

Living Healthier & Wealthier

Health and wealth are two of the most important aspects of living. How well we manage each depends on the information we digest, daily habits, and decision making. With so much data, advice, and news stories available on accumulating wealth and living longer, understanding what matters can be challenging.

One of last year's bestselling books was physician Peter Attia's *Outlive: The Science & Art of Longevity*, which looks at recent scientific research on aging to explore strategies for not only living longer but also living healthier. There are striking parallels between how Dr. Attia talks about health and how we at Sharper Granite think about building wealth through investing.

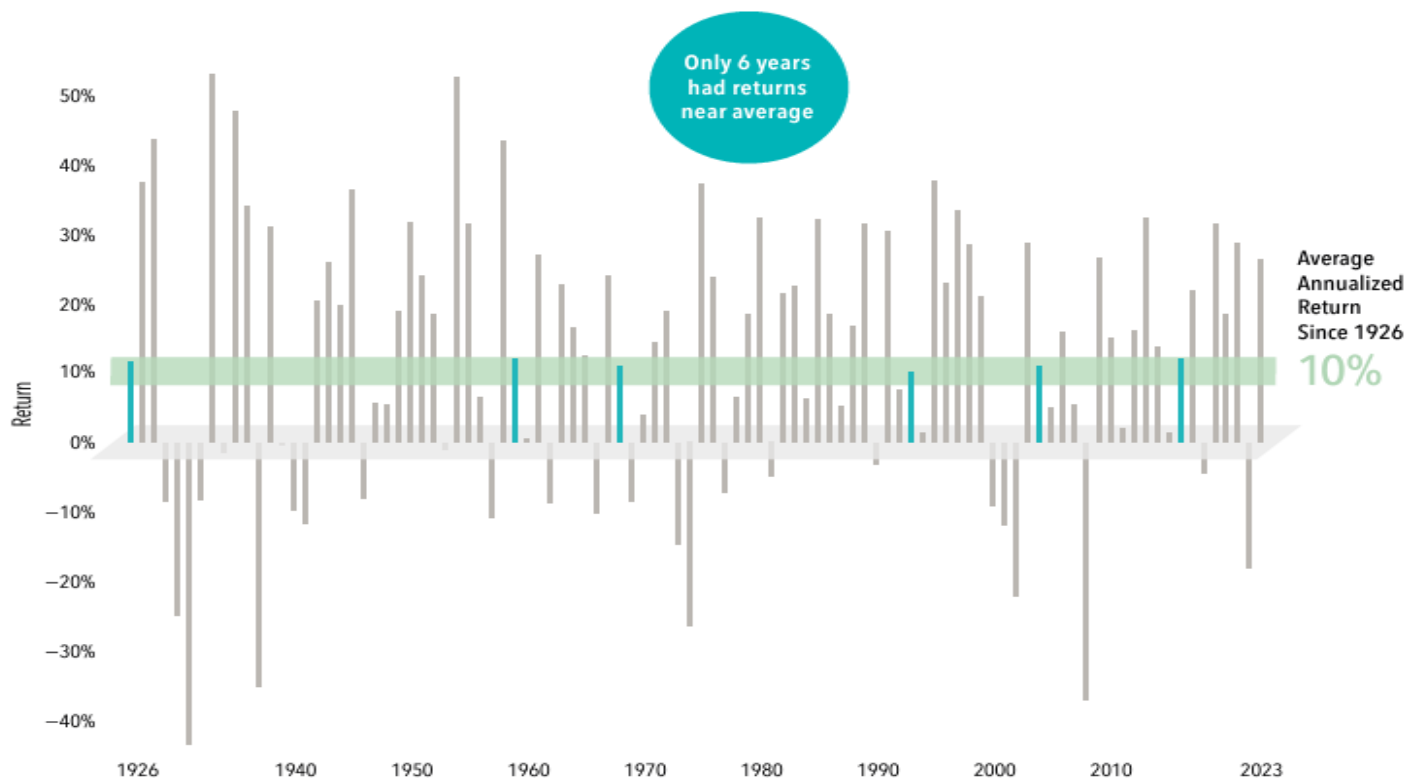
Three of his main observations about living healthier align closely with building wealth:

- There is no one-size-fits-all solution.
- There are no quick fixes.
- Preventing problems is better than having to fix them.

When it comes to investing, the one-size-fits-all solutions found in advice articles are not helpful because different investors have different goals, time horizons and risk tolerances. As a result, each investor should have a different plan which results in a unique investment portfolio, tailored to their needs, preferences and desires. The best investment plan is one customized to the individual. Coincidentally, this makes it silly to try to compare one investor's result directly with another's because risk levels, tax effects and other portfolio features will generally be different.

