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TOPIC: 3 Ways Your Advisor Can “Caddie” For Your Investments

Yup, it is that time of year when the grass starts to shoot up, trees sprouting leaves, and the golf course hails your name. Even if your part of the country isn't quite warming up yet to wear shorts I bet you're gearing up for spring as well.

While this time last year was terribly unusual (even the golf courses here in Maryland were closed because of the pandemic) my family and I still tried to keep up with springtime traditions. So it was time to get creative so I set-up Yard Golf... umbrella bases with a make shift flag pole (complete with a small, Baltimore Ravens pennant flag), fresh-cut miniature logs for tee markers setup around the house. Yes, I'd even cut out greens and tee boxes by lowering the deck on the lawn mower. My joke to my boys was I'm still waiting to hear from Augusta National to cut their greens before the Masters, I'm still waiting for that call!

Bringing up the annual golf tournament in Augusta, GA and the fact that it is being played at its traditional time of year really gets the itch going. Thinking about how the pros go about their game on one of the most challenging and historic golf courses is truly something special. I've been watching the Master's for most of my adult life and every tournament gets me thinking about the game, especially how much time and effort that goes into the golfer's craft. While the golfers get most of the attention my mind wanders to another important person who walks and counsels these great golfers around for the entire tournament, the caddie.

The caddie could possibly be one of the most important assets to the golfer's game. This is the reason most of the great golfers tend to have the same caddie for many years. In my opinion it is because it is very hard to find someone who knows not only how best to navigate some of the world's top golf courses but knows the golfer/player inside and out. This combination is difficult to find and can be almost irreplaceable. In some aspects this can be the role of a

good financial advisor who ushers the investor through the obstacles of the markets with the knowledge for what the client is attempting to achieve.

Think about that for a moment. If the golfers are so good why do they need someone to tell them yardage, wind direction and speed, or if the greens are playing fast or slow? Shouldn't a good golfer be able to figure that out on their own? I find this an interesting contradiction for amateurs and backyard golf enthusiasts who may catch themselves day dreaming of playing in a big time tournament and figuring out the algorithm for championship success yet, the caddie isn't part of that dream?

I'm not a destination golfer but those that are tend to bring home great stories of their rounds. Especially those stories when they come home to describe the rounds where they are paired with a knowledgeable caddie. No, I'm not talking about the teenage kid from CaddyShack who is there simply to lug around your clubs. I'm talking the caddie “lifers” who know the course inside out BUT can also figure out what kind of golfer they're with. These caddies can usually after the first hole position their golfer to not only navigate the golf course in optimal fashion but can also diagnose the golfer's tendencies, swing, and style. To me, this sounds awfully familiar to the role of the financial advisor, particularly a good one.

If we walk down this cart path I think there is an opportunity to understand the role of an advisor/caddie for retirees and investors.

First point is even the seasoned “investor/retiree” can benefit from an advisor who has their best interests front of mind. If pro golfer can win with a good caddie then why not a seasoned investor finding value in a good advisor? From my experience, amateur traders are usually the ones who would rather “do it alone.” It may work for a while but that early success often fades as markets change.

Second is finding the right fit. And the right fit may not always be someone who agrees with you all the time or someone who provides generic advice. Does one really think the top golfers in the world want their caddies to tell them their “fine” or “looks great” every swing of the golf tournament? I think not. Good caddies are going to know the conditions of the golf course, the tendencies of their golfer, and make it known to the golfer when they need to adjust. Cheerleading may be ok for your neighborhood foursome but not when the tournament counts.

Third, even a great caddie’s advice might fall short. This is probably one of the more challenging spots for the caddie and moving along with this analogy, the advisor. The best will give you their best, even when it comes up short. This is the toughest parts of evaluating an advisor... we are dealing with a very imperfect marketplace that is never the same each day. Even with similar markets there are still enough differences to trip up the likes of the many Wall St. greats. You should read some of the stories from Wall St. legends because it is eye opening how much they don’t get right AND how much they’ve had to rely on their own “caddies” or systems to navigate the markets.

It is often tough to find reliable relationships who have your best interests top of mind. A savvy caddie knows the mutual benefit from a player’s success and enjoyment from their rounds. A wise financial advisor should consider taking a page out of the caddie’s book as the more potential success that can be achieved in a portfolio can possibly contribute to the client’s enjoyment of retirement.

Let’s talk... No statements or lengthy presentations... let’s simply see if we’re a good fit.

Take care,

Jim Gibbons

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