

# TIMONIER FAMILY OFFICE

*Navigating Your Wealth & Well-Being*

## **From the Engine Room**

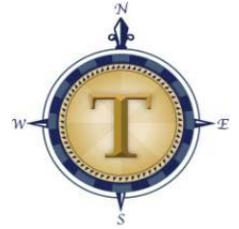
**1st Quarter 2014**

# Quarterly Market Review

First Quarter 2014

This report features world capital market performance and a timeline of events for the last quarter. It begins with a global overview, then features the returns of stock and bond asset classes in the US and international markets.

The report also illustrates the performance of globally diversified portfolios and features a topic of the quarter.



## Overview:

How is Your Inner Economy?

Market Summary

Timeline of Events

World Asset Classes

US Stocks

International Developed Stocks

Emerging Markets Stocks

Select Country Performance

Real Estate Investment Trusts (REITs)

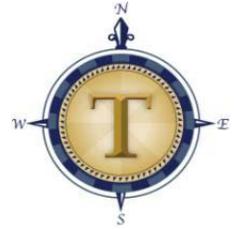
Commodities

Fixed Income

Global Diversification

Keeping Pace

Quarterly Topic: Not Rocket Science



# How is Your Inner Economy?

*There is no one torturing you except yourself. There is nobody except yourself;  
your whole life is your work --your creation."*  
~Osho

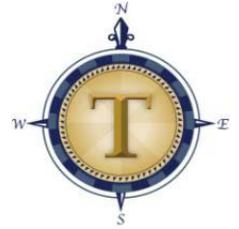
Have you ever stopped and pondered what your core belief system is? What is your knowing of how the world works and how you fit in it? Do you think your beliefs are formed based on your experiences of life? Or do you experience life based on the belief system you've always held in your consciousness? Are you a product of your choices or are you a victim to circumstances? Or are there shades of gray? Is life happening to you...or are you directing your life? Are you living the best one life that you know that you have in this body? Does your idea of security center on the performance of Wall Street and the guarantees of Insurance Companies? Is it integrally linked to your retirement account? Is it bound up with the threat of terrorism? Does frustration set in with taxes, ObamaCare, rising government debt, and listening to Rush Limbaugh's latest theory on a collapsing dollar? Do you put your trust in Gold or do you put your trust in God? Just what do you dwell on and repeatedly think about each day? Just what brings you Joy? Do you know how powerful your thoughts are? Tim...do you have any more questions to pose? Yes, and they are endless! It is through the observation, the understanding of patterns of the human condition that we can awaken to the life that we divinely deserve. And we at Timonier, are here to support in the birth of that realization.

We live in such a fast pace world. We've chosen the wrong Jones Family to keep up with, and with the busy-ness of life and all of its demands and activity that we succumb to, we have reached a perspective that it feels natural for the influences of our outer world to drive our inner being. We are the puppets and not the puppeteer of our play. We look to our environment to provide our inside security, happiness, and feeling of being loved. But, this is quite unnatural. **Our inner world should drive our outer world.**

The path to Joy lies within you. You simply can choose to *be joyful*. It requires no outside stimulation. And out of this joy springs the creations of your being. And from that, the fruits of your service to others...which is a feedback loop to more joy, creation, service, and compensation. Now that's the treadmill to find yourself stuck on! And the beautiful thing is...YOU are in charge to think this way. If economics is basically a psychological phenomenon, imagine the impact that you are making on the outer world.

*"You do not receive what you want; you do not receive what you pray for, not even what you say you have faith in. You will always receive what you actually expect!"*

Eric Butterworth, a Unity minister



So many want to blame (blah-me) the government, or the Chinese, or the ecologists for whatever the toils of the day are. And yet there is **no action** to make a difference! It is nothing more than gossip and complaining. Just realize that when two or three are gathered together in an interaction of minds, a very real energy force is projected into the world. If it happens to be a positive discussion group, then there is healing or prosperity influence. If it is the sharing of negativity, as is so often the case, that consciousness goes forth as a beacon of darkness, adding to the weakening of the economy. You can be part of the problem or part of the solution...it's your choice.

If you carefully search within yourself, you may come to the awareness that **your most important asset is the conscious control of your own life**. Nothing else can provide lasting satisfaction or fulfillment unless you enjoy the freedom that comes from control of your inner world of mind and emotions.

Yet we do allow events, people, things, and economic conditions to take control of us. Note, for instance, how many people have become slaves to the wild fluctuations of the economy. Ask them how they feel and they might very well say, "I will be able to tell you after I read the stock market returns," or "...after I see what my accountant comes up with." Unconsciously, we are manipulated by worldly conditions and values!

At Timonier, we do all that we can to define and evaluate the possibilities of our outer world desires and their potential impact on our material lives. We have a thorough process of assisting our families in developing and monitoring a *MasterPlan* that is targeted to accomplish the hopes and dreams in whatever way each family defines them. It is the most sound way to evaluate what is possible given the harnessed resources available. All parties are accountable, transparent, trusting, and devoted to the plan and its progress over time. We know that just as soon as a financial plan is formulated and our client walks out of the door that something has changed. Promised contributions for saving are altered, unexpected emergencies occur, babies are born, proceeds from company buyouts are realized, stock and bond markets fluctuate...life happens! And...in the happening is a response system to adjust to the conditions of life. *Reactions...ad hoc changes are not permitted*. We've learned that when you react to your environment, your environment controls you. But, **when you respond to your environment with predetermined rules, you control your environment**. It's a process of equal collaboration between Timonier and our families.



*“The Indian believes profoundly in silence—the sign of a perfect equilibrium. Silence is the absolute poise or balance of body, mind, and spirit. The man who preserves his selfhood is ever calm and unshaken by the storms of existence. What are the fruits of silence? They are self-control, true courage or endurance, patience, dignity, and reverence. Silence is the cornerstone of character. ”*

*~ Ohiysesa Santee*

Over the past 32 plus years as a wealth advisor, I've been a witness to many temporary market declines and *infinitely more rumors of declines*. It's a fact that our country's best economists have predicted 16 of the last 5 recessions...lol. And while there have been only a few occasions that we have not been able to talk those off the ledge, so to speak, still much anxiety has struck the bodies and psyche of many that we have worked with through the years. While we feel rewarded that our clients have allowed us to follow the plan without interruption, we are saddened that fear has affected the hearts and minds at any level. It is the result of life's unfiltered conditionings that we allow our minds and our actions to grip our bodies in unnecessary ways.

