470.35

# Compound Interest



# Goal for Investing

- Grow your wealth by maximizing returns while minimizing risk.

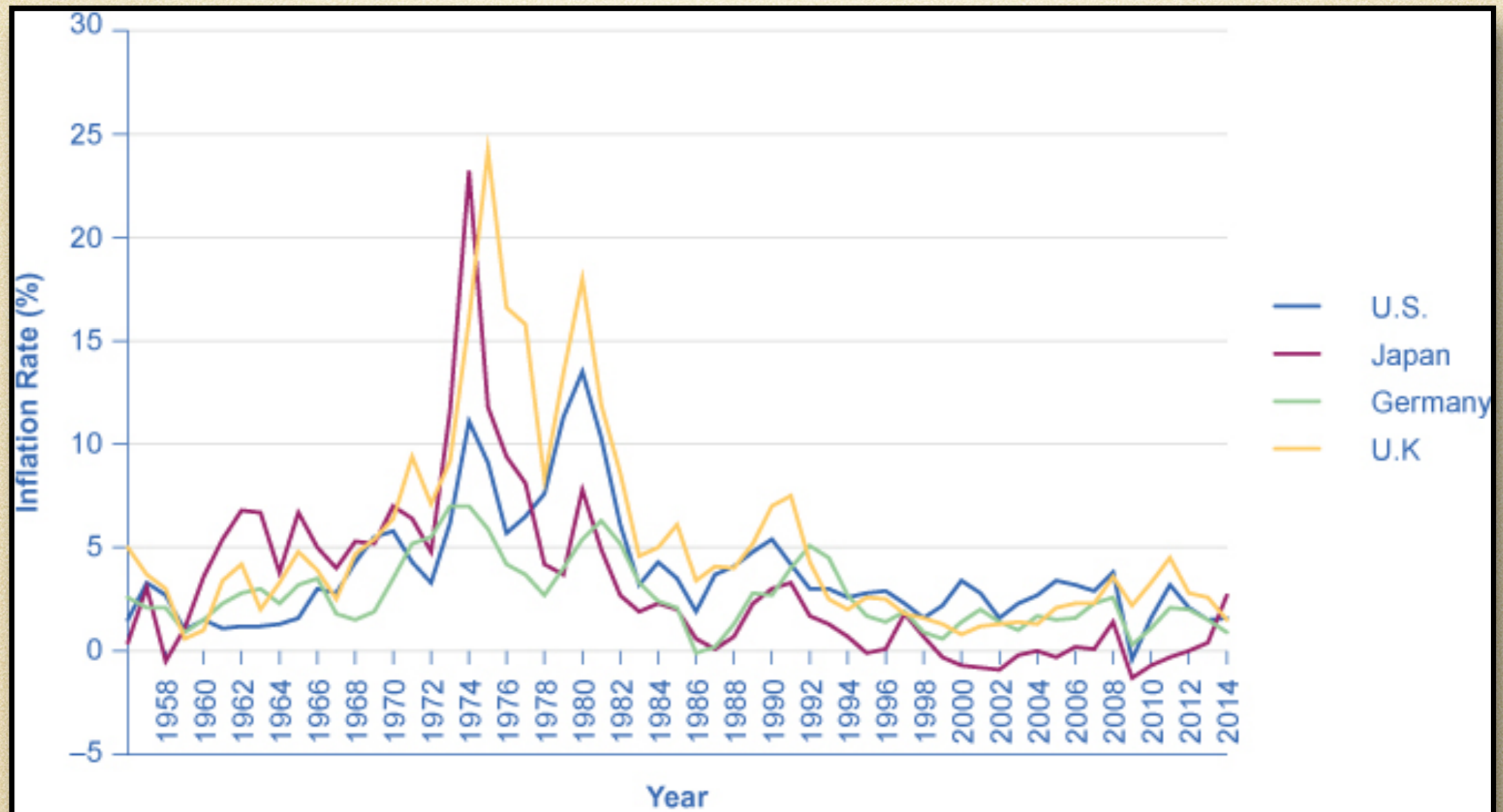
# Where to Invest

- Tax Advantaged
  - 401k / 403b
  - Traditional IRA
  - ROTH IRA
  - HSA
- Taxable Investing
  - Brokerage account

