

TRYING TO BEAT THE MARKET FOR HARVARD: TOO SMART FOR THEIR OWN GOOD?



When it comes to intellectual prestige, no American institute of higher learning can match Harvard University.

Its reputation has helped the school to amass an endowment of more than \$37 billion.¹ For some comparison, thirty-nine of the fifty states have less than that in their annual budget.²

According to money manager and Bloomberg columnist Barry Ritholz, the joke is that Harvard is a \$37 billion hedge fund with a small college attached to it.³

However, if it really were a hedge fund, it's one that you would not have wanted to be invested in. Over the past decade it has significantly underperformed when compared to the overall market.

Smart People Also Make Mistakes

According to the *Boston Globe*, over the past year, while many other university endowments saw returns on their investments in the double-digits, Harvard's languished with a gain of only 8.1%.⁴

But this lack of performance is not because of a lack of effort on the part of the school's investment team. One of the most elite groups in finance, they have steered Harvard on an innovative course that has included putting money into hedge funds, real estate, and natural resources such as timberland and wineries.

He argues that just because someone is running a multi-billion dollar endowment associated with some of the most sophisticated investors, there's no reason to think that they're not going to succumb to the same cognitive errors and psychological failings that every other human being does.

Of course, this isn't just Harvard's problem. We all struggle with cognitive and emotional challenges when it comes to money and investing. That's why working with us can help you gain clarity and objectivity about your personal financial goals.

As Ritholz says, it's a case of some very smart people buying into the Lake Wobegon syndrome: everybody wants to believe they're above average. They say to themselves, "Sure it's hard to beat the market, but I can."

The Advantage of a Systematic Plan

Of course, a college endowment and an individual retirement account are different in many significant ways. But both have the goal of maximizing returns while protecting the capital invested. And based on many decades of data, it appears that both can benefit from a broadly diverse exposure to the market while avoiding the unnecessary risks and costs that come with lack of structure.

Fortunately, you don't need to repeat Harvard's mistakes.

We can help you formulate and stick to the long-term plan that will give you the best chance of reaching your investing and retirement goals.

Have a great weekend!

Source: Efficient Advisors

Golf Tip of the Week



How to Make Your 1st Tee Your Best Shot

Your 1st shot kind of sets the tone for the rest of your game. If you get off to a solid start, you can take confidence in knowing your game is going to go well. Knock the ball into the rough or sand bunker, and the rest of your game may take on a sour tone.

Here are 7 steps to making your 1st shot a hot shot:

1. Get permission from yourself to play your own game, said Dr. Bob Winters, an internationally renowned sport psychologist. Be persistent with yourself: Nothing's going to spoil your game.
2. Ignore the other players. Once you step up to the tee, disconnect yourself from others and don't worry about what they think about your game.
3. Create for yourself a safe space. Nothing matters around you. Don't think about the other people or players on the course. Focus only on your upcoming shot.
4. Decide before you step up to tee what kind of shot you're going to make. Decisiveness instills confidence.
5. Rehearsal time. Imagine your swing first in your mind. Then do a few practice swings. The real one is merely an expression of the one you're already created in your imagination.
6. The final strike. You've done all the mental preparation. Step up to the tee, and prepare to do the actual swing. Do the swing with muscle memory.
7. Acceptance. Once you finish your swing, accept the results. If you're on target, that's good. If not, move on. You have 8 or 17 more chances to improve.

Tip adapted from Golfweek¹

Recipe of the Week



Shrimp Curry Potstickers

Yield: 30 dumplings

Ingredients:

Shrimp Curry Potstickers

½ pound peeled and deveined shrimp, finely chopped

1 medium zucchini, coarsely grated (about ½ cup)
1 teaspoon green curry paste
1 tablespoon fish sauce
¼ cup basil, chopped
2 scallions, thinly sliced
Kosher salt
About 30 round dumpling wrappers
2 tablespoons canola oil, optional, for frying

Thai Lime Dipping Sauce

1 tablespoon water
1 tablespoon lime juice
2 teaspoons fish sauce
1 teaspoon low sodium soy sauce
1 teaspoon green curry paste

Directions:

Make filling:

1. Stir shrimp, zucchini, curry paste, fish sauce, basil, and scallions together.
2. Put 1 rounded tablespoon of filling in the center of a wrapper. Wet the wrapper's edges with water using your fingers.
3. Fold in half and seal. Pleat the seal if desired.
4. Put sealed dumpling onto a floured or parchment-lined baking sheet. Do the same with the rest of the filling and wrappers.
5. Add 1 tablespoon salt to a large pot of simmering water. Cook dumplings in 3 batches, stirring until the filling is cooked through, 3-6 minutes.
6. Use a slotted spoon to move dumplings to paper-towel-lined plate.

For pan-fried dumplings:

1. Heat a large skillet on medium-high.
2. Put in canola oil and pan-fry boiled dumplings until golden brown and crisp, 1-2 minutes per side.

Make Thai lime dipping sauce:

1. Stir water, lime juice, fish sauce, soy sauce, and green curry paste together.
2. Serve with potstickers.

Recipe adapted from Good Housekeepingⁱⁱ

Health Tip of the Week



How Do You Choose a Doctor?

Choosing a doctor may be one of the most important decisions you'll ever make in your lifetime. Here's what you should expect your primary-care doctor to do:

- Recommend preventative services.
- Treat most health problems.
- Refer you to a specialist when needed.

Here's what your doctor should do during your visit:

- Treat you with respect.
- Listen to your opinions and concerns.
- Encourage you to ask questions.
- Explain matters in ways you understand.

How do you find a doctor to suit your needs?

- Get recommendations from friends.
- Ask your doctor for recommendations if your doctor is retiring.

What about insurance and coverage?

- Contact your health insurance company for a list of doctors in the insurer's network.
- Confirm with your chosen doctor to see if the office accepts your insurance.

Material adapted from Office of Disease Promotion and Health Promotionⁱⁱⁱ

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ⁱ <http://golfweek.com/2017/01/26/the-brain-game-how-to-make-your-best-shot-off-the-1st-tee/>

ⁱⁱ <https://www.goodhousekeeping.com/food-recipes/a47678/shrimp-curry-potstickers-recipe/>

ⁱⁱⁱ <https://healthfinder.gov/HealthTopics/Category/doctor-visits/regular-check-ups/choosing-a-doctor-quick-tips>