



**denny park**  
*investments*

**Build The Future You Deserve**  
Guide to  
***Successful Investing***

## About Denny Park Investments

We provides investment management and advice to employees of Seattle's tech companies like you—people who know the value of a fiduciary advisor to help them build the financial future they deserve.

- Investment Management
- Equity Compensation Consulting
- Restricted Stock Units (RSU)
- Fiduciary Financial Advice
- Home Mortgage Guidance
- Employer Benefits Counseling
- Retirement Planning
- 401(k) Plan Check-up
- Concentrated Equity Positions

## SAVE REGULARLY & EARLY

*Start "squirreling away" money for investing as soon as you can.*

Investors should regularly set aside money to invest toward their long-term financial objectives. The earlier you start saving and investing, the easier it will be to meet your financial goals. The power of compound investment returns will be a powerful force over your lifetime.

How powerful? Consider two options:

- 1) Starting at age 30, invest \$5,000 annually for just 7 years, or
- 2) Starting at 37, invest \$5,000 every year until you retire in 30 years

Both potentially achieve a \$1 million nest egg by age 67\*, but you will need to save over 4x the capital if you delay starting by just 7 years!

Let the power of compounding investment returns help build the financial future you deserve.

\* Assumes a 10% annual return—approximately what the S&P 500 Index has returned since 1926.



# DEFINE YOUR STRATEGY

**Select the appropriate asset allocation for your situation. Your target asset allocation should be based on your investment time horizon and tolerance for risk.**

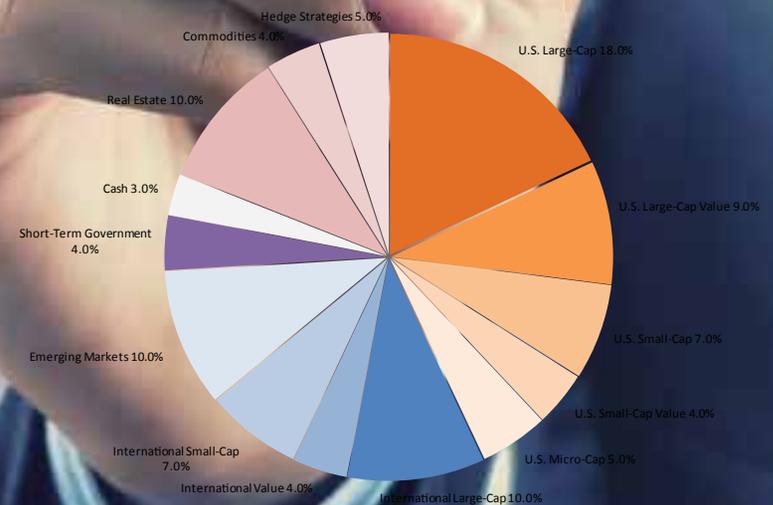
As an investor, one of the most critical decisions is how to divide your capital across the different asset class categories. This distribution of investment capital is called your asset allocation. Asset allocation is the primary determinant of the expected return and risk profile of your portfolio.

Asset allocation can be basic—such as 60% equities/40% bonds—or more sophisticated. Advanced asset allocations can include other asset classes (e.g., real estate) as well as more focused asset class categories (e.g., large-cap value equities).

Factors that many people think are important in investing—like market timing and individual security selection—are secondary to the asset allocation decision.

Denny Park Investments can help guide your selection of an appropriate long-term strategy.

**Portfolio Example**

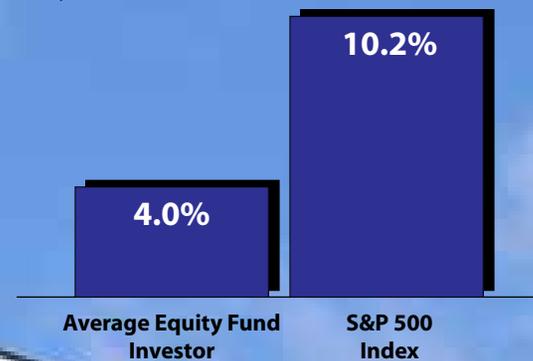


**Asset Class** – A group of securities that exhibit similar characteristics, behave similarly in the marketplace, and are subject to the same laws and regulations. The three main asset classes are equities (stocks), fixed-income (bonds), and cash equivalents. Each asset class is expected to reflect different risk and return characteristics, and will perform differently in any given market environment. (Adapted from Investopedia)

# STICK WITH YOUR INVESTMENT STRATEGY

Select a portfolio that you will be comfortable sticking with during both rising and falling markets. If you second-guess your long-term investment strategy during market gyrations, you will likely under-perform.