# Killers of Wealth and Growth

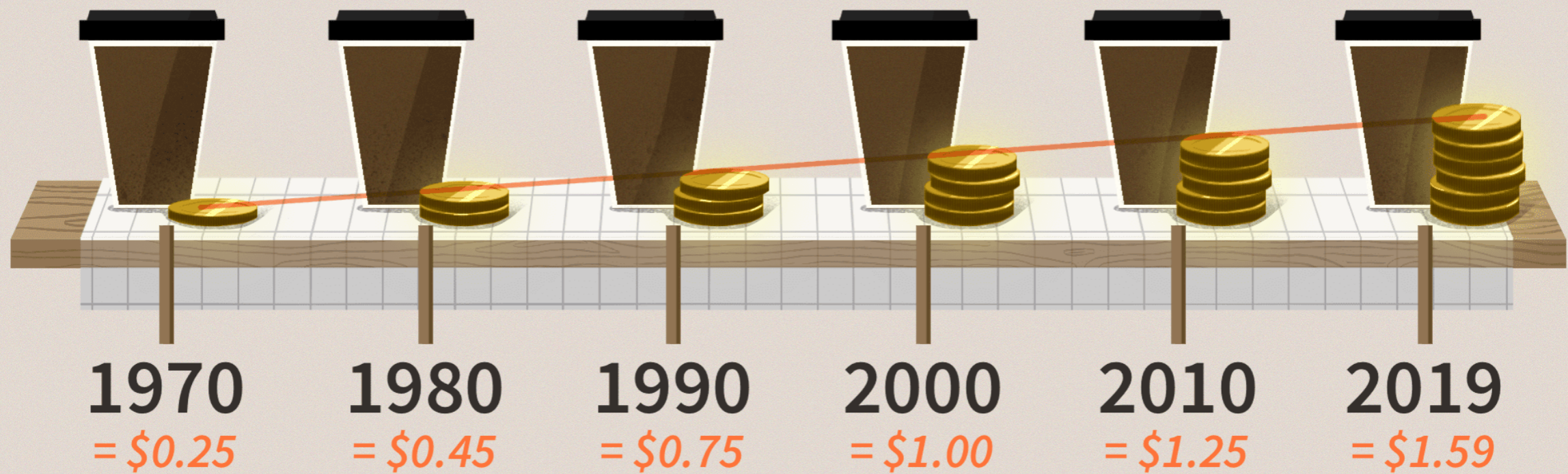


# 1. Inflation



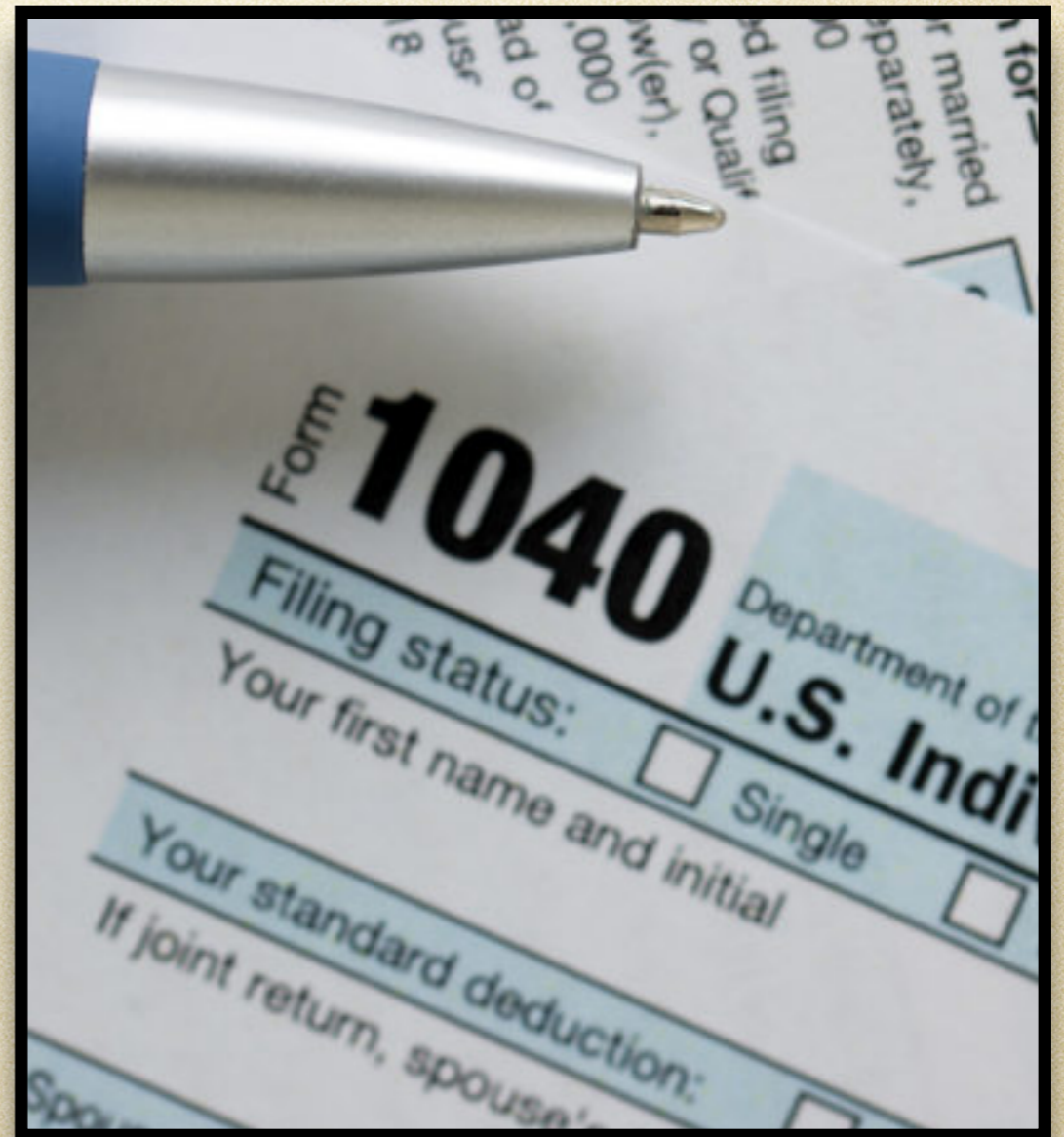
# 1. Inflation

How *Inflation* Has Changed the Price of a Cup of Coffee Over Time



## 2. Taxes

- Capital Gains
- Dividends and Interest
- Account Turnover



## 2. Taxes

- Tax Mitigation Strategies:
  - Gifting Appreciated Assets
  - Investing in tax advantaged funds
  - Asset Distribution
  - Step up in basis on death

# 3. Fee/Commission/Load


- Front-end Load
- Back-end Load
- Fees

# 3. Fee/Commission/Load

## Fidelity® Total Market Index FSKAX ★★★★★ Morningstar Analyst Rating

Analyst rating as of Mar 17, 2020


[Quote](#) [Fund Analysis](#) [Performance](#) [Risk](#) [Price](#) [Portfolio](#) [People](#) [Parent](#)


<b>NAV / 1-Day Return</b> 111.35 / <span style="color: red;">↓ 0.08 %</span>	<b>Total Assets</b> 57.7 Bil	<b>Adj. Expense Ratio</b> ⓘ 0.015%	<b>Expense Ratio</b> 0.015%	<b>Fee Level</b> Low	<b>Longest Manager Tenure</b> 12.02 years
<b>Category</b> Large Blend	<b>Investment Style</b>  Large Blend	<b>Min. Initial Investment</b> 0	<b>Status</b> Open	<b>TTM Yield</b> 1.45%	<b>Turnover</b> 11%

