ROBERT COWEN INVESTMENTS

NOVEMBER 2023 NEWSLETTER

22 November 2023

The Family Office

HIGHLIGHTS OF THIS NEWSLETTER ARE:

- Tax advice for those planning to emigrate - *by Ciaran Ryan & William Louw*
- Update on what we have been doing in the offshore funds – *by Ross McConnochie*
    - *Why we have decided to cut our position in PayPal*
- Update on what we have been doing in the local fund – *by Mike Gresty*
- For the first time in years, we have the prospect of meaningful capital gains in US government bonds – *by Keiran Witthuhn*
- The risky new Trust landscape – what trustees need to do now – *by DotNews*
- The 20 most common investing mistakes

Important notice for clients with Nedbank Corporate Saver bank account at RCI

Very important notice for all clients who hold a Nedbank Corporate Saver bank account at RCI. The branch code for all Nedbank Corporate Saver accounts will change with immediate effect **from 720026 to 198765** (universal code) for all deposits and debit orders. Should the universal branch code not be used going forward, these transactions will be unsuccessful.

2023 income tax return filing dates

Please take note of the dates below for filing the 2023 income tax returns - these dates distinguish between non-provisional taxpayers and provisional taxpayers.

Income tax return filing dates

Here are the dates and criteria for the 2023 Filing Season:

- Individual taxpayers (non-provisional): **7 July 2023 @ 20:00 to 23 October 2023**
- Provisional taxpayers: **7 July 2023 @ 20:00 to 24 January 2024**

Please note that we will be **closed for business** from Friday, the 22nd of December 2023 at 13:00 and will reopen again on the 2nd of January 2024, after the public holiday on the 1st of January 2024. We would like to ask you to please ensure that you get hold of your portfolio manager prior to this period for any matters that need to be dealt with.

If any clients have any **payment requests** or needing additional funds over the festive season, we urge you to submit these before the close of business on the **8th of December 2023**.

"Anyone can hold the helm when the sea is calm" – Publilius Syrus

"Victory comes from finding opportunities in problems" – Sun Tzu

"The best time to plant a tree was 20 years ago. The second-best time is now." – Chinese Proverb

THE TAX IMPLICATIONS OF EMIGRATION

Emigration is becoming a bigger and bigger part of our dealings with clients. If you have plan on emigrating or have left without emigrating and/or have children who have left without emigrating, we are including an article on the tax implications of emigration below. If you have concerns or wish to discuss the topic further, please contact Di Haiden (di@rcinv.co.za)

TAX ADVICE FOR THOSE PLANNING TO EMIGRATE

BY CIARAN RYAN & WILLIAM LOUW (DIRECTOR: SOUTH AFRICAN TAX AT SABLE INTERNATIONAL)

If you've decided to emigrate, you might want to look at the tax implications before deciding on your preferred choice of country.

The tax implications of emigration can be daunting, and many South Africans headed for foreign shores end up making needless mistakes that hit them hard in the pocket, says William Louw, a tax specialist and director at Sable International.

When is the best time to emigrate?

Leaving in February, at the end of the tax year, can bump up the capital gains tax (CGT) payable to the South African Revenue Services (SARS). Leaving just a month later, in March, will lower the CGT payable in subsequent years since your SA income will most likely decline, pushing down your tax liabilities to SARS.

Once you have left the country, it's important to notify SARS of your non-residency status and then deregister your tax number.

"There is still a lot of confusion as to what is tax emigration," says Louw. "There are a lot of variables that come into play, so every situation will be different."

South Africa has a residency-based tax system, meaning you're taxed on worldwide income if you're considered a South African tax resident.

It's possible to leave South Africa and still be considered tax resident. For example:

1. If you leave South Africa, but your spouse and children still live in the country;
2. If you spend more than 91 days in South Africa per year;
3. If you have a number of assets still in South Africa;
4. If you leave South Africa to work on a private charter yacht; or
5. If you keep your belongings in storage in South Africa.

"Unfortunately, tax residency tests are largely subjective, and the above are only a handful of examples, so it's important to get advice from a tax practitioner to determine your tax residency status before you leave," says Louw.

If you are working abroad but are still a tax resident in SA, you will need to submit tax returns to SARS, though you may not have to pay tax in SA. You also need to do a SA tax return as a non-tax resident if you have SA-sourced income.

If you have spent more than 183 days outside of the country in the relevant 12-month period, with at least 60 of those days being consecutive, then the first R1.25 million earned in foreign employment income is exempt from SA tax.

You may also be protected from paying SA tax by becoming a tax resident in another country with a double taxation agreement (DTA) with South Africa. For instance, once you are a tax resident in the UK, the UK's tax treaty with South Africa means you only need to pay tax on your UK income in the UK. Not all countries have DTAs with South Africa, and the terms of the treaties can vary. Your DTA protection needs to be evaluated annually.

Louw points out that SA has DTAs with 81 countries, including the UK, Australia, US, UAE, Japan, Sweden, and Thailand, and this helps you avoid being taxed twice on the same income.

TAX ADVICE FOR THOSE PLANNING TO EMIGRATE

BY CIARAN RYAN & WILLIAM LOUW (DIRECTOR: SOUTH AFRICAN TAX AT SABLE INTERNATIONAL)
(CONT.)

The tax status of expats and emigres can be complex, so it is advisable to consult tax experts in both SA and your new country of residence.

Under what circumstances should you keep your tax number active?

Louw says emigres may still want to keep their Sars tax number active in the following situations:

- You plan to return to South Africa in the near future (two to five years);
- You are expecting to own a South African-sourced asset in the near future (such as an SA property); or
- You have SA-sourced income

What is the South African exit tax?

An exit tax is what you pay when you emigrate and change your residency status. The exit tax is calculated on the market value of your worldwide assets, including foreign immovable property and foreign and local shares and investments. SARS will also look at trusts and any benefits flowing to you, as well as high-value personal items.

Two items that need special attention are retirement annuities (RAs) and pension and provident funds. The current tax law is that you cannot withdraw your RA until three years after tax emigration/you ceased your residency. “The main issue you need to consider is whether or not you want to keep the RAs and contribute to them,” says Louw. “When it comes to pension and provident funds, you need to be aware of when withdrawals are triggered, and the type of withdrawal, because DTAs can override the normal rules of withdrawal.

“It is possible to avoid the exit tax by selling assets as a South African tax resident before tax emigrating, and this can delay the cash flow of your tax payments,” adds Louw. “For example, if you leave in March and own R1 million worth of unsold shares, you will be deemed to have sold those shares. If you sold the shares in March before you left, you trigger this as a SA tax resident. The tax is then due in the normal cycle of your SA tax return. So depending on your taxpayer status you could delay the tax until assessment, potentially.”

US Bonds are down -16% over the last 3 years, the largest 3-year decline in history.