While we can plan and stress test all day. And...prove that under the worst market conditions that we will survive, I cannot take away the human emotions that are hardwired to strike when your security feels threatened. The only way to avoid such emotions is to find your own inner economy always in harmony. I will never be able to silence the noise of the media, the misguided colleague at the water fountain, or your minister that pleads for you to go cash at the bottom of a temporary stock market decline (I have a personal story around this one). I will never be able to insert moral character in our politicians, or corporate CEO's, or prove in advance that Goldman's new, “Buy Only the Winners Stock Fund” is not a wise choice. Only you can choose how to manage the outside world. And thus only you can choose your inner economy...your inner peace or your inner turmoil.

My team and I will continue to collaborate and carefully watch over your plans. I will continue to refine our approach seeking both the best of technology and the most understanding heart based perspectives. I will continue to diligently advocate for your interests. And should you go out on that proverbial ledge in fear...we will have our hand there waiting.

Namaste',

Tim L. Baker, CIMA, GFS

*“Whatever's good for your Soul...  
do that!”*



# Market Summary

## First Quarter 2014 Index Returns

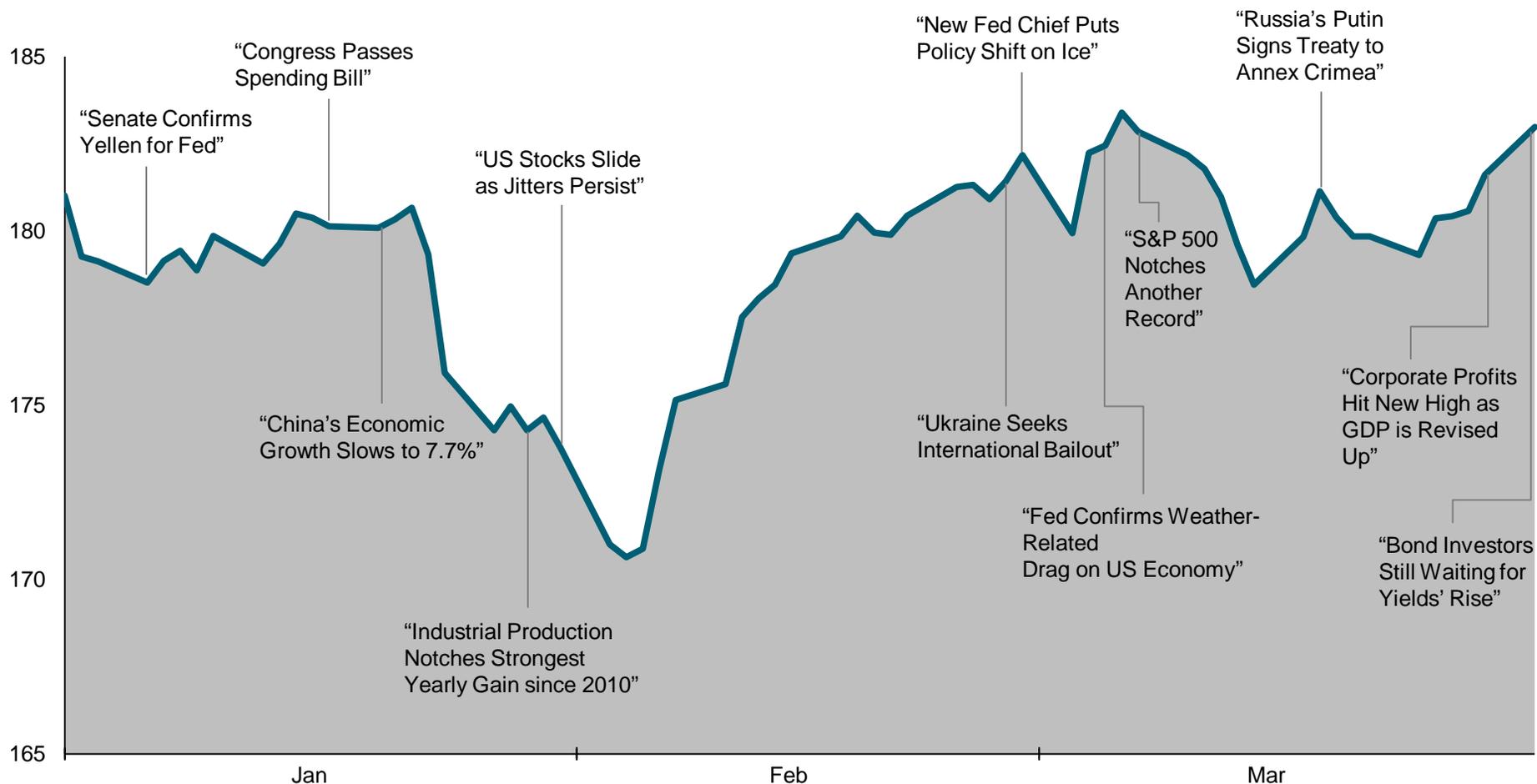


Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net div.]), Emerging Markets (MSCI Emerging Markets Index [net div.]), Global Real Estate (S&P Global REIT Index), US Bond Market (Barclays US Aggregate Bond Index), and Global Bond ex US Market (Citigroup WGBI ex USA 1-30 Years [Hedged to USD]). The S&P data are provided by Standard & Poor's Index Services Group. Russell data © Russell Investment Group 1995-2013, all rights reserved. MSCI data © MSCI 2013, all rights reserved. Barclays data provided by Barclays Bank PLC. Citigroup bond indices © 2013 by Citigroup. US long-term bonds, bills, and inflation data © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld).



# World Stock Market Performance

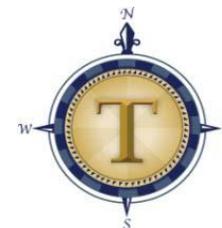
MSCI All Country World Index with selected headlines from Q1 2014



These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a longer-term perspective and avoid making investment decisions based solely on the news.