USD | NAV as of Jan 21, 2021 | 1-Day Return as of Jan 21, 2021, 5:25 PM GMT-05:00

- 1 Basis Point = 0.01%
- 1bsp = \$1 per \$10,000 invested
- 0.015% = 1.5bsp = \$15 / \$10,000

# 3. Management Costs

Starting Amount	<input type="text" value="\$5000"/>	<b>Results</b>	
After	<input type="text" value="40"/> years	<b>End Balance</b>	<b>\$3,001,470.35</b>
Return Rate	<input type="text" value="10"/> %	Starting Amount	\$5,000.00
Additional Contribution	<input type="text" value="\$500"/>	Total Contributions	\$240,000.00
Contribute at the end of each	<input checked="" type="radio"/> month <input type="radio"/> year	Total Interest	\$2,756,470.35
<b>Calculate</b> 			

Starting Amount	<input type="text" value="\$5000"/>	<b>Results</b>	
After	<input type="text" value="40"/> years	<b>End Balance</b>	<b>\$2,266,666.63</b>
Return Rate	<input type="text" value="9"/> %	Starting Amount	\$5,000.00
Additional Contribution	<input type="text" value="\$500"/>	Total Contributions	\$240,000.00
Contribute at the end of each	<input checked="" type="radio"/> month <input type="radio"/> year	Total Interest	\$2,021,666.63
<b>Calculate</b> 			