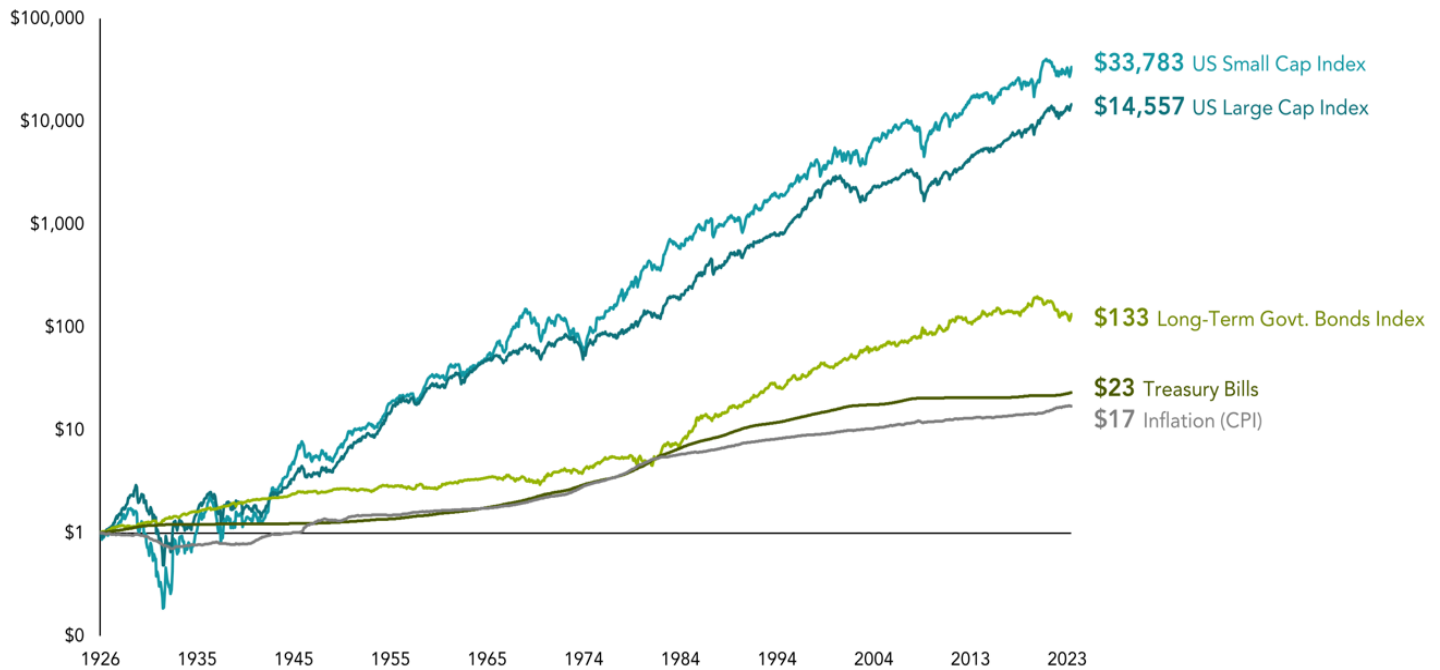
No quick fixes exist in investing. This is for two reasons: First, although the U.S. stock market has returned on average about 10% a year, it rarely does that in any given year; it is often much higher or much lower. The graph below shows the year-over-year variability in returns from 1926 to 2023.¹ Note that only six years since 1926 had returns near the 10% average.

Annual Returns for S&P 500 Index, 1926 - 2023



Second, an investor needs time to take advantage of the power of compounding. A 10.4% return on investment each year — near the stock market’s historical annualized average — doubles your money every seven years. A long time in the market can magnify even modest contribution amounts. And good investing, like good health, requires long-term discipline and commitment. The chart below illustrates the powerful force of compounding market returns, showing the growth of \$1 from 1926 to 2023 in small stocks, large stocks and bonds.²

Growth of One Dollar, 1926 - 2023



Lastly, it is better to prevent investing problems than it is to try to recover from them. Investors can be proactive about their investing approach. Making peace with uncertainty, building smart portfolios, and developing a plan that accounts for a wide range of outcomes can protect investment projections and goals.

But how does one do this? Attia describes his role as a physician, as a “translator” to help people understand what medical advances mean to them as individuals. This is similar to the way your Sharper Granite advisors approach their work. Both processes are rooted in science, but there is an art to applying it to individual investors.

For over two decades, Sharper Granite advisors have translated financial science into actionable plans for clients. With an advisor’s assistance, investors benefit from understanding financial decisions and setting healthy expectations.

And just as medical science has evolved from crisis management to advanced treatments to prevention, investment science has evolved from active management to indexing to advanced methods of tilting portfolios towards historical drivers of higher expected returns. Many medical practitioners today emphasize prevention, treat each patient as a unique individual, and focus not just on surviving but thriving.

Similarly, your advisor builds a portfolio based on these advanced methods, grounded in academic research and proven in the real world, offering tailored solutions to help you confidently pursue your financial goals.

By recognizing the importance of preventing investment mistakes, embracing individually tailored plans and maintaining long-term discipline, investors build a healthy foundation in which to thrive, ultimately leading to a healthier investment experience.

Notes and Acknowledgements:

1. In U.S. dollars. Based on S&P 500 Index annual returns, 1926–2022. S&P data 2023, S&P Dow Jones Indices LLC
2. U.S. Small Cap is the CRSP 6-10 Index, U.S. Large Cap is the S&P 500 Index, U.S. Long-Term Government Bonds is IA SBBI, U.S. LT Govt TR USD, U.S. Treasury Bills is the IA SBBI U.S. 30 Day TBill, U.S. Inflation is measured as changes in U.S. Consumer Price Index

All forms of securities investing involve risk of loss for which clients should be prepared. There are no guarantees or insurances of principal preservation and market fluctuations of any level may occur and impact portfolio value. Past performance is not a good predictor of future performance. [Spring 2025]