Graph Source: MSCI ACWI Index. MSCI data © MSCI 2014, all rights reserved.

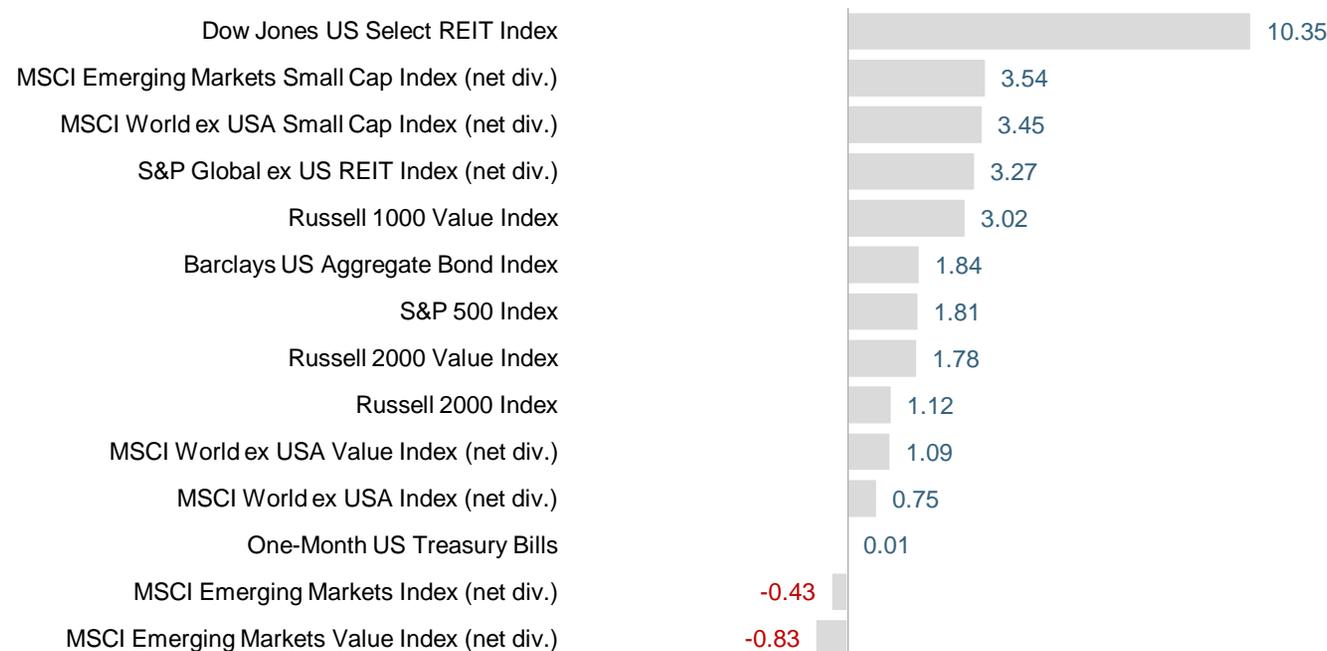
It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. Past performance is not a guarantee of future results.



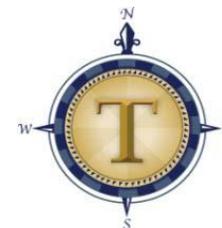
# World Asset Classes

## First Quarter 2014 Index Returns

US REITs rebounded in the first quarter after declining in Q4 2013. Equity returns were mostly positive but lower than they were during much of 2013. While large caps in emerging markets lagged other equity asset classes, small caps in emerging markets were the top performers.



Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: US Large Cap (S&P 500 Index); US Small Cap (Russell 2000 Index); US Small Cap Value (Russell 2000 Value Index); US Value (Russell 1000 Value Index); US Real Estate (Dow Jones US Select REIT Index); Global Real Estate (S&P Global ex US REIT Index); International Developed Large, Small, and Value (MSCI World ex USA, ex USA Small, and ex USA Value Indexes [net div.]); Emerging Markets Large, Small, and Value (MSCI Emerging Markets, Emerging Markets Small, and Emerging Markets Value Indexes); US Bond Market (Barclays US Aggregate Bond Index); and Treasury (One-Month US Treasury Bills). The S&P data are provided by Standard & Poor's Index Services Group. Russell data © Russell Investment Group 1995–2013, all rights reserved. MSCI data © MSCI 2013, all rights reserved. Dow Jones data (formerly Dow Jones Wilshire) provided by Dow Jones Indexes. Barclays data provided by Barclays Bank PLC. US long-term bonds, bills, and inflation data © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld).



# US Stocks

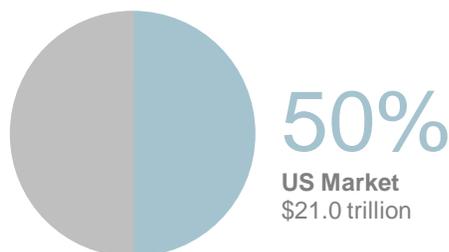
## First Quarter 2014 Index Returns

Following strong performance during 2013, the US equity market delivered modest positive returns in the first quarter.

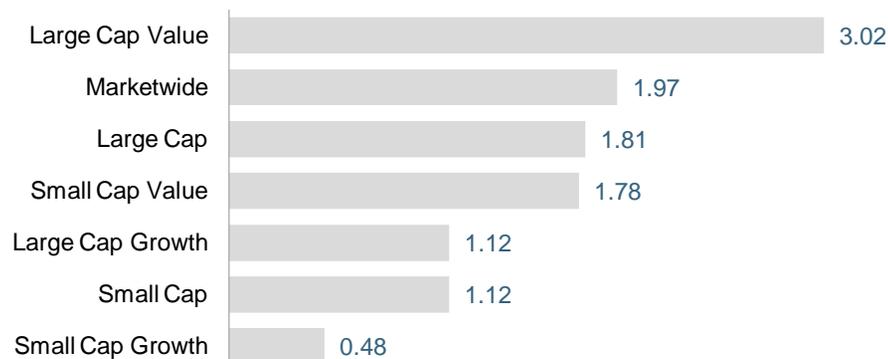
Value indices generally outperformed growth indices across all size categories.