# Emotions

# Investment Building Blocks

- Assets = a useful or valuable thing that we expect to increase in value



# Asset Classes

- Equity
- Bonds
- Real Estate
- Commodities

# Equity

Ownership share in a business and its profits

- Value of equities
  - NAV
  - Dividends

# Equity

Ownership share in a business and its profits

- Equity Classes
  - US Equity
  - International Equity

# Cap Weighting

- Large Cap: >\$10 billion
- Mid Cap: \$2 billion - \$10 billion
- Small Cap: \$300 million - \$2 billion

# Bonds

Ownership of debt from issuers

- Issuers
  - Government Bonds
  - Municipal Bonds
  - Cooperate Bonds

# Real Estate

Ownership interest in property and buildings

- Direct Ownership
- Syndications / Funds
- Real Estate Interest Trusts (REITs)






















# Commodities

Basic goods of value used in commerce

- Precious Metals
- Energy
- Livestock & Meat
- Agriculture

# Mutual Funds

A pool of money from a number of investors used to buy assets according to a particular strategy.

Matching Fidelity Funds: <a href="#">View All Matching Funds</a>										<a href="#">Help me read this table</a>  <a href="#">Download Results</a>			
Action			Name	Morningstar Category	YTD # (Daily)	1 Yr	3 Yr 	5 Yr	10 Yr	Life of Fund	Expense Ratio		Morningstar
											Net <sup>†</sup>	Gross <sup>‡</sup>	Overall 
<input type="checkbox"/>			Fidelity <sup>®</sup> Select Technology Portfolio (FSPTX)	Technology	+5.99%	+63.71%	+31.15%	+30.50%	+20.17%	+14.34%	0.71%	0.71%	★★★★★ out of 198 funds
<input type="checkbox"/>			Fidelity <sup>®</sup> Blue Chip Growth Fund (FBGRX)	Large Growth	+5.90%	+62.23%	+29.82%	+24.77%	+19.43%	+13.23%	0.79%	0.79%	★★★★★ out of 1,197 funds
<input type="checkbox"/>			Fidelity <sup>®</sup> Select Software and IT Services Portfolio (FSCSX)	Technology	+0.15%	+45.37%	+28.13%	+26.30%	+21.49%	+16.96%	0.71%	0.71%	★★★★★ out of 198 funds
<input type="checkbox"/>			Fidelity <sup>®</sup> OTC Portfolio (FOCPX)	Large Growth	+4.85%	+46.79%	+25.53%	+23.10%	+19.48%	+14.73%	0.87%	0.87%	★★★★★ out of 1,197 funds
<input type="checkbox"/>			Fidelity <sup>®</sup> Select Medical Technology and Devices Portfolio (FSMEX)	Health	+7.51%	+30.04%	+25.10%	+21.91%	+19.15%	+15.47%	0.71%	0.71%	★★★★★ out of 133 funds
<input type="checkbox"/>			Fidelity <sup>®</sup> Select IT Services Portfolio (FBSOX)	Technology	-1.29%	+31.41%	+24.87%	+22.42%	+20.02%	+14.31%	0.73%	0.73%	★★★★★ out of 198 funds
<input type="checkbox"/>			Fidelity <sup>®</sup> Trend Fund (FTRNX)	Large Growth	+2.51%	+47.00%	+24.68%	+21.27%	+17.32%	+12.42%	0.64%	0.64%	★★★★★ out of 1,197 funds
<input type="checkbox"/>			Fidelity <sup>®</sup> Emerging Asia Fund (FSEAX)	Pacific/Asia ex-Japan Stk	+11.39%	+72.99%	+24.37%	+24.14%	+11.90%	+9.70%	1.13%	1.13%	★★★★★ out of 58 funds
<input type="checkbox"/>			Fidelity <sup>®</sup> Select Computers Portfolio (FDCPX)	Technology	+4.89%	+45.90%	+24.35%	+24.39%	+15.47%	+13.03%	0.76%	0.76%	★★★★★ out of 198 funds

# Mutual Funds

A pool of money from a number of investors used to buy assets according to a particular strategy.

- Types of Mutual Funds
  - Actively Managed Funds
  - Index Funds
- Fund of Funds

# Mutual Funds

A pool of money from a number of investors used to buy assets according to a particular strategy.