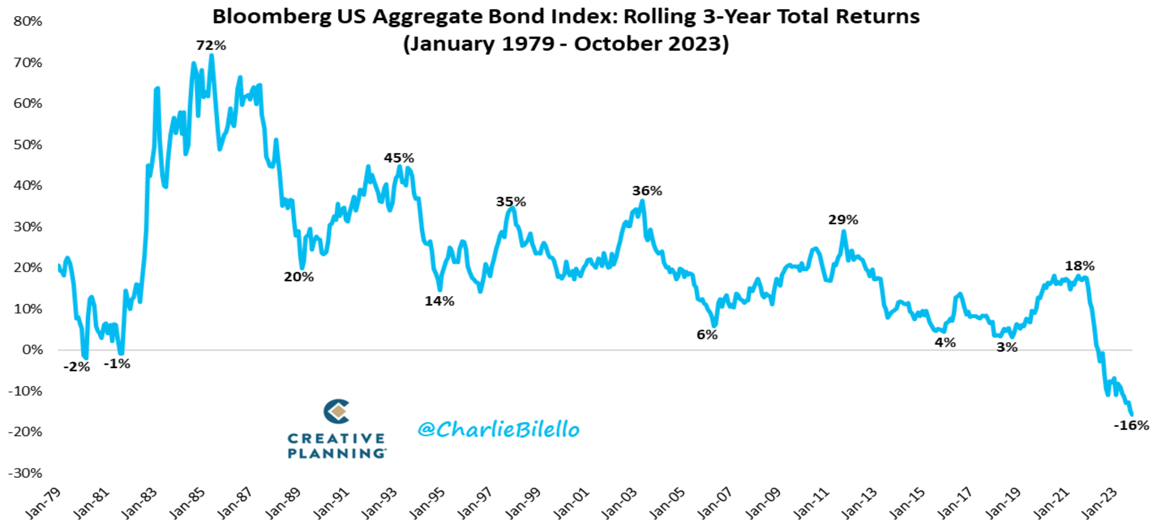
These losses have erased the gains of the previous four years, meaning bonds have contributed nothing to the 60/40 portfolio over the last 7 years:

-US Stocks: +8.8% annualized return

-US Bonds: -0.3% annualized return

-US 60/40 Portfolio (60% Stocks, 40% Bonds): +5.4% annualized return

We explain later how the 3-year sell-off in US bonds appears to be creating an attractive opportunity.



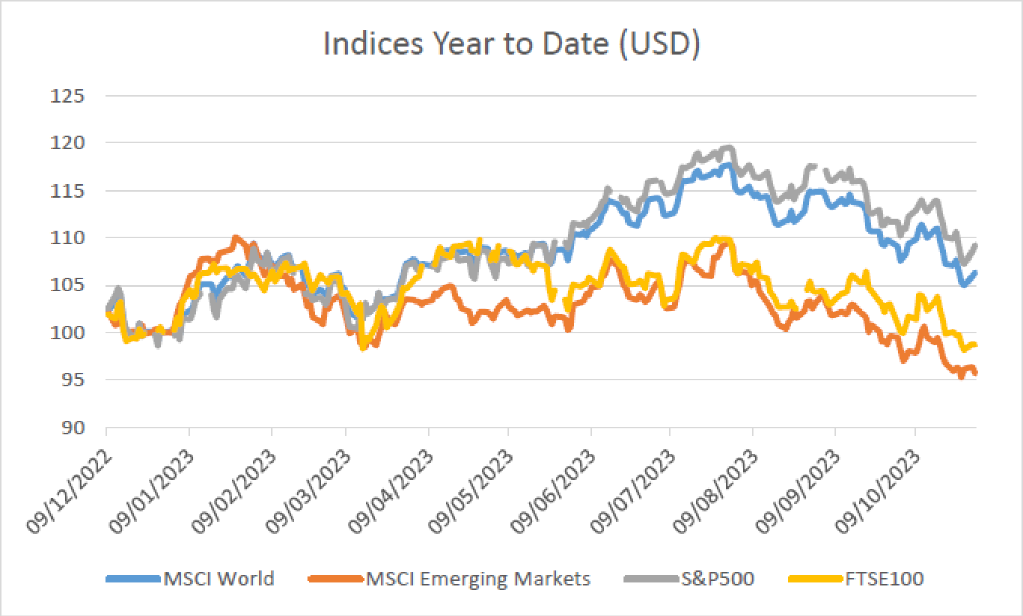
Source: Charlie Bilello

WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?

RCI BCI WORLDWIDE FLEXIBLE FUND

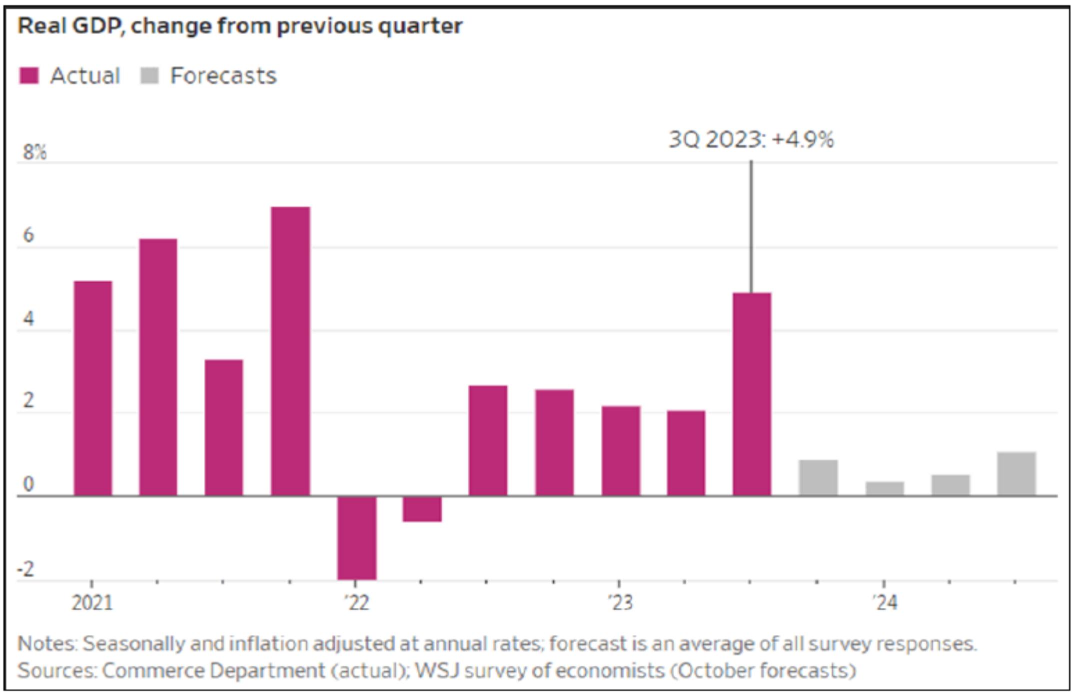
The Family Office

October saw the third consecutive month of declines in global markets. The MSCI Developed markets Index fell over 3.5% for the month but is still up over 5% for the year to date. The S&P 500 has corrected over 8.5% since the recent 52 week high in August.