Across the size dimension, large caps outperformed small caps.

### World Market Capitalization—US



### Ranked Returns for the Quarter (%)



### Period Returns (%)

Asset Class	YTD	* Annualized			
		1 Year	3 Years*	5 Years*	10 Years*
Marketwide	1.97	22.61	14.61	21.93	7.86
Large Cap	1.81	21.86	14.66	21.16	7.42
Large Cap Value	3.02	21.57	14.80	21.75	7.58
Large Cap Growth	1.12	23.22	14.62	21.68	7.86
Small Cap	1.12	24.90	13.18	24.31	8.53
Small Cap Value	1.78	22.65	12.74	23.33	8.07
Small Cap Growth	0.48	27.19	13.61	25.24	8.87

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: Marketwide (Russell 3000 Index), Large Cap (S&P 500 Index), Large Cap Value (Russell 1000 Value Index), Large Cap Growth (Russell 1000 Growth Index), Small Cap (Russell 2000 Index), Small Cap Value (Russell 2000 Value Index), and Small Cap Growth (Russell 2000 Growth Index). World Market Cap: Russell 3000 Index is used as the proxy for the US market. Russell data © Russell Investment Group 1995–2013, all rights reserved. The S&P data are provided by Standard & Poor's Index Services Group.



# International Developed Stocks

## First Quarter 2014 Index Returns

During the first quarter, international developed markets continued to post positive performance. Small caps outperformed large caps.

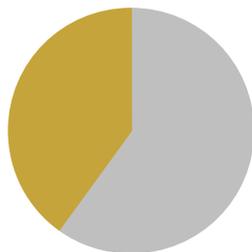
Value indices outperformed growth indices across all size segments.

The US dollar depreciated relative to many of the major international developed currencies.

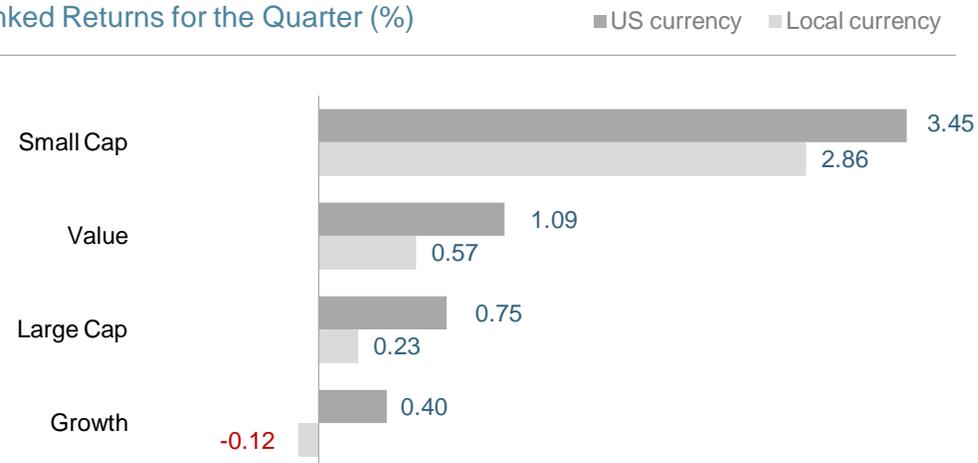
### World Market Capitalization—International Developed

**40%**

International  
Developed  
Market  
\$16.7 trillion



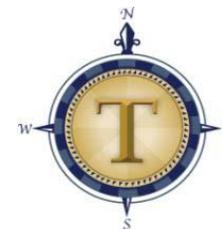
### Ranked Returns for the Quarter (%)



### Period Returns (%)

Asset Class	YTD	1 Year	* Annualized		
			3 Years*	5 Years*	10 Years*
Large Cap	0.75	16.46	6.27	15.88	6.71
Small Cap	3.45	21.12	7.54	21.51	8.41
Value	1.09	19.08	6.57	16.39	6.71
Growth	0.40	13.88	5.94	15.33	6.63

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# Emerging Markets Stocks

## First Quarter 2014 Index Returns

Emerging markets generally lagged the US and non-US broad market indices during the first quarter.

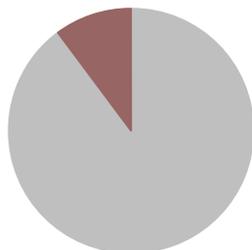
Small caps significantly outperformed large caps, and value underperformed growth across all size ranges.

Emerging markets currencies were mixed vs. the US dollar, with some of the major currencies seeing wide differences against the dollar.

### World Market Capitalization—Emerging Markets

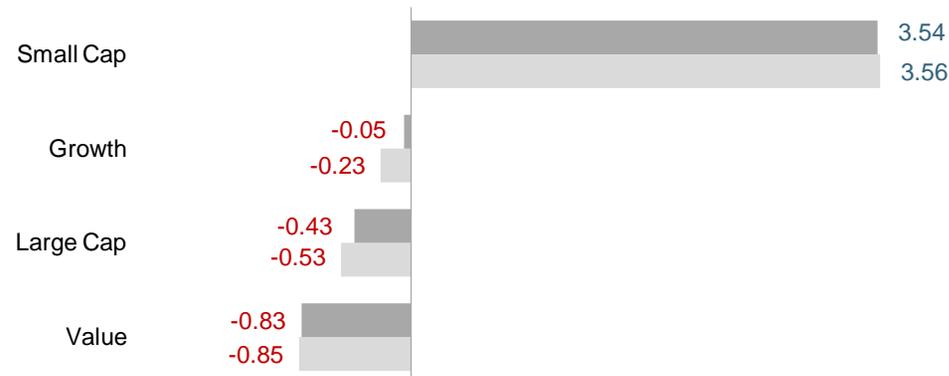
**10%**

Emerging Markets  
\$4.3 trillion



### Ranked Returns for the Quarter (%)

■ US Currency ■ Local currency



### Period Returns (%)

\* Annualized

Asset Class	YTD	1 Year	3 Years*	5 Years*	10 Years*
Large Cap	-0.43	-1.43	-2.86	14.48	10.11
Small Cap	3.54	0.40	-1.45	19.70	11.50
Value	-0.83	-3.60	-4.51	13.76	10.82
Growth	-0.05	0.66	-1.26	15.15	9.35

