



Money Focus

Financial News You Can Use

January 26, 2017

Hello!

When I meet with clients, we review questions and goals. We also review how and where their money is invested.

I invest my money and my family's money the same way I invest client's money and here is why.

All the best,

Christina

Christina Larson, RN, MSN
Certified Financial Planner™
Owner & Principal





At Larson Financial Planning, we use Dimensional Fund Advisors (DFA) mutual funds as the primary investment vehicle for our clients—and ourselves. DFA’s investment process is straightforward, well defined, and consistent across all funds. Their funds are based on a sound investment philosophy, have a strong performance record, and are well suited to help facilitate a successful investing experience. We do not receive compensation of any kind from DFA.

DFA.....is built on the bedrock belief that active management practiced by traditional stock pickers is futile, if not an absurdity.”

DFA believes spending time, money, and effort researching individual stocks and trying to pick the winners and avoid the losers is ineffective and actually hurts investment results. They believe the optimal way to invest is to buy every stock in a given asset class.

DFA follows a passive strategy, but one that is more sophisticated than just tracking an index. Additional returns are earned by lending out securities in their funds. The practice of securities lending is common but the fact that DFA passes on 100% of the proceeds to their investors is very uncommon. In this way, the majority of DFA funds (82% over the past 15 years) outperform their comparable benchmark, while index funds (e.g. the Vanguard 500 Index Fund) usually underperform their benchmark index by a few basis points each year.

DFA is the sixth-largest mutual fund manager growing at a time when investors are fleeing many other firms.

DFA only allows institutional investors and investors working with a vetted, select group of financial advisors to use their funds. Larson Financial Planning is proud to be among that selection. Research has shown that investors working with advisors are less likely to react to market changes. Buying and selling drives up the number of transactions and associated costs for funds (as well as taxable distributions to you).

‘What really makes Dimensional different is they think through the scientific process like nobody else. They are ruthless about the truth. Their directors do not care about any vested interests or incentives or marketing. They only care about the data.’

DFA bases its investment strategy on academic research, especially from University of Chicago economists, such as Nobel Prize winner, Eugene Fama. Their research shows how certain types of stocks—namely, those of small companies, those trading at low prices relative to their asset values, and those with above-average profitability—outperform their counterparts in the long run. Of course, there is no guarantee that these higher returns will continue in the future. “Past performance is not a guarantee of future investment returns.”

Recently the Wall Street Journal (WSJ) featured two articles highlighting DFA: *'Making Billions With One Belief: The Market Can't Be Beat'* and *'Straight*

Talk from the Braniacs at DFA! You can also read more about Dimensional Fund on their website. www.DFAUS.com

Lessons Learned from a Friend

I have a friend, Steve, who has worked for several large mutual fund companies over many decades. When the opportunity arose to work for Dimensional Funds, he took it.

After working there for some time he said to me, 'You know, I have worked for some of the biggest and well known mutual companies in the world. These guys at Dimensional are by far the smartest and most ethical.' That said it all for me. Thank you Steve.

About Christina

I have a passion for helping healthcare professionals navigate financial next steps. I invest money and provide financial advice.

Let *us* take care of *you* for a change. Wouldn't that feel good? I know you have dedicated your career to helping others, you work hard and put in long hours. Now you want someone who can provide guidance in managing your money. We can help.

Learn more about my services [here](#).



To ensure that you continue to receive emails from me, please add clarson@larsonfp.com to your address book today.

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