Emerging markets have been poor performers this year, whilst the USA has been the strongest performing indices amongst developed markets

The US produced an incredibly impressive GDP growth figure this past quarter growing almost 5% year on year, making it more than likely the US will have a soft landing following such an aggressive rate hike cycle that had everyone very concerned at the beginning of the year.

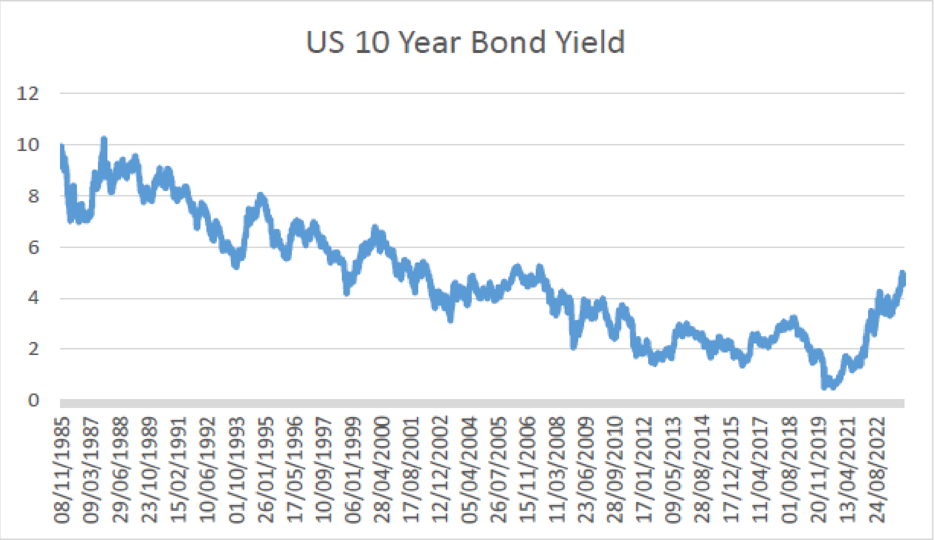


Economists expect the US to grow each quarter over the next year despite prior concerns over elevated interest rates

The consequence of such a strong economy is that it supports the FED's ability to keep rates higher for longer and consequently the US ten-year bond yield hit 5% for the first time since 2008:

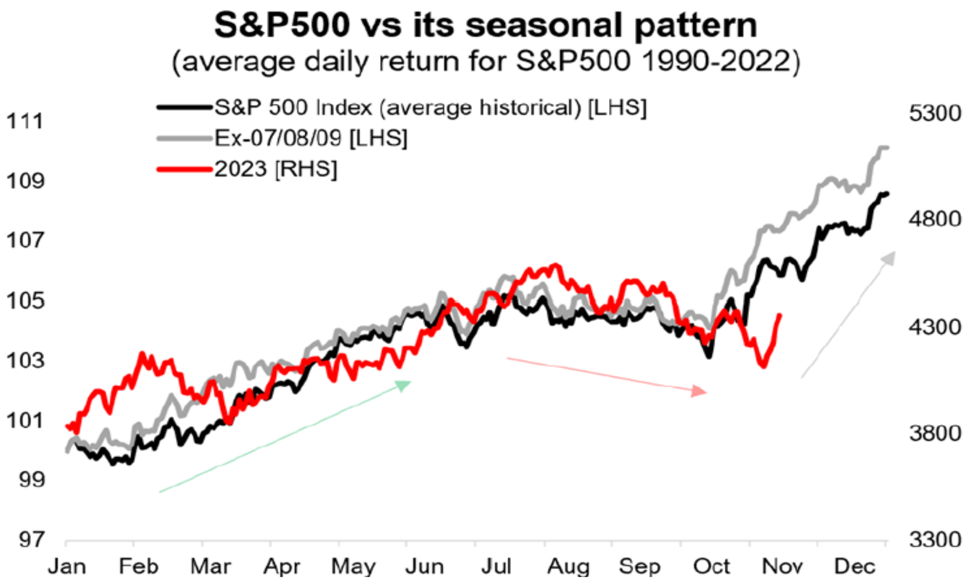
WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?

BY THE RCI INVESTMENT TEAM
(CONT.)



The conflict between Israel and Palestine was also a contributing factor to market weakness this month as participants are concerned it spreads to neighbouring countries in the region. On the back of this oil has been surprisingly weak this month despite the above concerns, closing under $86 at the end of the month. On the flip side, gold rose 6% as investors moved into safe haven assets during this period of heightened uncertainty.

If we examine the seasonality of the US equity market over the past few decades, it is clear that the last quarter of the year usually ends with a strong rally. The gray and black lines in the graph below are the averages of how the market usually behaved each year (they differ by including and excluding the Great Financial Crisis). The red line is the current year's price chart which has tracked history very closely for the first three quarters of the year. Considering how well the US economy is performing and the fair equity valuation at present, there is reason to be hopeful that the stock market ends the year on a good note just as history suggests.



Source: Topdown Charts, Refinitiv Datastream

The current price pattern of the S&P 500 closely matches the seasonal behaviour of the market over the past 30 years. Are we in for a strong rally towards the end of the year?

Robert Cowen Investments
Growing families' wealth since 1982

WHAT HAVE WE BEEN DOING IN THE OFFSHORE FUNDS?

BY THE RCI INVESTMENT TEAM
(CONT.)

The Family Office

Our top 10 positions

	PE in one years time	PEG Ratio (FWD PE/'23-25 Growth)	EPS Growth 2022-2023E Growth	EPS Growth 2023-2024E Growth	EPS Growth 2024-2025E Growth
ALPHABET INC-CL C	18.14	0.94	29%	20%	19%
AMAZON.COM INC	31.91	1.26	383%	24%	26%
ASML	28.91	1.58	38%	0%	40%
BOSTON SCIENTIFIC	23.27	1.94	17%	11%	13%
CONSTELLATION SOFTWARE	30.51	1.49	47%	26%	15%
FORTINET	33.44	1.83	27%	16%	21%
INTUIT INC	29.16	2.01	20%	15%	14%
MERCADOLIBRE INC	45.31	1.02	108%	45%	44%
MICROSOFT CORP	28.59	1.82	5%	17%	14%
VISA	23.58	1.74	16%	13%	14%
Harmonic Mean PE	27.74				
PEG Ratio (Forward PE/'23-25 Growth in EPS)		1.46			
Annual EPS Growth Rate (Harmonic Mean)			19%	2%	18%
S&P500 - FWD PE and EPS Growth	17.59		-2%	10%	10%

Our top 10 positions are expected to grow earnings per share in the mid-teens for the next three years which is far higher than the S&P500, where analysts expect a slight decline for 2023. Our companies are trading at higher valuations, 28x, versus the S&P500's 18x, but they deserve to do so as they are higher quality businesses, growing earnings at a higher rate than the market. This is especially so when compared to expected returns on investments in bonds or cash.