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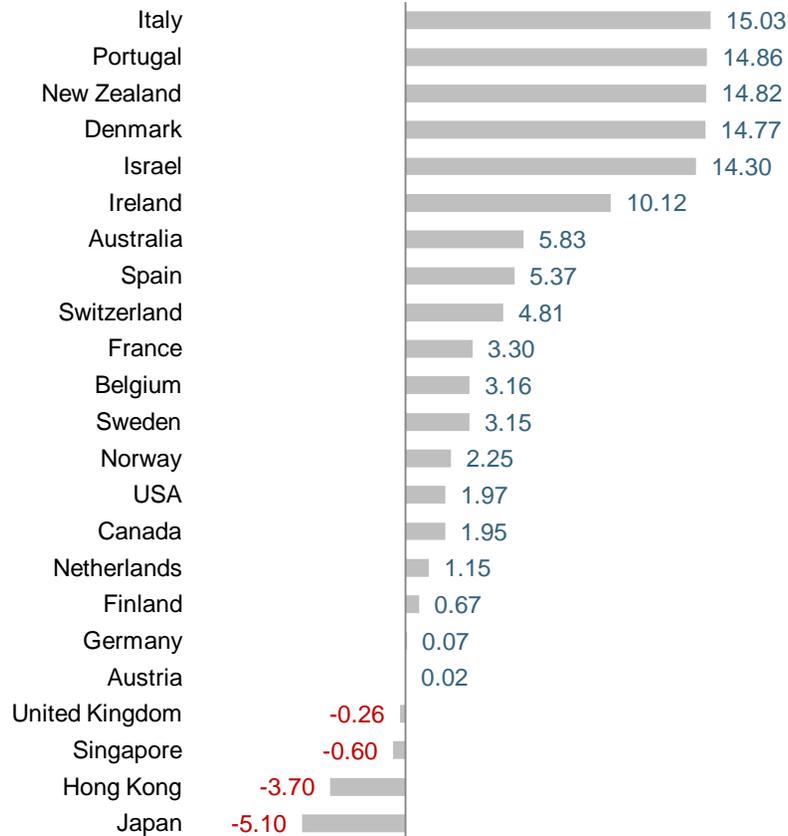


# Select Country Performance

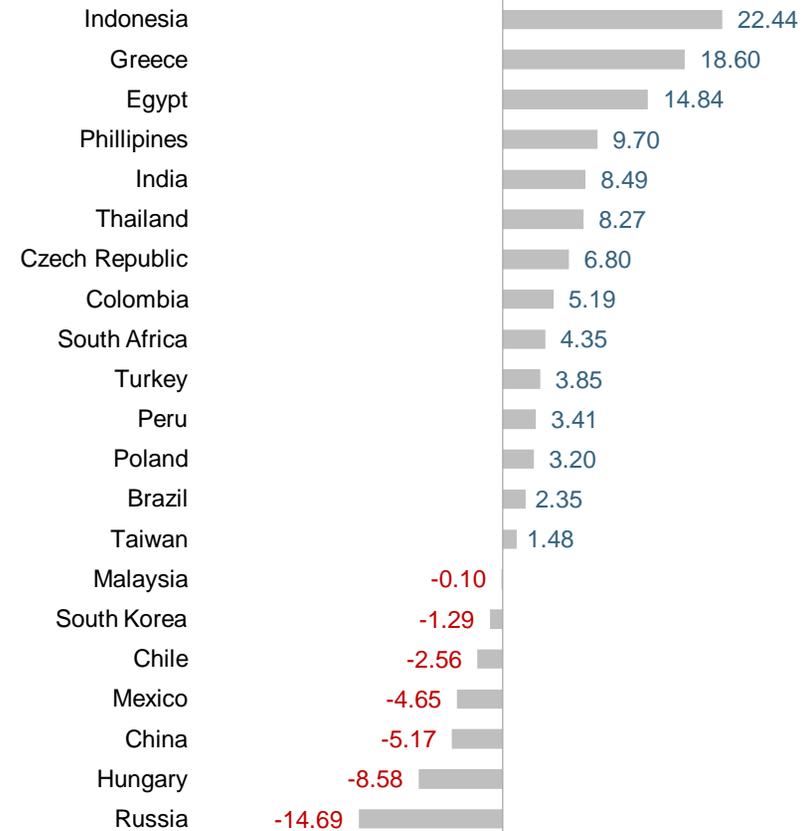
## First Quarter 2014 Index Returns

Italy and Greece continued to record strong returns for the quarter; Italy was the best-performing developed market. Indonesia was the best-performing emerging market. With Russia's recent military action and political unrest dominating news headlines, the Russian equity market recorded the lowest return in US dollar terms.

### Developed Markets (% Returns)



### Emerging Markets (% Returns)



Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Country performance based on respective indices in the MSCI World ex US IMI Index (for developed markets), Russell 3000 Index (for US), and MSCI Emerging Markets IMI Index. All returns in USD and net of withholding tax on dividends. MSCI data copyright MSCI 2013, all rights reserved. Russell data © Russell Investment Group 1995–2013, all rights reserved. Greece has recently been reclassified as an emerging markets country by MSCI, effective November 2013.