## Target Date

Fidelity Freedom® Income Fund  
([FFFAX](#))

Fidelity Freedom® 2005 Fund  
([FFFVX](#))

Fidelity Freedom® 2010 Fund  
([FFFCX](#))

Fidelity Freedom® 2015 Fund  
([FFVFX](#))

Fidelity Freedom® 2020 Fund  
([FFFDX](#))

Fidelity Freedom® 2025 Fund  
([FFTWX](#))

Fidelity Freedom® 2030 Fund  
([FFFEX](#))

Fidelity Freedom® 2035 Fund  
([FFTHX](#))

Fidelity Freedom® 2040 Fund  
([FFFFX](#))

Fidelity Freedom® 2045 Fund  
([FFFGX](#))

## Target Risk

Fidelity Asset Manager® 20%  
([FASIX](#))

Fidelity Asset Manager® 30%  
([FTANX](#))

Fidelity Asset Manager® 40%  
([FFANX](#))

Fidelity Asset Manager® 50%  
([FASMX](#))

Fidelity Asset Manager® 60%  
([FSANX](#))

Fidelity Asset Manager® 70%  
([FASGX](#))

Fidelity Asset Manager® 85%  
([FAMRX](#))

## Income and Real Return Strategies

Fidelity® Strategic Income  
Fund ([FADMX](#))

Fidelity® Strategic Dividend &

# Advantages of Mutual Funds

- Diversification
- Professional Management
- Low minimums
- No loads or commissions
- Liquidity

# Advantages of Mutual Funds (con't)

- Automatic reinvesting
- Convenience
- Customer Service
- Record Keeping
- Variety