Main changes during the month

- **Sold PayPal –** We bought PayPal post COVID-19 after it had fallen 30% from an elevated valuation that many stocks experienced during 2021. We took the correction as an opportunity to invest in a business that had proven itself to be the market leader in online transactions. The company was clearly overearning during COVID-19 and even though it suffered when people returned to instore shopping habits after lockdowns were lifted, PayPal was still expected to prosper once long-term e-commerce habits return to trendline. The problem is customers have started using other payment platforms that work better in the physical world and online like Apple Pay, Shopify (Shop) Pay or simply using their bank credit cards.

  PayPal has suffered a massive derating in valuation over the last two years, despite continuing to grow its bottom line (albeit with poorer quality white label business) and although the share is at its cheapest valuation ever, we are concerned their market share losses will continue to worsen over time as competition accelerates in the payment space. We have thus decided to move away from this industry as it is not clear which businesses will survive this heightened competition over the long term.

Performance in rand

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017	-	-	-	-	5.1%	-1.6%	1.5%	-1.8%	3.2%	5.8%	-2.9%	-6.8%	1.9%
2018	1.4%	-3.2%	-3.6%	6.8%	1.4%	10.8%	-2.1%	14.1%	-4.1%	-7.3%	-3.8%	-2.8%	5.6%
2019	-0.7%	7.1%	4.3%	4.0%	-2.9%	0.5%	2.6%	3.3%	-0.3%	2.5%	-0.3%	-1.1%	20.3%
2020	7.3%	-1.5%	5.6%	10.2%	-1.9%	1.7%	3.5%	6.0%	-4.7%	-2.8%	0.4%	-3.0%	21.5%
2021	5.4%	1.0%	-1.9%	2.7%	-4.5%	7.9%	1.8%	0.7%	-1.2%	4.2%	0.8%	-1.2%	16.3%
2022	-12.4%	-2.5%	-6.0%	-2.4%	-5.9%	-4.3%	8.2%	0.0%	-4.7%	6.4%	-5.8%	-1.4%	-27.9%
2023	13.0%	2.5%	0.6%	5.3%	6.9%	0.0%	-3.0%	4.7%	-5.8%	-4.5%			19.7%

<u>For the month</u>, the fund was down -4.5% in ZAR terms (-4.2% in USD) compared to the MSCI Developed Markets Index which was down 3.8% in ZAR (-3.5% in USD) for the month. The Rand strengthened 0.4% for the month detracting from the performance in ZAR.

<u>For the 2023 year thus far</u>, the fund is up 19.7% in Rands or 8.3% in USD terms, with the rand having weakened 10.5% against the dollar. The MSCI Developed Markets Index is up 16.7% in Rands or 5.6% in USD for the period.

The RCI BCI Worldwide Flexible Fund investment team:

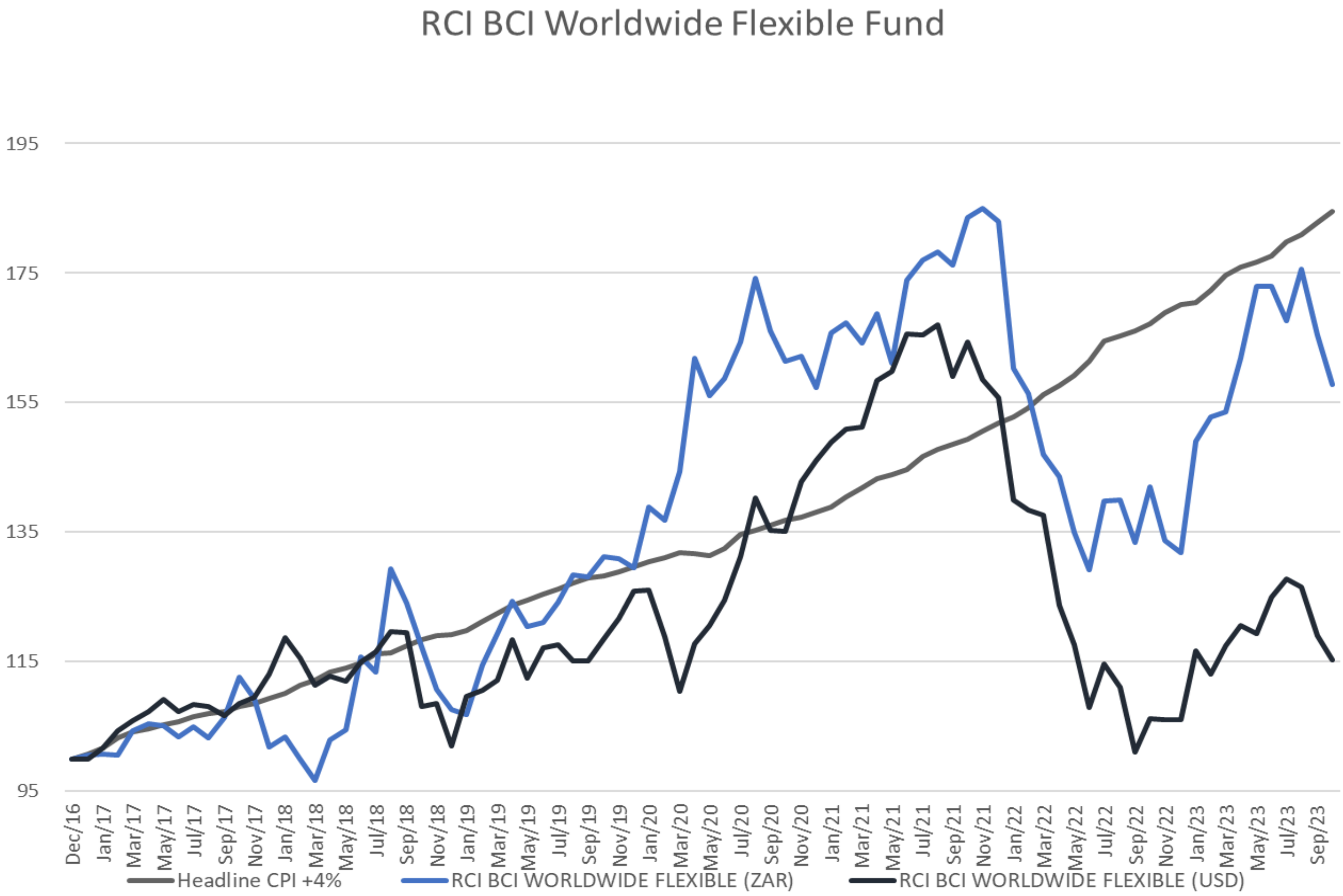
Mike Gresty, Di Haiden, Ross McConnochie, Eric Lappeman, Andrew Lawson, Gontse Dikeledi, Keiran Witthuhn