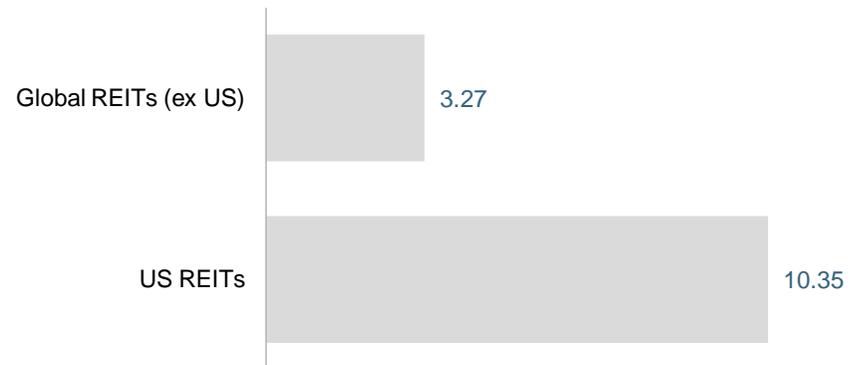
# Real Estate Investment Trusts (REITs)

## First Quarter 2014 Index Returns

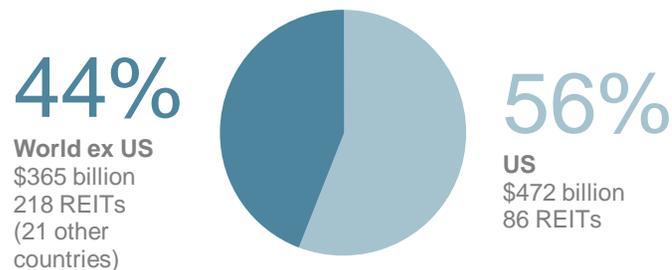
In a turnaround from 2013, REITs performed strongly during the quarter, particularly in the US.

Large cap REITs in the UK and Australia helped the performance of REIT securities outside the US.

### Ranked Returns for the Quarter (%)



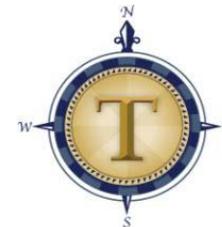
### Total Value of REIT Stocks



### Period Returns (%)

Asset Class	YTD	1 Year	* Annualized		
			3 Years*	5 Years*	10 Years*
US REITs	10.35	4.35	10.27	28.92	8.05
Global REITs (ex US)	3.27	-1.59	6.91	19.82	5.98

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Number of REIT stocks and total value based on the two indices. All index returns are net of withholding tax on dividends. Dow Jones US Select REIT Index data provided by Dow Jones ©. S&P Global ex US REIT Index data provided by Standard and Poor's © 2013.



# Commodities

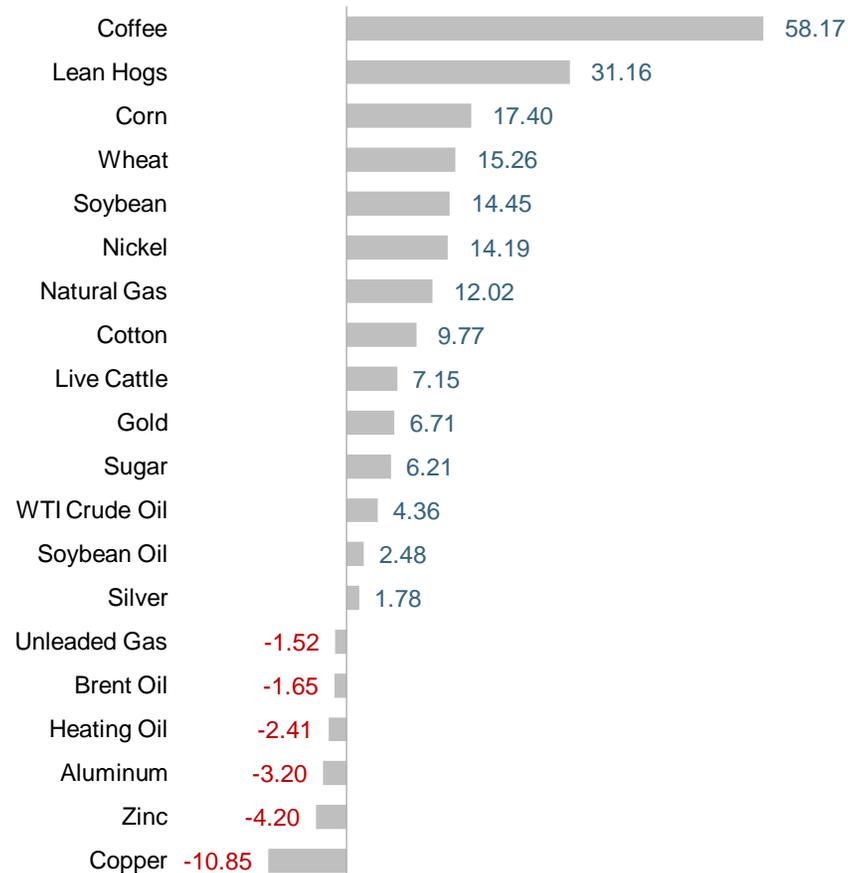
## First Quarter 2014 Index Returns

Commodities regained ground during the first quarter. The DJ-UBS Commodity Index rose approximately 7%.

Coffee, the biggest gainer in the index, returned just over 58%, which helped soft commodities generate significant positive returns as a group.

The energy complex produced mixed results. Gains in natural gas were somewhat offset by declines in gasoline and heating oil prices.

### Individual Commodity (% Returns)



### Period Returns (%)

\* Annualized

Asset Class	YTD	Q1	1 Year	3 Years*	5 Years*	10 Years*
Commodities	6.99	6.99	-2.10	-7.37	4.24	0.43

Past performance is not a guarantee of future results. Index is not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. All index returns are net of withholding tax on dividends. Dow Jones-UBS Commodity Index Total Return data provided by Dow Jones ©.



# Fixed Income

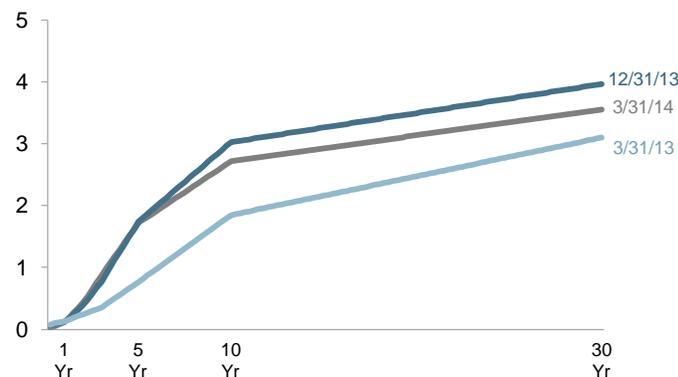
## First Quarter 2014 Index Returns

In her first meeting as chair of the Federal Reserve, Janet Yellen announced that the Federal Open Market Committee (FOMC) will taper its monthly asset purchases from \$65 billion to \$55 billion. The Fed continued to maintain an accommodative stance through monetary policy, holding the federal funds target rate range at 0.00–0.25%. US interest rates generally fell during the quarter.

