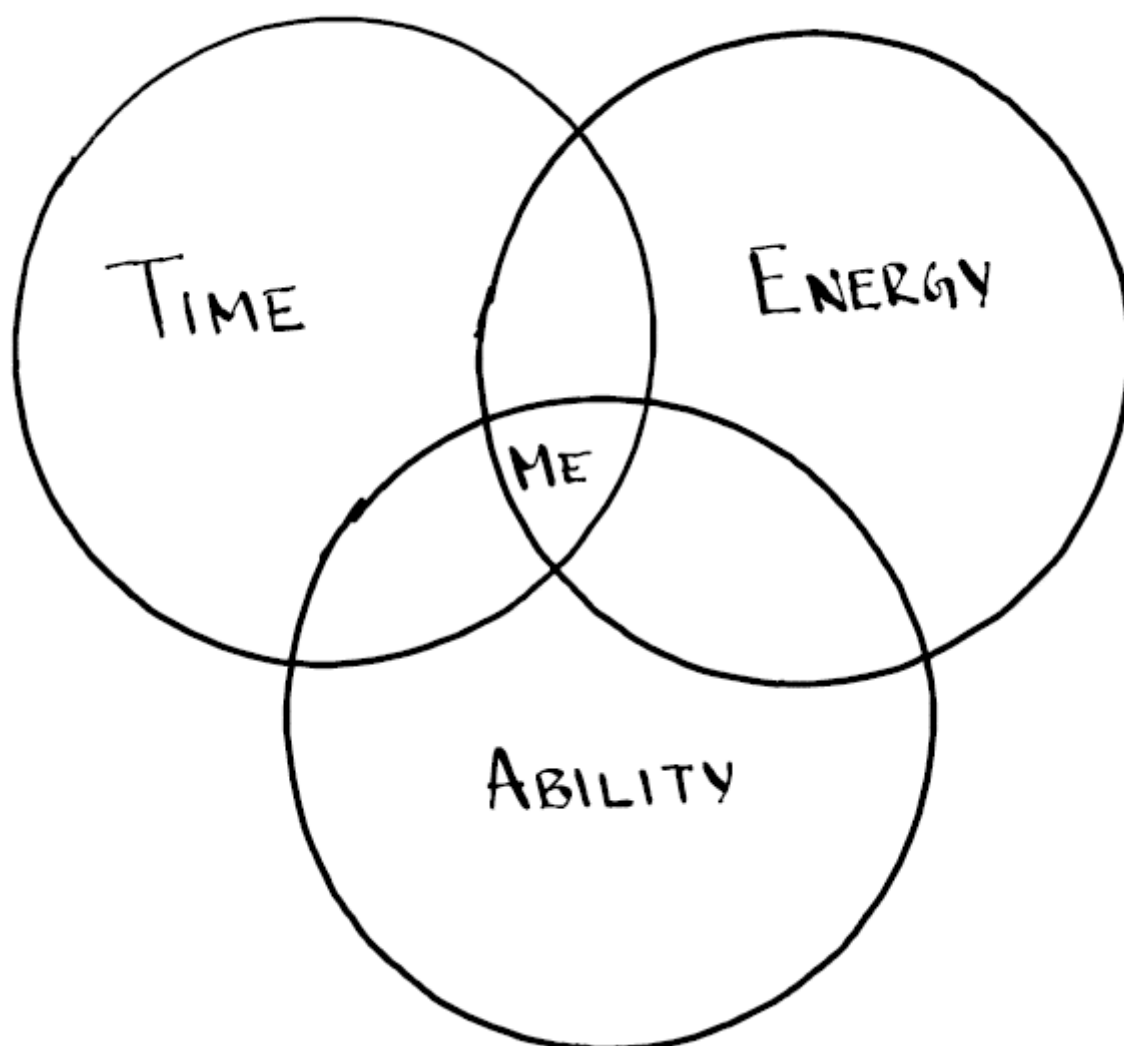


## The Successful DIY Investor Trifecta

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Readers may be surprised to know that in the process of interviewing clients to work with our firm, we often encourage them to continue self-managing their investments. While it is beneficial to any business to onboard more clients, people who are legitimately equipped to do it themselves can have success managing their own portfolio. The majority of investors choosing the do-it-yourself (DIY) approach, however, are missing some key components to create that long-term success. Let's explore what makes a successful DIY investor and when to consider professional advice.