Break

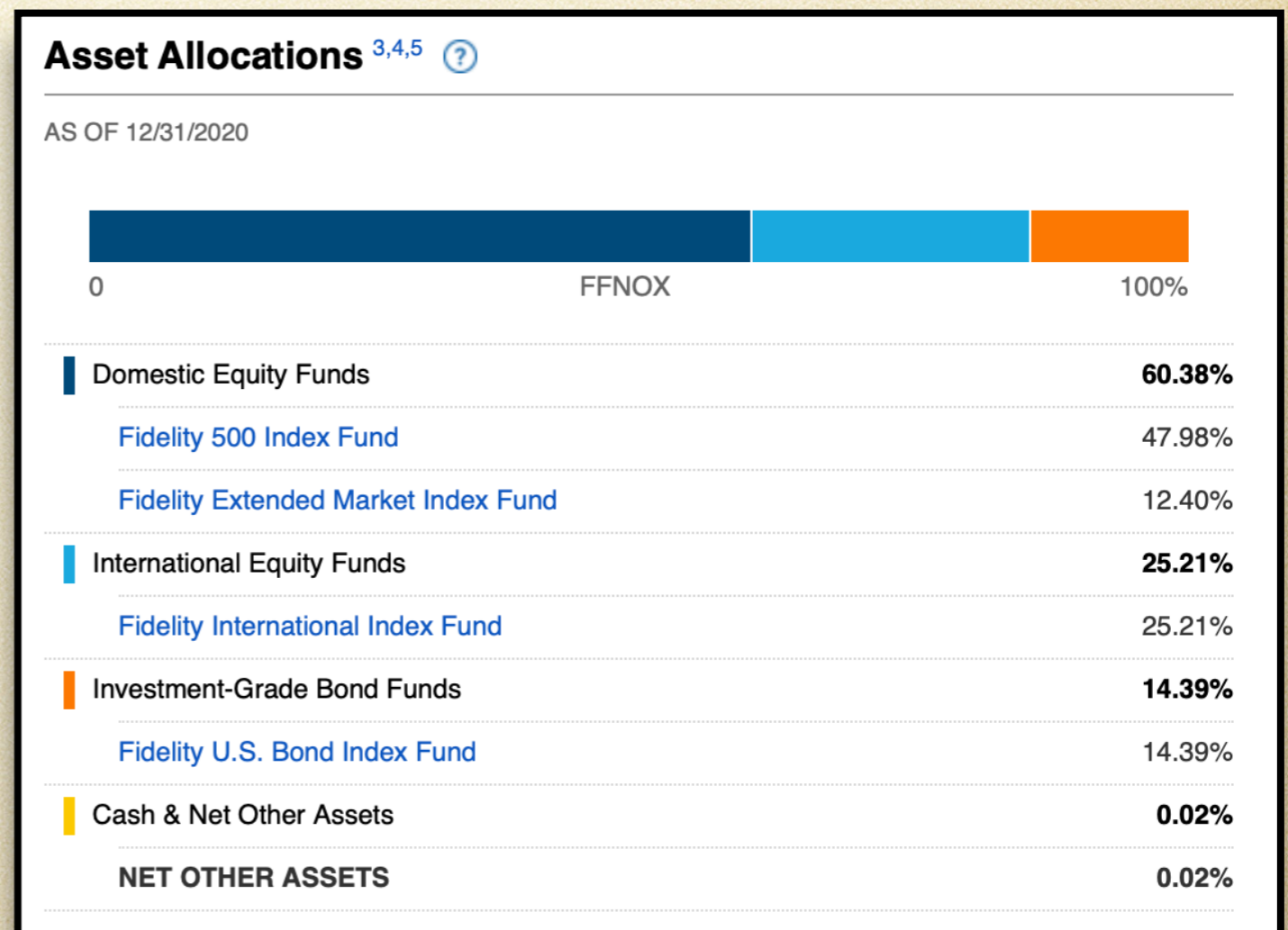
# Putting Together Your Portfolio

# 1. Determine Horizon & Goals

- What is your investing goal?
- What is your investing time frame?
- What is your risk tolerance?

## 2. Determine Asset Classes

- What broad asset classes do you want to hold?
- Basic portfolio will hold US equity, International Equity, Bonds



# 3. Determine Proportions

## Asset Allocations <sup>3,4,5</sup> ?

AS OF 12/31/2020



<b>Domestic Equity Funds</b>	<b>60.38%</b>
Fidelity 500 Index Fund	47.98%
Fidelity Extended Market Index Fund	12.40%
<b>International Equity Funds</b>	<b>25.21%</b>
Fidelity International Index Fund	25.21%
<b>Investment-Grade Bond Funds</b>	<b>14.39%</b>
Fidelity U.S. Bond Index Fund	14.39%
<b>Cash &amp; Net Other Assets</b>	<b>0.02%</b>
<b>NET OTHER ASSETS</b>	<b>0.02%</b>

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## 150 Portfolios Better Than Yours

January 21, 2020 MST | Category: [Classics](#), [Investing](#), [Portfolio Design](#) | [518 Comments](#)

<https://www.whitecoatinvestor.com/150-portfolios-better-than-yours/>

# 4. Select Specific Assets

US Equity: 50%

International Equity: 20%

Bonds: 30%

## Domestic Stock

Fidelity® Mid Cap Growth Index Fund ( [FMDGX](#) ) **NEW**

Fidelity® Mid Cap Value Index Fund ( [FIMVX](#) ) **NEW**

Fidelity® Small Cap Growth Index Fund ( [FECGX](#) ) **NEW**

Fidelity® Small Cap Value Index Fund ( [FISVX](#) ) **NEW**

Fidelity® ZERO Total Market Index Fund ( [FZROX](#) )

Fidelity® ZERO Large Cap Index Fund ( [FNILX](#) )

Fidelity® ZERO Extended Market Index Fund ( [FZIPX](#) )

Fidelity® 500 Index Fund ( [FXAIX](#) )

Fidelity® Extended Market Index Fund ( [FSMAX](#) )

Fidelity® Mid Cap Index Fund ( [FSMDX](#) )

Fidelity® Small Cap Index Fund ( [FSSNX](#) )

Fidelity® US Sustainability Index Fund ( [FITLY](#) )

Fidelity® Total Market Index Fund ( [FSKAX](#) )

## International Stock

Fidelity® ZERO International Index Fund ( [FZILX](#) )

Fidelity® International Index Fund ( [FSPSX](#) )

Fidelity® Global ex US Index Fund ( [FSGGX](#) )

Fidelity® Emerging Markets Index Fund ( [FPADX](#) )

Fidelity® International Sustainability Index Fund ( [FNIDY](#) )

Fidelity® Total International Index Fund ( [FTIHX](#) )

## Speciality

Fidelity® Real Estate Index Fund ( [FSRNK](#) )

Fidelity® Four-in-One Index Fund ( [FFNOX](#) )

## Bond

Fidelity® International Bond Index Fund ( [FBIIX](#) ) **NEW**

Fidelity® Municipal Bond Index Fund ( [FMBIX](#) ) **NEW**

Fidelity® US Bond Index Fund ( [FXNAX](#) )

Fidelity® Short-Term Treasury Bond Index Fund ( [FUMBX](#) )

Fidelity® Intermediate Treasury Bond Index Fund ( [FUAMX](#) )

Fidelity® Long-Term Treasury Bond Index Fund ( [FNBGX](#) )

Fidelity® Inflation-Protected Bond Index Fund ( [FIPDX](#) )

Fidelity® Short-Term Bond Index Fund ( [FNSOX](#) )

Fidelity® Sustainability Bond Index Fund ( [FNDSX](#) )

FSKAX

**Fidelity® Total Market Index Fund**NTF No Transaction Fee<sup>1</sup>[Monthly Fact Sheet \(PDF\)](#)[Prospectus](#)[Compare](#)[More ▾](#)[Buy](#)[Sell](#)**Morningstar® Snapshot\***