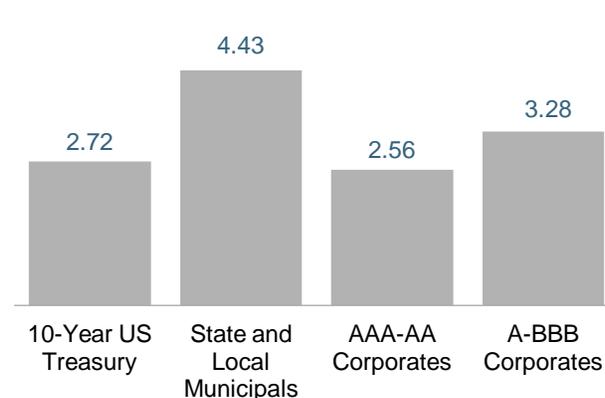
Broad US bond market returns were positive. The Barclays US Aggregate Bond Index advanced 1.8% during the quarter. Spread sectors, including corporate bonds, performed well, generating solid excess returns over Treasuries. Lower-quality bonds outperformed their higher-quality counterparts.

TIPS recovered somewhat from their 2013 decline. Municipal bonds generated solid returns.

US Treasury Yield Curve



Bond Yields across Different Issuers



Period Returns (%)

Asset Class	YTD	* Annualized			
		1 Year	3 Years*	5 Years*	10 Years*
BofA Merrill Lynch Three-Month US Treasury Bill Index	0.01	0.07	0.08	0.12	1.65
BofA Merrill Lynch 1-Year US Treasury Note Index	0.08	0.26	0.33	0.56	2.03
Citigroup WGBI 1–5 Years (hedged to USD)	0.55	0.93	1.94	1.82	3.12
Long-Term Government Bonds	5.30	-4.49	7.66	4.29	6.03
Barclays US Aggregate Bond Index	1.84	-0.10	3.75	4.80	4.46
Barclays US Corporate High Yield Index	2.98	7.54	9.00	18.25	8.68
Barclays Municipal Bond Index	3.32	0.39	5.79	5.71	4.45
Barclays US TIPS Index	1.95	-6.49	3.50	4.91	4.53

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Yield curve data from Federal Reserve. State and local bonds are from the Bond Buyer Index, general obligation, 20 years to maturity, mixed quality. AAA-AA Corporates represent the Bank of America Merrill Lynch US Corporates, AA-AAA rated. A-BBB Corporates represent the Bank of America Merrill Lynch US Corporates, BBB-A rated. Barclays data provided by Barclays Bank PLC. US long-term bonds, bills, inflation, and fixed income factor data © Stocks, Bonds, Bills, and Inflation (SBBBI) Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld). Citigroup bond indices © 2013 by Citigroup. The Merrill Lynch Indices are used with permission; © 2013 Merrill Lynch, Pierce, Fenner & Smith Incorporated; all rights reserved.



# Global Diversification

## First Quarter 2014 Index Returns

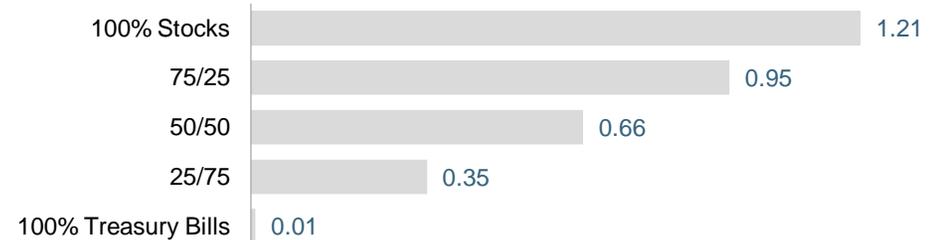
These portfolios illustrate the performance of different global stock/bond mixes and highlight the benefits of diversification. Mixes with larger allocations to stocks are considered riskier but also have higher expected returns over time.

### Period Returns (%)

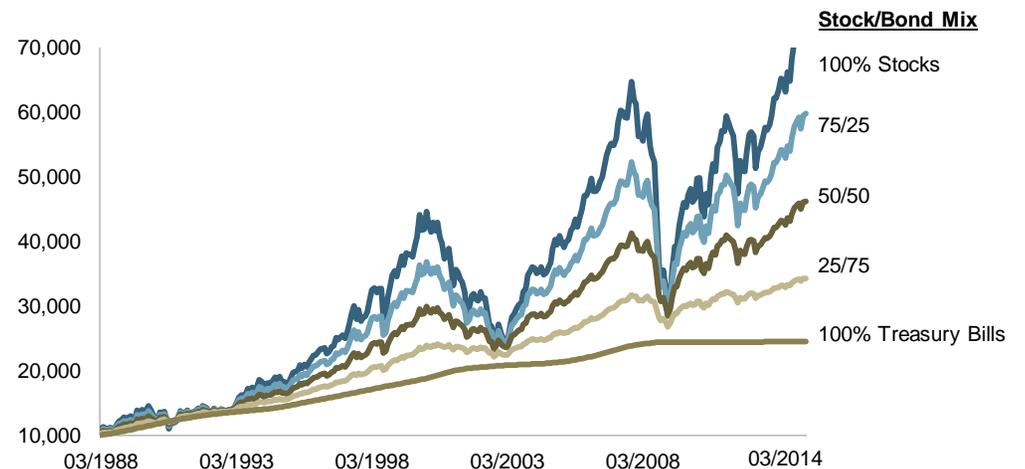
Asset Class	YTD	1 Year	3 Years*	5 Years*	10 Years*
100% Stocks	1.21	17.17	9.14	18.43	7.53
75/25	0.95	12.76	7.01	13.84	6.28
50/50	0.66	8.43	4.77	9.24	4.86
25/75	0.35	4.19	2.44	4.64	3.27
100% Treasury Bills	0.01	0.03	0.04	0.06	1.52

\* Annualized

### Ranked Returns for the Quarter (%)



### Growth of Wealth: The Relationship between Risk and Return



Diversification does not eliminate the risk of market loss. Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect expenses associated with the management an actual portfolio. Asset allocations and the hypothetical index portfolio returns are for illustrative purposes only and do not represent actual performance. Global Stocks represented by MSCI All Country World Index (gross div.) and Treasury Bills represented by US One-Month Treasury Bills. Globally diversified allocations rebalanced monthly, no withdrawals. Data © MSCI 2013, all rights reserved. Treasury bills © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld).