Robert Cowen Investments
Growing families' wealth since 1982

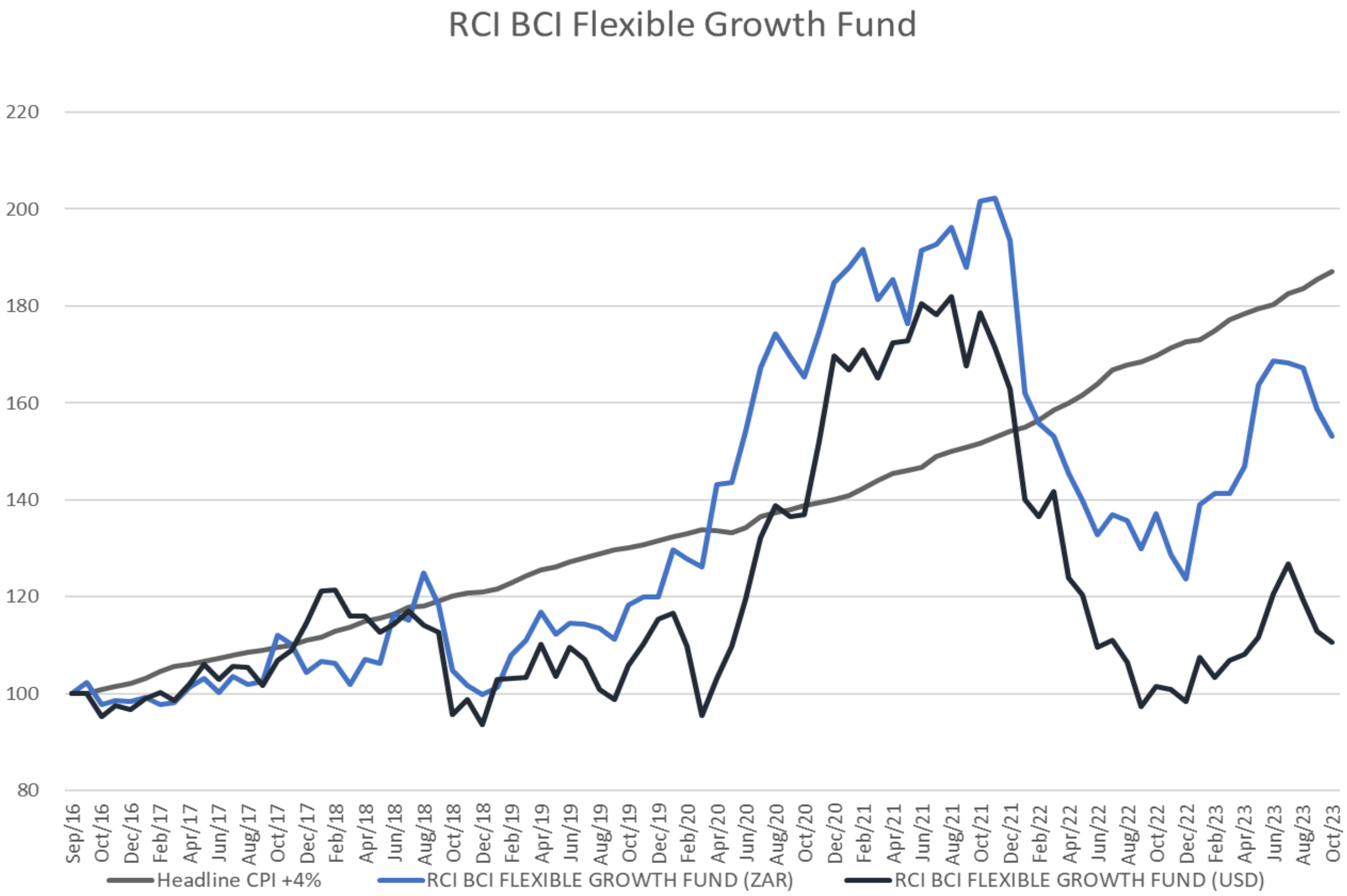
RCI OFFSHORE UNIT TRUSTS

"In the short run, the market is a voting machine, but in the long run it is a weighing machine." – Benjamin Graham

RCI BCI Worldwide Flexible Fund closed October at 157.85c, down -4.55% for the month and up 11.20% for the last 12 months.



RCI BCI Flexible Growth Fund closed October at 153.19c, down -3.52% for the month and up 11.62% for the last 12 months.



WHAT HAVE WE BEEN DOING IN THE LOCAL FUND?

ANCHOR BCI SA EQUITY FUND

BY THE ANCHOR BCI SA EQUITY TEAM

October was another tough month for global equities (MSCI World -2.9% MoM), with the third consecutive month of declines leaving them down almost 10% since the end of July. On the earnings front, with c. 60% of the S&P 500 companies reporting their 3Q23 results during October, aggregate earnings were not only 8% ahead of expectations but, running at +3% YoY, are back in positive territory after 3 preceding quarters of US corporate earnings decline. This positive earnings news was, however, overshadowed by the tragic events in Israel/Gaza, with geopolitical implications for the broader region taking centre stage in investors' minds. Also weighing on investor sentiment was a sharp rise in US 10-yr government bond yields, which touched 5% for the first time in over 16 years. Given the negative risk sentiment which prevailed through October, Emerging Market equities unsurprisingly trailed their DM counterparts (MSCI Emerging Markets Index -3.9% MoM). Chinese equities once again carried the wooden spoon as continued property sector woes, combined with geopolitical tensions saw foreign investors divest further from this market.

South African equities followed the rest of the world lower (FTSE/JSE Capped SWIX Index -2.9% MoM), moving returns for the year further into negative territory (-3.2% YTD). Gold miners (+21% MoM) were the beneficiary of safe haven buying of gold in the wake of the events in the Middle East. Elsewhere, losses were broad-based, with a few stock-specific exceptions – Tiger Brands (+12% MoM) as investors reacted positively to a management shakeup and Clicks (+6% MoM) following resilient full year results released. On the downside there were some notable declines – Pick 'n Pay (-32% MoM) as it reported a 1H24 loss, and MTN (-19% MoM) as the Naira continued to weaken and Nigerian authorities lodged another spurious tax claim.

