

HOW EVIDENCE-BASED INVESTING CAN SAVE YOU MORE THAN MONEY



Starting about thirty years ago, researchers in the medical field were looking for ways to standardize treatments. After analyzing years of data, they saw that very similar populations of people with the same disease diagnosis were receiving widely different treatments from their doctors.

Surely, they thought, a doctor who's made an accurate diagnosis should be able to give their patient the scientifically-proven optimal treatment. Out of this was born the movement towards Evidence-Based Medicine. Their goal has been to analyze all of the available data, ignoring the anecdotal and the placebo effect, and looking for verifiable evidence of what works.

Evidence-Based Investing works on the same principle. Looking at past data to find verifiably beneficial behavior for the investor, it offers a systematic approach to participating in global markets.¹ This strategy weighs the vast amounts of overwhelming mathematical and statistical data which indicates that active managers and active management strategies add unnecessary risk and cost while lowering the probability they can deliver on their promise: outsmarting the market.

As evidence-based advocate Barry Ritholz points out, most people who think they're basing their investing on solid evidence really aren't. He says, "It turns out lots of investing is emotional, reactionary, noise-driven investing."²

In practice, Evidence-Based Investing essentially means sticking with a proven plan for the long-term, even though it may seem doubtful along the way in the short-term.

How A Systematic Approach Saves Time

Joshua Brown, author of *Backstage Wall Street* and *Clash of the Financial Pundits*, says that systematic approaches take into account the uncertainty of the future. "They are the best way to express that the future is a) unknowable b) no one can reliably guess at what's going to happen for extended periods of time and c) other approaches that rely on instinct, intuition and rapid-fire decision making are inconsistent (and costly) to depend upon for something as

serious as building a retirement plan or funding future liabilities."³

In other words, even if you had the rare talent for picking undervalued companies, the time and resources required to acquire and analyze all the data you would need to trade them on a short-term basis would far outstrip your returns.

Brown then lists the dozens of ongoing tasks that must be done in lieu of a systematic approach. They range from constant media monitoring to researching thousands of publicly traded companies to hourly activity on your investment account. All of which will bring no guarantee of increased gains. And, in fact, are likely to hurt your performance.

The one bright spot is that all this activity may satisfy your urge to "do something" in response to movements in the market. But evidence shows that's ultimately counter-productive. In other words just doing "something" when markets get volatile is most often the most costly mistake in the long run.

Remember as always: discipline and the evidence-based approach go hand in hand. So while pursuing an evidence-based strategy will minimize the amount of time you'd need to spend in other strategies, it still requires prudent behavior to be most effective.

We're firmly committed to the strategies supported by evidence-based investing. Raising the probability of success while reducing time, worry and cost is a prudent strategy worth pursuing.

Have a great weekend!

Source: Efficient Advisors

Golf Tip of the Week



The Driver: Setting Up for Power and Accuracy

Sending the ball exactly where you want it to go requires proper positioning before the strike.

Here are some tips for smooth sailing on the golf course:

- Place the ball in front of you so it's just inside the front heel, which enables you to turn behind the ball during the swing.
- Keep your shoulders parallel to the target line. This allows you to play the ball up and helps prevent you from shifting your shoulders open.
- Following the windup, begin the downswing from the ground up. Move your knees and hips toward the target.
- Keep your back shoulder down and in on the downswing.

The secret to a successful strike is developing a strong upswing hit.

Tip adapted from Golf Digest¹

Recipe of the Week



Spinach and Cheese Breakfast Pockets

Yields: 8

Ingredients:

- 2 large eggs, divided
- 1 cup ricotta cheese
- 1 cup baby spinach, roughly chopped
- 1 cup basil, chopped
- ¼ cup sun-dried tomatoes (about 9), finely chopped
- ¼ teaspoon red pepper flakes

Kosher salt
2 refrigerated rolled piecrusts (from 15-ounce box)
Sesame seeds, for sprinkling

Directions:

1. Preheat oven to 400°F.
2. Overlay large, rimmed baking sheet with parchment paper.
3. Mix 1 egg and 1 tablespoon water in a small bowl; set aside.
4. Put ricotta, spinach, basil, tomatoes, red pepper, the other egg, and ¼ teaspoon kosher salt into a medium bowl. Combine together.
5. After unrolling pie crusts, cut each into 4 wedges.
6. Put the ricotta mixture on 1 side of each of the wedges, about 3 tablespoons each.
7. Fold the wedges over the filling; press the edges with a fork to seal.
8. Put the wedges on the prepared baking sheet. Brush the tops of the wedges with the egg mixture. Sprinkle with sesame seeds (if desired).
9. Bake until the wedges are golden brown, 16-20 minutes.

Recipe adapted from Good Housekeepingⁱⁱ

Health Tip of the Week



How to Look and Feel Younger

OK. You've hit the big 6-0. Or the big 7-0. How about 8-0? Maybe even 9-0. But who's counting anymore? After you've reached a certain age, it's not the number of birthdays that matter. It's how you look and feel.

Here are 5 tips to keep you looking and feeling your absolute youngest:

1. **Hang out with your buddies.** Socializing may be the top contributor to looking and feeling youthful.

2. **Go artsy.** Getting creative makes you feel happy and think more clearly. It could be singing, painting, or drawing.
3. **Get moving.** Everyone knows exercise is good for you. But you don't have to go gung ho to reap its benefits. Shoot for 2½ hours of activity a week. It could be gardening or a brisk stroll around the block.
4. **Apply sunscreen.** Suntan lotion will not make you look younger. But it will protect you from the sun's damaging ultraviolet rays.
5. **Something new.** Learn a new skill or develop a new habit. The change will help keep your brain fresh and energized. It could be dancing or learning another language.

Short of a dip in Ponce de Leon's fountain of youth, a few lifestyle changes can make a big difference in turning back the clock.

Material adapted from WebMDⁱⁱⁱ

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Our mailing address is:

Ballentine Capital Advisors
23 Buena Vista Way, Suite B
Greenville, SC 29615

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ⁱ <https://www.golfdigest.com/story/timeless-driver-keys-basics-on-setting-up-for-power-and-accuracy>

ⁱⁱ <https://www.goodhousekeeping.com/food-recipes/easy/a47537/spinach-and-cheese-breakfast-pockets-recipe/>

ⁱⁱⁱ <https://www.webmd.com/healthy-aging/ss/slideshow-feel-younger>