AS OF 12/31/2020; Morningstar Category: Large Blend | \*Data provided by Morningstar

**Overall Rating**★★★★★  
Rating Information**Returns**  
Low Avg High**Expenses**  
Low Avg High**Risk of this Category**  
Lower Higher**Performance<sup>2</sup>** [?](#)[MORE >](#)

AS OF 12/31/2020 | \*AS OF 1/22/2021; Value is cumulative

**Average Annual Returns**

YTD (Daily)\*

+3.23%

1 Yr

+20.78%

3 Yrs

+14.41%

5 Yrs

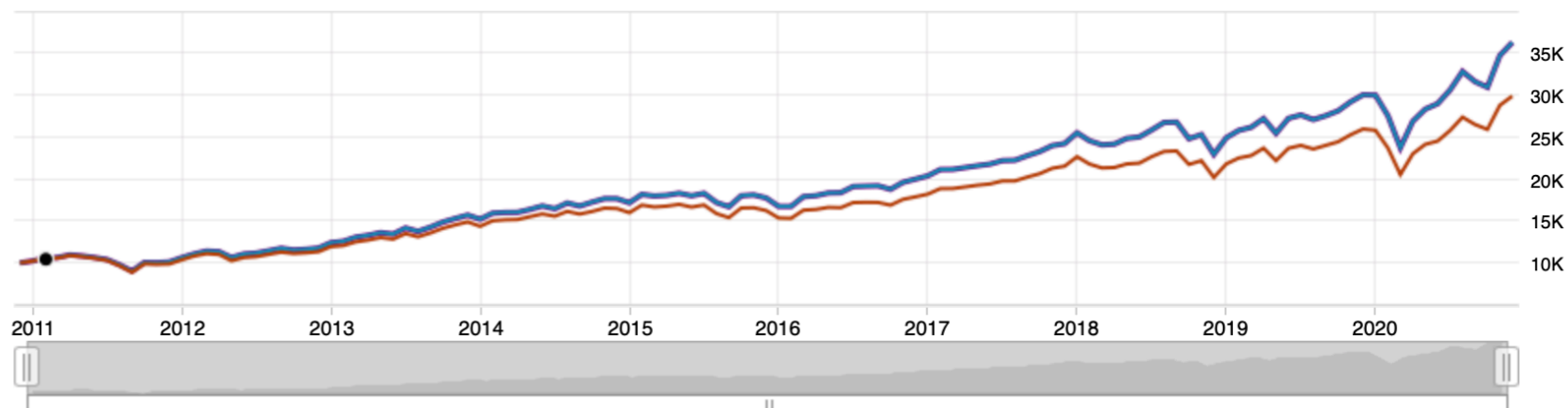
+15.38%

10 Yrs

+13.74%

[Summary](#)[Performance & Risk](#)[Ratings](#)[Composition](#)[Fees & Distributions](#)[Commentary](#)[View All Tabs](#)**Details** [?](#)[MORE >](#)Morningstar Category  
Large BlendFund Inception  
11/5/1997Share Class Inception  
9/8/2011Exp Ratio (Gross)  
0.015% 4/29/2020Exp Ratio (Net)  
0.015% 4/29/2020NAV  
\$111.20 1/22/2021Minimum to Invest  
\$0.00Turnover Rate  
3% 8/31/2020Portfolio Net Assets (\$M)  
\$57,710.04 12/31/202012 Month Low-High  
\$61.86 - \$107.72 12/31/2020**Hypothetical Growth of \$10,000<sup>3,4</sup>** [?](#)[MORE >](#)

AS OF 12/31/2020; Morningstar Category: Large Blend

02/28/2011: FSKAX: \$10,585 ☒ DJ US Total Stk Mkt: \$10,591 ☒ Large Blend: \$10,537

YTD 1Y 3Y 5Y 10Y Frequency: Monthly

FLCSX

## Fidelity® Large Cap Stock Fund

NTF No Transaction Fee<sup>1</sup>

[Monthly Fact Sheet \(PDF\)](#)

[Prospectus](#)

[Compare](#)

[More](#)

Buy

Sell

### Morningstar® Snapshot\*

AS OF 12/31/2020; Morningstar Category: Large Blend | \*Data provided by Morningstar

