



Good Will Report

Will Chen's Monthly Newsletter
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A Family Summer

It's been a red hot summer in Seattle this July, where the temperature hit a record high of 41 degrees C or 103 degrees F near the end of the month. It is in that heat that the workers are moving in and out of my home, completing a multi-million dollar project to replace the windows and siding of the condo building, plus some other repairs.

It was among these activities that my father came to visit me from Taiwan. It gets very hot in the summer in Taiwan, so he came to get away from it -- ironically into record-breaking heat.

Because he lives so far away, I get to see him about once a year, and I am very thankful for his visit and his company. I am very glad to have him as a role model and a mentor as I grow in my life. I hope to visit him in Taiwan some time around Chinese new year next year, and have some more quality family time together.



Surprise Party!

In this record breaking heat, I had a great big surprise when I came home a few days before my birthday -- it was a surprise party! Something seemed funny when I came home and found my room door closed, and the "SURPRISE!" when I opened the door was loud as a cannon! All my friends were there, accompanied by my mom and my beautiful girlfriend Julie. After a delicious birthday cake we went out and had dinner together, squeezing a record 17 people to a table (meant for 10)!

I want to thank my amazing friends, parents and Julie for organizing and being a part of an awesome party! I very much was surprised and really felt the love and support -- and special thanks to Julie for being such an amazing organizer, especially for organizing a party like this for the first time!



Extreme Wealth: Brent Kessel on Asset Allocation

Near the end of the Extreme Wealth seminar in June, a man by the name of Brent Kessel gave a talk on asset allocation.

Are you familiar with the concept of asset allocation? You have probably seen, heard of or put money into 401(k) in the US or RRSP in Canada. Usually, the money goes into a managed account, and you, as the investor, allocate which assets (usually different types of mutual funds) to buy with the money.

It is probably prudent to understand the different options that are available to you. Brent Kessel discussed the top 5 mistakes and respective principles in asset allocation. Of course, in sharing the information from his talk, none of the below is meant to be financial advice; please be sure to check with your financial advisor for details.



(1) People let their emotion guide asset allocation decisions. Are you rational, or emotional when choosing what is a good investment? He made a point about how it is most rational to properly allocate assets and avoid market timing, rather than picking stocks, and timing the market. Manage your emotions internally.

(2) People put too much emphasis on past performance. There's a reason why the mutual fund pamphlets and ads note that "past performance is not an indication of future returns," because it is not. Ignore past performance when looking at investments.

(3) People tend to ignore the biggest financial risk: inflation. Ever noticed how a loaf of bread is becoming more and more expensive each year? Inflation is when money becomes less valuable over time. While the headline and core inflation rates give some indication of what it is, some people believe the real inflation rate is higher because the economy as a whole needs to be considered. Focus on volatility *and* inflation.

(4) Pay attention to hidden costs and fees. This is especially true with mutual funds, because there are extra costs such as Management Expense Ratio (MER), advisory fees, commissions and loads. Minimize costs and fees, and I have learned a few things about index funds that I would like to share in a future issue of Good Will Report.

(5) Diversify across asset classes. Depending on who you ask, examples of asset classes are equities (stocks), fix-income (bonds), and money market instruments; some will also include real estate and commodities.

If you would like to find out more, please contact your financial planner!

Warren Buffet is considered by many as the "God of Investing" of today, maybe it is for good reason, or not. In any case, his name came up quite a bit during Extreme Wealth, and I would like to share a quote from him that is very elegant to close. Enjoy the rest of the summer and I will be in touch soon!

"Rule number 1: Never lose money. Rule number 2: Never forget rule number 1." -- Warren Buffet