The focus of the portfolio is on investing in domestically listed companies that have an investment case that insulates them from SA's difficult economic situation (strong multinational franchise, rand hedge, dominant local platform, or clear local expansion strategy for example); high confidence in improving Return on Capital Employed and excellent cash flow generation. Of those companies that pay a dividend we prefer businesses with a dependable and solid payment history.

At the end of October, the top 15 holdings in the fund, making up 67% of the equity exposure, were as follows:

- Naspers
- Absa
- Standard Bank
- Prosus
- Bidcorp
- British American Tobacco
- Investec
- Afrimat
- Anglo American
- ADvTECH
- Sasol
- Richemont
- Shoprite
- BHP Group
- Glencore

Main changes in the month

We did not make any major changes to the fund during October. However, we did add to the fund's position in **Naspers**, where the combination of pressure on its key investment, Tencent, and a widening discount at which Naspers is trading relative to its net asset value has presented an attractive opportunity. It's difficult to predict when investors will return to being more discerning between individual company investment cases rather than being driven by broad-based China aversion as they appear to be at the moment. When they do, Tencent (and Naspers in turn) stands to benefit. We also added a small position on **HCI**, which stands to benefit from the large oil discovery off the coast of Namibia.

Performance

The fund ended October 3.6% lower. The fund's lack of gold exposure, a sector we have tended to avoid on quality grounds, was the main source of underperformance this month. While the fund fortunately did not have exposure to any of October's large decliners, several of the fund's larger rand hedge positions (Richemont, Bidcorp and British American Tobacco) had a tough month, likely in part due to the headwind of a strengthening rand, which strengthened 1.5% vs. the USD.

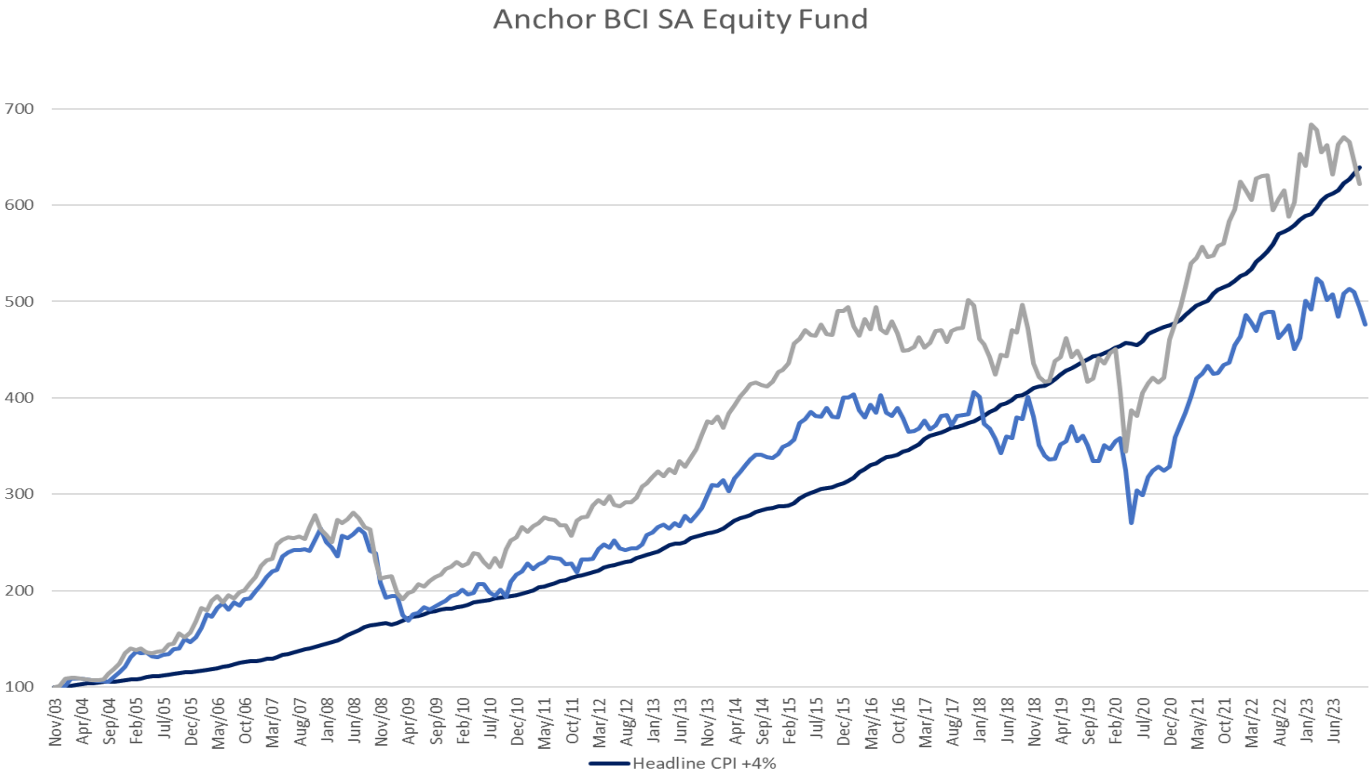
The Anchor BCI SA Equity team

Mike Gresty, Liam Hechter, Steph Erasmus, Seleho Tsatsi, Peter Little

WHAT HAVE WE BEEN DOING IN THE LOCAL FUND?

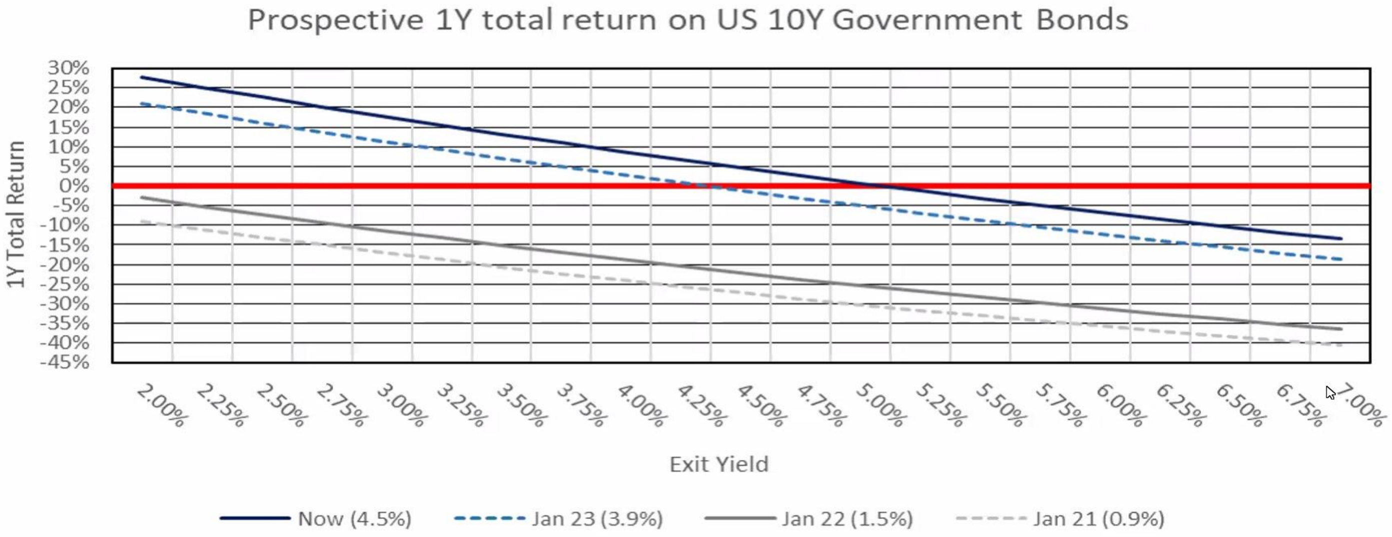
BY THE ANCHOR BCI SA EQUITY INVESTMENT TEAM (CONT.)

