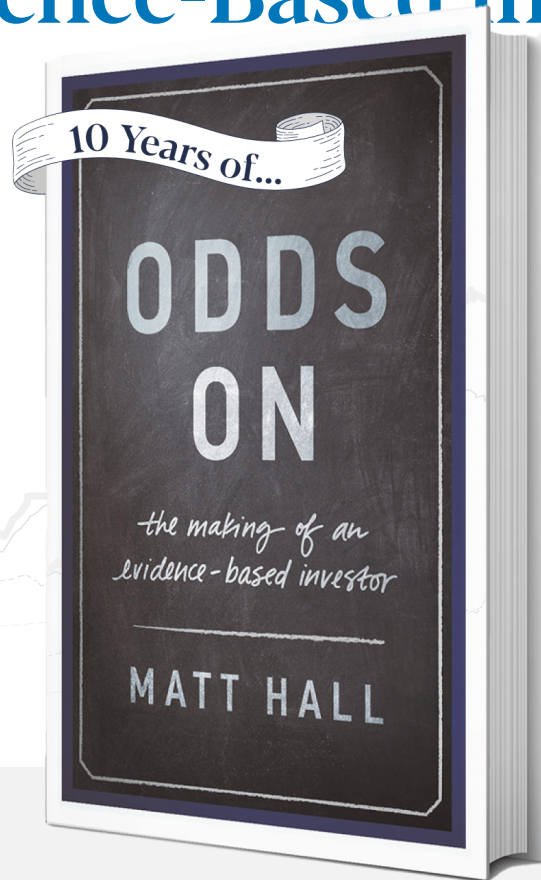


INTRODUCTION

# Odds On: The Making of an Evidence-Based Investor



By Matt Hall, Co-Founder & CEO

***Odds On: The Making of an Evidence-Based Investor*** chronicles the journey of Matt Hall, a budding financial advisor who shares his introduction from the ugly traditional sales-driven world of active management to evidence-based investing.

Start by reading the introduction that follows. If you'd like to keep reading, please reach out to us for your copy of the book or visit the link below:

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# ODDS ON

*the making of an  
evidence-based investor*

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MATT HALL



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First Edition

*For Mom, Lisa, and Harper.  
Thanks for investing in the story of my life.  
I am grateful every day.*

## Contents

Acknowledgments . . . . .	ix
Introduction . . . . .	1
Chapter 1: What Would Alex Keaton Do? . . . . .	7
Chapter 2: The Briefcase Kid . . . . .	21
Chapter 3: Wolves . . . . .	29
Chapter 4: A Broken Model . . . . .	41
Chapter 5: My Luck Turns in Vegas . . . . .	53
Chapter 6: An Epiphany . . . . .	63
Chapter 7: Storming the Gates . . . . .	73
Chapter 8: Joining the Movement . . . . .	81
Chapter 9: Sidekick . . . . .	87
Chapter 10: The Big Rocks . . . . .	93

ODDS ON

Chapter 11: What About Warren Buffett? . . . .	103
Chapter 12: The Island of Idealism . . . . .	113
Chapter 13: Losing the Genetic Lottery. . . . .	127
Chapter 14: Doctor's Orders . . . . .	139
Chapter 15: The Human Factor . . . . .	149
Chapter 16: Stacking the Odds. . . . .	161
Chapter 17: We're Winning. . . . .	173
Afterword. . . . .	183
About the Author . . . . .	187

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## INTRODUCTION

I want this book to change your life.

That's an ambitious goal for any book, let alone one about investing, but I know that books have the power to change lives. It happened to me in 1999.

At the time, I had just walked away from a potential career with a Wall Street brokerage firm because I was disgusted by what I'd experienced: a broken system designed to make as much money as possible for the firm at the expense of the clients it was supposed to serve. I feared I might never achieve my dream of finding a way to help people while working in the financial world.

Then a chance encounter in the epicenter of odds-making—Las Vegas—put a new, relatively obscure book in my hands. This book showed me that there was a smarter way to invest—one that not only delivered better returns but also actually put the investor's interests first. I was so inspired by what I read that I became part of a movement to change the investing world. I've spent the past

sixteen years helping clients adopt this better investment approach. And I've put everything I've learned about investing into this book, so I can reach even more people.