Average Fund Investor vs. Market Returns  
30 years (1987-2016) Annualized Returns



SOURCE: DALBAR'S 2017 Quantitative Analysis of Investor Behavior Study

The typical individual investor significantly under-performs the market—a result generally attributed to an inability to stick with an appropriate investment strategy.

One example of this behavior is performance chasing—where investors buy stocks or funds after periods of outstanding performance and take withdrawals after periods of poor performance. Buying high and selling low results in the average investor realizing a lower return than either the typical mutual fund or the market as a whole.

To guard against this tendency, you should define an appropriate asset allocation based on your investment time horizon and tolerance for risk.

Any changes to your allocation should be based on changes in your personal situation and not on the recent performance of a specific investment.

Let Denny Park Investments help develop a plan aligned to your goals—providing you with confidence and peace of mind about your financial future.

# USE LOW-COST INDEX FUNDS

**Use index funds to capture market rates of return on your investments.**

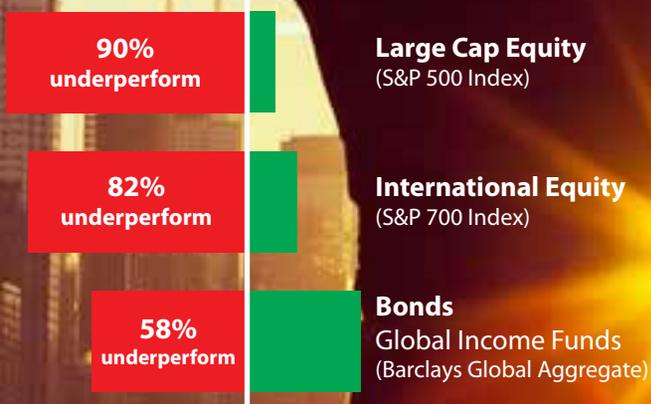
Studies show most actively managed mutual funds under-perform their respective market benchmark. Much of this under-performance can be attributed to the high fees and expenses many funds charge.

Once you have determined your asset allocation, select a low-cost index fund to represent each asset class category in your allocation. Since index funds are passively managed to match the index's return, performance should be in line with the asset class return.

You work hard and deserve a secure future. Let us sort through the myriad of investment options and overused industry jargon so you don't have to.

**Schedule an initial, no-obligation, consultation with Denny Park Investments to learn how we can help you build the financial future you deserve.**

## Percentage of Funds Outperformed by Benchmarks (2008-2017)



SOURCE: Standard & Poor's Indices Versus Active Funds (SPIVA) Scorecard, Year-end 2017

***“Going forward, we expect that a portfolio of low-cost index funds will perform about as well as a portfolio of the top 3 percentiles of past active winners, and better than the rest of the active fund universe.”***

**“Luck Versus Skill in the Cross Section of Mutual Fund Returns” by Eugene Fama and Kenneth French**

**(206) 620-1444**  
**dennyparkinvestments.com**

**denny park**  
*investments*



## RESTRICTED STOCK UNITS (RSU)

For employees of successful technology companies, RSUs can make up a significant percentage of your net worth.

Beyond questions about if and when to sell your shares, you may want to adjust your asset allocation to account for your concentrated position in a single company.

In addition, some companies—like Amazon—may base future compensation decisions on the performance of previously granted RSUs—creating a complex dynamic when planning your financial future.

Denny Park Investments LLC is a registered investment adviser in the State of Washington. The Adviser may not transact business in states where it is not appropriately registered, excluded or exempted from registration. Individualized responses to persons that involve either the effecting of transaction in securities, or the rendering of personalized investment advice for compensation, will not be made without registration or exemption. Consider the investment objectives, risks, and expenses carefully before investing. The information contained herein has been obtained from sources believed to be reliable but the accuracy of the information cannot be guaranteed.