The Anchor BCI SA Equity Fund closed October at 475.93c, down -3.65% for the month and up 2.97% for the last 12 months.



Note: The performance history above uses that of the RCI BCI Flexible Fund until 30 September 2022, the date of its amalgamation with the Anchor BCI SA Equity Fund.

FOR THE FIRST TIME IN YEARS, WE HAVE THE PROSPECT OF MEANINGFUL CAPITAL GAINS IN US GOVERNMENT BONDS



Global bonds are presenting the most attractive opportunity for the asset class in about 2 decades. If you buy a US 10-year government bond, you earn two forms of return. First is the **yield** (income) from coupon payments and the second is the **capital gain** when you sell the bond. A capital gain is incurred when rates decrease, and a capital loss incurs when rates increase after purchasing the bond. The solid black line above shows that if you buy a US 10-year government bond today (currently yielding 4.5%) and if in 12 months' time, the yield is 3.5%, the total return you will get over the next year will be 13%. Investors who purchased these bonds in January 2021, when the yield was 0.9%, would have lost about -30% of their initial investment due to the significant increase in yields over the past 2 and a half years. As yields have moved higher, the solid black line above shows the range of outcomes for bond investors is skewed in favour of a positive total return and the prospects for bonds are the most positive that they have been in the past decade or so.

THE RISKY NEW TRUST LANDSCAPE – WHAT TRUSTEES NEED TO DO NOW

Provided by Ransome Russouw

This article originally appeared in CA(SA) DotNews and is reproduced with the permission of Ransome Russouw Inc (contact: 011 482 8595) and DotNews The original article can be found at this link.

"The common assumption is that trusts are some kind of tax panacea...Then, conversely, from a South African Revenue Service (SARS) perspective, trusts are viewed with a degree of suspicion and mistrust. [T]he truth lies somewhere between these positions." (Broomberg on Tax Strategy)

The legal and tax landscape in which South African trusts operate has changed substantially over the last few months, thanks to changes to the Trust Property Control Act ("Trust Act") and the Financial Intelligence Centre Act ("FICA") by the General Laws (Anti Money-Laundering and Combating Terrorism Financing) Amendment Act, as well as new rules and requirements from SARS.

These changes impose new duties on trustees, and apply to all trustees, not only independent trustees.

1. Disclosure to Accountable Institutions you engage with, and record-keeping

Changes to the Trust Act impose two specific new requirements on trusts to combat money laundering and crime-financed terrorism, and failure to comply is an offence. If convicted, trustees face a fine of up to R10 million, or imprisonment for a period of up to five years, or both. These requirements became effective on 1 April 2023, leaving most trustees already non-compliant.

The first new requirement is that a trustee must disclose to any "accountable institution" (the definition includes banks, attorneys, estate agents, long term insurers and brokers, trust companies and the like) that he/she engages with it in his/her capacity as a trustee, and that the relevant transaction or business relationship relates to trust property. The trustee must also record the details of the accountable institution the trust is engaging with.

2. Compiling and registering beneficial ownership

The second requirement imposed by the changes to the Trust Act is to establish and record the beneficial ownership information of a trust; to keep an up-to-date record of this information; and to lodge a register of the beneficial ownership information prescribed with the Master of the High Court.

This second requirement recently doubled, as SARS issued notice that trusts will now also be required to submit beneficial ownership details when completing a trust tax return, among a number of other tax changes affecting trusts, as discussed below.

3. Filing third-party returns – the IT3(t)

A further onerous obligation was imposed by SARS:

Most trusts are now also required to file third-party returns, in the same way banks report interest income and medical aids report medical aid tax information to SARS, which it uses to, for example, pre-populate tax returns.

While trust distributions were not previously reported to SARS by third parties, the new requirements oblige trusts to file third-party returns to SARS to declare distributions and vesting amounts to beneficiaries.

This must be done via an IT3(t) report which contains prescribed information relating to trust distributions and their beneficiaries and requires trusts to report on demographic information of the trust, demographic information of trust persons/beneficiaries, trust financial flows, and any amounts vested in a beneficiary, including net income, capital gains and capital amounts.

The ITR3(t) must be submitted by 31 May of each year. The first submission will be for the 2024 year of assessment, with the first ITR3(t) due by 31 May 2024. This is the same as the due date for IT3(b) and IT3(c) returns for trusts, which report interest, dividends, and capital gains or losses to SARS, and will certainly present practical difficulties in meeting the deadlines.

THE RISKY NEW TRUST LANDSCAPE – WHAT TRUSTEES NEED TO DO NOW

Provided by Ransome Russouw

4. Completing more probing trust tax returns

With the trust filing season now open, SARS has also reminded trustees that ALL trusts are required to register for income tax purposes and that the representative taxpayer – most often the trustee/s - must submit a trust return.

SARS also recently introduced changes to the Income Tax Return for Trusts (ITR12T) with additional questions, and more mandatory supporting documents.

As mentioned, SARS has added a Beneficial Ownership Declaration page to the trust return to record all beneficial owners, and has indicated this information will be reconciled with the information reported to the Master's Office to identify any discrepancies.

The changes also include additional questions to determine if any local or foreign amount(s) were vested in the trust as a beneficiary of another trust, or deemed to have accrued; and the number of trusts from where these amounts were received.

In addition, beneficiaries and donors (where deeming provisions apply) of a trust must declare their income that was vested in a beneficiary by the trust during the year of assessment in their income tax returns.

A range of mandatory and supporting documents must be submitted with the ITR12T. Depending on the trust type, this includes the Trust Deed and Letters of Authority, details of the 'Main' Trustee who is the registered representative to SARS; Annual Financial Statements, confirmation of banking details, and resolutions/minutes of trustee meetings that document significant decisions and actions taken by the trustees.