Some investment books provide so much technical information that they leave readers feeling overwhelmed and powerless. That's the last thing I want to do, which is why I decided not to write a typical investment book. I'm not going to tell you how to pick stocks or spot the best mutual fund managers. And I'm not going to provide a formula for outsmarting the financial markets. Instead, I'm going to tell you a story—*my* story. I hope that the lessons that have shaped my life and investment approach can help reshape yours.

You'll learn, as I did, why the conventional Wall Street investment approach is so ineffective: It's really just another form of gambling. Most investors try to pick the right investments and time the market's moves, but their chances of winning are as slim as their chance of beating the house when they walk into a casino. The deck is stacked against them.

You'll also learn, as I did, about a better investment approach that puts the long-term investment odds back in your favor. My colleagues and I call it evidence-based investing. Evidence-based investing starts by examining decades of data about how the financial markets *really* work in order to make investment decisions. Based on this scientific evidence, we choose to invest in broad swaths of the global economy that tend to generate higher expected returns over the long term.

## Introduction

If you know what an index fund is, then you already know something about how this approach works. Index funds capture the returns of a group of stocks that share characteristics, such as the size of the companies. These funds *don't* try to pick which companies within that group will do better than others, yet they still tend to outperform funds that have managers and analysts cobbling together customized stock portfolios over longer periods of time. Building on this foundation, the evidence-based movement has been studying market data and academic research to identify the groups of stocks and other investments that provide better odds of long-term success. If you come to believe what I believe, you're unlikely to gamble with your life savings again.

The science behind evidence-based investing is only part of the *Odds On* story. When I was thirty-three and in the midst of developing my skills as an evidence-based investor, I was diagnosed with a potentially fatal illness. I thought I might die without achieving many of my life's most important goals. But the doctors who took care of me taught me an important lesson about how to truly help people facing intense anxiety and uncertainty. That experience helped me combine an evidence-based strategy with an approach to client care and guidance that helps people stick with their investment plan and let the odds work in their favor.

When I started my real career in 1999, evidence-based investing was a tiny niche with only a few followers on Wall Street, let alone Main Street. Since then, it's grown into a force that is threatening to

transform investing. The savviest investors understand the data and evidence, and they are investing their money accordingly.

Even Warren Buffett, considered the greatest investor of all time, recently gave the following instruction for investing his wealth after he dies: “Put 10% of the cash in short-term government bonds and 90% in a very low-cost S&P 500 index fund. . . . I believe that trust’s long-term results from this policy will be superior to those attained by most investors—whether pension funds, institutions, or individuals—who employ high-fee managers.”<sup>1</sup>

Buffet’s advice is on the right track, but my colleagues and I in the evidence-based community go beyond basic index funds to further improve our odds of investment success. And our strategy not only leads to better financial results—it also creates happier, more fulfilled human beings.

I work with successful people who have been poorly served by the conventional investing world. Clients often come to us anxious about the future and saddled with complex, inefficient, and expensive investment portfolios. We offer them a simple, rational, understandable approach and a new sense of freedom. They no longer have to worry about which investments to pick next or where the markets are going, because they have the long-term odds of success on their side.

I know our approach is powerful because I get to see what happens to investors after they make the change. I’ve witnessed clients proudly hold up their iPhones to show me that they’ve erased all the

## Introduction

stocks they used to obsessively follow, telling me how liberating it feels. I meet with clients who say that their only worry now is how to sink a downhill, sidehill, three-foot putt. I've seen a formerly buttoned-up executive obsessed with controlling the uncontrollable transform into a guy who builds homes for the less fortunate and recently made a list of sixty-five things he'll do in his sixty-fifth year of life.

These life-changing stories are why I love what I do. Seeing how evidence-based investing makes a positive impact on our clients' whole lives—not just their bank accounts—convinces me that we're truly helping people. Now I'm inviting you to learn how evidence-based investing could change your life, just as it has changed my life and the lives of thousands of other investors in the past two decades.

### Notes

<sup>1</sup>David Wismer. "Warren Buffett: 'Investing Advice for You—and My Wife' (and Other Quotes of the Week)," *Forbes*, March 14, 2014.