#### Overall Rating

★★★★★  
Rating Information

#### Returns

Low Avg High

#### Expenses

Low Avg High

#### Risk of this Category

Lower Higher

### Performance<sup>2</sup>

AS OF 12/31/2020 | \*AS OF 1/22/2021; Value is cumulative

#### Average Annual Returns

YTD (Daily)\*

+3.59%

1 Yr

+9.00%

3 Yrs

+9.22%

5 Yrs

+12.43%

10 Yrs

+12.22%

Summary

Performance & Risk

Ratings

Composition

Fees & Distributions

Commentary

View All Tabs

### Details

[MORE](#)

Morningstar Category

Large Blend

Fund Inception

6/22/1995

Exp Ratio (Gross)

0.47%

6/29/2020

Exp Ratio (Net)

0.47%

6/29/2020

NAV

\$36.34

1/22/2021

Minimum to Invest

\$0.00

Turnover Rate

20%

10/31/2020

Portfolio Net Assets (\$M)

\$2,571.99

12/31/2020

12 Month Low-High

\$21.57 - \$35.69

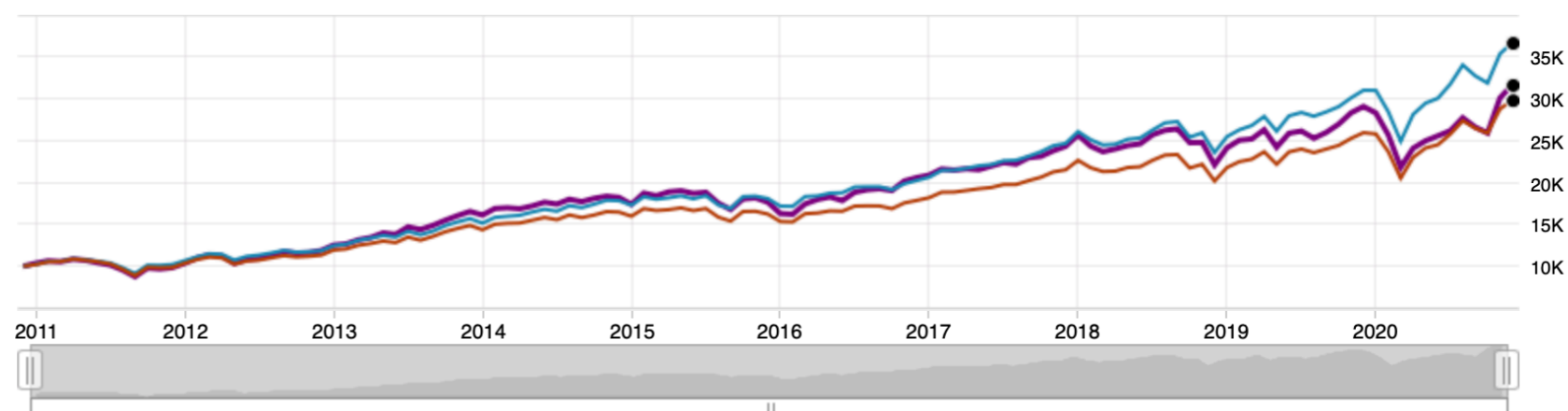
12/31/2020

### Hypothetical Growth of \$10,000<sup>3,4</sup>

[MORE](#)

AS OF 12/31/2020; Morningstar Category: Large Blend

12/31/2020: ☒ FLCSX: \$31,676 ☒ S&P 500: \$36,700 ☒ Large Blend: \$29,857



YTD 1Y 3Y 5Y 10Y Frequency: Monthly

# 4. Select Specific Assets

US Equity: 50%

FSKAX

\$2,500

International Equity: 20%

FSPSX

\$1,000

Bonds: 30%

FXNAX

\$1,500

# 5. Periodically Rebalance

- Methods of Rebalancing
  - Rebalance with new purchasing
  - Rebalance with gifting
  - Sell and rebuy

# Index Investing

- Buying index funds as the core funds in your portfolio

# Index Investing

- Advantages of Index Investing
  - No sales commissions
  - Low operating expenses
  - Very tax efficient
  - Highly diversified
  - Money manager not necessary

DIY or Money  
Manager?

# DIY

- Advantages

- You determine asset allocation and funds
- Lower costs
- Statistically outperforms actively managed funds

- Disadvantages

- Requires greater knowledge
- Responding to market conditions is up to you
- Requires discipline in changing markets

# Money Manager

- Advantages
  - Custom created asset allocation
  - Avoids emotion based decisions
  - Less upfront knowledge required
- Disadvantages
  - Fees
  - More costly funds and greater churn
  - Statistically under performs passively managed portfolio

# Investing for Eternity