5. Registering as an "accountable institution"

Due to amendments to FICA, trustees, trust accountants and trust administrators may - in certain instances - have to register as "accountable institutions" with the Financial Intelligence Centre (FIC). See the link and comments in paragraph 1 above for the full definition of "accountable institution" but, if in any doubt, be sure to confirm with your accountant whether you need to register as an "accountable institution" in terms of the new rules, and to obtain assistance in doing so where required.

Professional assistance strongly recommended

Given all these new laws and requirements, the complexity of the processes necessary to comply, the impossible deadlines - some of which have already passed – and the hefty penalties involved, if you are a trustee you should urgently seek assistance from your accountant to ensure you can successfully navigate this new trust landscape.

The cost of living in certain US states (notably California) has come under the spotlight in recent years. The table on the right shows how expensive the median house in US metros has become. Homebuyers need a household income of over $400k to afford the median-priced home in San Francisco, the most expensive metro area in the US.

10 most expensive U.S. metros for homebuyers
Annual household income needed to afford a median-priced home

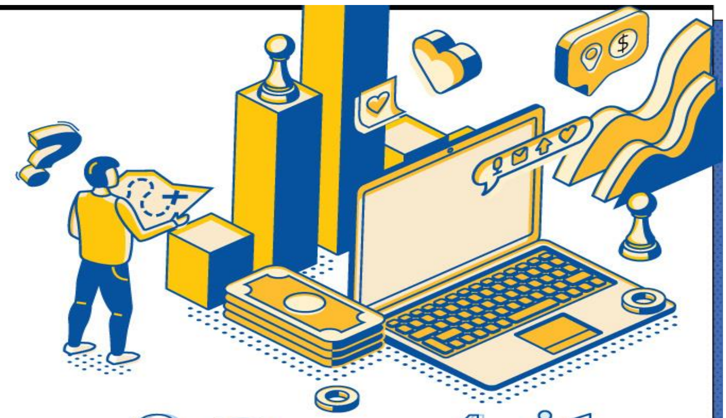
	Income needed	Median home price
San Francisco, California	$404,332	$1,482,500
San Jose, California	$402,287	$1,475,000
Anaheim, California	$300,010	$1,100,000
Oakland, California	$249,554	$915,000
San Diego, California	$241,372	$885,000
Los Angeles, California	$237,281	$870,000
Oxnard, California	$233,190	$855,000
Seattle, Washington	$214,904	$787,956
New York, New York	$197,734	$725,000
Boston, Massachusetts	$194,188	$712,000

Table: Ana Teresa Solá
Source: Redfin
Data as of August 2023
CNBC

Robert Cowen Investments
Growing families' wealth since 1982

20 MOST COMMON Investing Mistakes

Below, we show the top mistakes to avoid as an investor according to the **CFA Institute:**



1 EXPECTING TOO MUCH

Having reasonable return expectations helps investors keep a long-term view without reacting emotionally.

15.6% Investor annual return expectations

7.0% Financial professional annual return expectations

2 NO INVESTMENT GOALS

Often investors focus on short-term returns or the latest investment craze instead of their long-term investment goals.

59.0% Percent of investors that say long-term growth is their top goal.

3 NOT DIVERSIFYING

Diversifying prevents a single stock from drastically impacting the value of your portfolio.

21.4% Percent of U.S. stocks that beat the market over 20 years from 1927-2020.

4 FOCUSING ON THE SHORT TERM

It's easy to focus on the short term, but this can make investors second-guess their original strategy and make careless decisions.

+50% Higher transaction fees were paid by investors with a short-term view.

5 BUYING HIGH AND SELLING LOW

Investor behavior during market swings often hinders overall performance.

2.0% Investors' average annual loss in returns due to buying high and selling low vs buy and hold strategies.

6 TRADING TOO MUCH

One study shows that investors with the highest trading activity saw poor performance.

6.5% Average underperformance by the most active traders vs the U.S. stock market.

7 PAYING TOO MUCH IN FEES

Fees can meaningfully impact your overall investment performance, especially over the long run.

0.4% The average fee for ETFs and mutual funds in 2022.

8 FOCUSING TOO MUCH ON TAXES

While tax-loss harvesting can boost returns, making a decision solely based on its tax consequences may not always be merited.

9 NOT REVIEWING REGULARLY

Review your portfolio quarterly or annually to make sure you're staying on track or if your portfolio is in need of rebalancing.

10 MISUNDERSTANDING RISK

Too much risk can take you out of your comfort zone, but too little risk may result in lower returns that do not reach your financial goals. Recognize the right balance for your personal situation.

11 NOT KNOWING YOUR PERFORMANCE

Often, investors don't actually know the performance of their investments. Review your returns to track if you are meeting your investment goals factoring in fees and inflation.

12 REACTING TO THE MEDIA

Negative news in the short term can trigger fear, but remember to focus on the long run.

73% Percent of years the U.S. stock market has had positive returns since 1920.

13 FORGETTING ABOUT INFLATION

Historically, inflation has averaged 4% annually.

$96 Value of $100 after 1 year of 4% inflation

$44 Value of $100 after 20 years of 4% inflation

14 TRYING TO TIME THE MARKET

Market timing is extremely hard. Staying in the market can generate much higher returns versus trying to time the market perfectly.

15 NOT DOING DUE DILIGENCE

Check the credentials of your advisor through sites like BrokerCheck, which shows their employment history and complaints.

16 WORKING WITH THE WRONG ADVISOR

Taking the time to find the right advisor is worth it. Vet your advisor carefully to ensure your goals are aligned.

17 INVESTING WITH EMOTIONS

Although it can be challenging, remember to stay rational during market fluctuations.

3.0% Investors' annual average loss in returns due to emotionally-driven investment decisions.

18 CHASING YIELD

High-yielding investments often carry the highest risk. Carefully assess your risk profile before investing in these type of assets.

19 NEGLECTING TO START

Consider two people investing $200 monthly assuming a 7% annual rate of return until the age of 65:

$520K End portfolio value if they started at age 25.

$245K End portfolio value if they started at age 35.

20 NOT CONTROLLING WHAT YOU CAN

While no one can predict the market, investors can control small contributions over time, which can have powerful outcomes:

$1.2M End portfolio value from investing $15 a day for 50 years at 7% average annual returns.

VISUAL CAPITALIST

Source: CFA Institute, Natixis, NYU, BCG, Dimensional Fund Advisors, Journal of Banking & Finance, Russell Investments, The Journal of Finance, Morningstar, JP Morgan, Oxford Risk, Segall, Bryant & Hamill, U.S. News.

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Source: CFA Institute, Natixis, NYU, BCG, Dimensional Fund Advisors, Journal of Banking & Finance, Russell Investments, The Journal of Finance, Morningstar, JP Morgan, Oxford Risk, Segall, Bryant & Hamill, US News

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