# So...Are We Keeping Pace with the Indices?

Our financial forecasts developed in our **WealthCare** reports are predicated on achieving investment returns as illustrated by globally diversified indices. Below are the primary equity asset class structures that we use to design our investment portfolios. Their returns are compared to the benchmark of stocks that they have a high degree of correlation with (as noted by R<sup>2</sup>). In order for our forecasts to have validity we need to at least match the indices returns **in aggregate**. **So far so good!** The results are illustrated for the past 5 and 10 years and since inception. By example, the US Micro Cap Portfolio has outperformed the Russell Microcap and Russell 2000 Index by 178 basis points per year since 1982. 178 basis points is equal to 1.78% of outperformance on average per year.

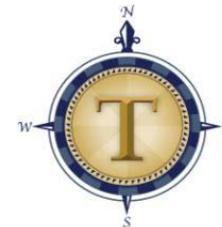
## Performance against Conventional Benchmarks

As of March 31, 2014

Annualized Difference  
(100 basis points equals 1.0%)

Dimensional Structured Stock Portfolio	Inception	Conventional Benchmark Indices	Last 5 Years	Last 10 Years	Since Inception	R <sup>2</sup>
US Micro Cap Portfolio	1982	Russell Microcap and 2000 Index	146	205	178	0.93
US Small Cap Portfolio	1992	Russell 2000 Index	340	108	149	0.98
US Small Cap Value Portfolio	1993	Russell 2000 Value Index	466	130	206	0.94
US Targeted Value Portfolio	2000	Russell 2000 Value Index	396	182	250	0.95
US Large Cap Value Portfolio	1993	Russell 1000 Value Index	419	105	55	0.93
International Small Company Portfolio	1996	MSCI World ex USA Small Cap Index	-13	100	318	0.97
International Small Cap Value Portfolio	1995	MSCI World ex USA Small Cap Index	37	172	414	0.93
International Value Portfolio	1994	MSCI World ex USA Index	141	71	165	0.92
Emerging Markets Small Cap Portfolio	1998	MSCI Emerging Markets Index	649	246	465	0.89
Emerging Markets Value Portfolio	1998	MSCI Emerging Markets Index	83	163	407	0.92
Emerging Markets Portfolio	1994	MSCI Emerging Markets Index	56	73	130	0.93

\* Long-term outperformance of popular benchmarks with reasonable tracking (as noted by R<sup>2</sup>)



# Not Rocket Science

First Quarter 2014

**When the media raises the subject of beating the market through astute stock picking, the name Warren Buffett is usually cited. But what does this legendary investor actually say about the smart way to invest?**

Buffett is considered to have such a track record of picking stock winners and avoiding losers that his annual letter to shareholders in his Berkshire Hathaway conglomerate is treated as a major event by the financial media.<sup>1</sup>

What does he think about the Federal Reserve taper? What could be the implications for emerging markets of a Russian military advance into Ukraine? What does an economic slowdown in China mean for developed markets?

Buffett has a neat way of parrying these questions from journalists and analysts. Instead of offering instant opinions about the crisis of the day, he recounts in his most recent annual letter a folksy story about a farm he has owned for nearly 30 years.<sup>2</sup>

Has he laid awake at night worrying about fluctuations in the farm's market price? No, says Buffett, he has focused on its long-term value. And he counsels investors to take the same sanguine, relaxed approach to liquid investments such as stocks as they do to the value of their family home.

"Those people who can sit quietly for decades when they own a farm or apartment house too often become frenetic when they are exposed to a stream of stock quotations," Buffett wrote. "For these investors, liquidity is transformed from the unqualified benefit it should be to a curse."

While many individuals seek to ape Buffett in analyzing individual companies in minute detail in the hope of finding a bargain, he advocates that the right approach for most people is to let the market do all the work and worrying for them.

"The goal of the non-professional should not be to pick winners," Buffett wrote. "The 'know-nothing' investor who both diversifies and keeps his costs minimal is virtually certain to get satisfactory results."

As to all the predictions out there about interest rates, emerging markets, or geopolitics, there will always be a range of opinions, he says. But we are under no obligation to listen to the media commentators, however distracting they may be.

"Owners of stocks . . . too often let the capricious and irrational behavior of their fellow owners cause them to behave irrationally," Buffett wrote. "Because there is so much chatter about markets, the economy, interest rates, price behavior of stocks, etc., some investors believe it is important to listen to pundits—and, worse yet, important to consider acting upon their comments."

The Buffett prescription isn't rocket science, as one might expect from an unassuming, plainspoken octogenarian from Nebraska. He rightly points out that an advanced intellect and success in long-term investment don't necessarily go together.

"You don't need to be a rocket scientist," he has said. "Investing is not a game where the guy with the 160 IQ beats the guy with 130 IQ."<sup>3</sup>

1. "Buffet Warns of Liquidity Curse," Bloomberg, Feb 25, 2014.

2. Berkshire Hathaway Inc. shareholder letter, 2013, [www.berkshirehathaway.com/letters/2013ltr.pdf](http://www.berkshirehathaway.com/letters/2013ltr.pdf).

3. "The wit and wisdom of Warren Buffett," Fortune, November 19, 2012, [management.fortune.cnn.com/2012/11/19/warren-buffett-wit-wisdom/](http://management.fortune.cnn.com/2012/11/19/warren-buffett-wit-wisdom/).

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