### **The Recipe for a Successful DIY Investor**

**Time:** Building, monitoring, and rebalancing an investment portfolio requires patience. Investors need to monitor cash inflows, determine market entry points, and stay well-informed through market data and research. Even buy-and-hold investors must allocate time to ensure their portfolios stay on track and know when to rebalance.

**Energy:** Successful self-managed investors are passionate about optimizing their portfolios.

They are committed to achieving their investment goals and are willing to investigate even the smallest details without prompting.

**Ability:** While one does not need to have the expertise of a professional portfolio manager or CFA, a solid understanding of market cycles, types of risk, tax implications, and technical investment models is crucial. Poor investment choices, especially those influenced by emotions, can significantly damage your financial future. This is very common to see with tech investors, for example, who have done very well over a relatively short time period in one area and do not properly understand diversification and risk management.

## Is DIY Investing Right for You?

Ask yourself these questions:

- Do I have the time?
- Do I have the energy?
- Do I have the ability?

If you answered "yes" to all three, you have the "TEAm" you need to succeed as a DIY investor. However, if any one of these factors is missing or diminishes over time, it is likely to be the cause of costly mistakes.

## When Should DIY Investors Consider a Financial Advisor?

Several factors beyond time, energy, and ability can lead self-managed investors to work with a financial advisor. A significant change in any of these areas could prompt a reassessment of your approach. Here are some scenarios where professional guidance may be beneficial:

**Contingency Planning:** You might be the Chief Financial Officer (CFO) of your family, but what happens if you can no longer manage your investments due to death, disability, or just distraction? Often, we step in after an unexpected event leaves the family without its financial decision-maker. We encourage couples to establish a trusted relationship with a financial advisor early to ensure continuity, shared investment philosophy, and secure income streams. Our approach is education-first, equipping both the CFO and non-CFO spouse with the right strategies.

**Significant Changes to Liquid Net Worth:** An influx of inheritance or the sale of a business can complicate your tax picture, estate plan, and portfolio asset allocation. What was once a straightforward investment strategy may require more careful planning, opportunities to invest in private alternative investments, and updated estate planning documents that utilize advanced techniques such as Spousal Lifetime Access Trusts (SLATs) and Irrevocable Life Insurance Trusts (ILITs), Generation Skipping Transfer Trusts (GSTs), just to name a few.

**Access to Exclusive Investment Opportunities:** Financial advisors often have access to a broader range of investment options that are not available to individual investors. These may include private equity, private credit, venture capital, and other alternative investments that can provide diversification and potentially higher long-term returns. For qualified investors or those seeking unique opportunities, working with an advisor opens doors to exclusive investments that a DIY investor may not have access to.

**Concentrated Portfolios with Significant Capital Gains:** If you've seen substantial gains with specific stocks, you might be unsure how or when to de-risk. You may also be uncertain about a reasonable tax budget for trimming back overweight positions. Long-tenured investors often struggle with recency bias, which makes navigating market volatility difficult. Working with advisors can provide access to institutional resources beyond what everyday investors can typically access, offering solutions to complex capital gains scenarios.

### **Income Portfolios:**

While many DIY investors manage equities effectively, constructing an individually positioned bond portfolio requires a different level of expertise and effort. Successful bond investing involves thorough credit research, risk assessment, and a deep understanding of interest rate movements. This process includes analyzing issuer creditworthiness, navigating a fragmented market, managing liquidity, and strategically timing entry points can be complex and time-consuming, even for skilled investors.

At Evergreen, with over 40 years of experience, we go beyond basic laddered bond or CD portfolios. One of the flagships of our investment strategies is our multifaceted income portfolio, which is primarily managed with individual bond and equity-income positions. Our team conducts rigorous credit analysis, active monitoring, and strategic diversification to optimize yield and manage risk.

**Complex Tax Situations:** Navigating intricate tax situations can be daunting. Significant capital gains, inheritance, and international investments require careful tax planning to maximize efficiency and compliance. Financial advisors have the expertise to manage these complexities, helping investors maximize returns while minimizing tax liabilities.

### **Types of Professional Management**

**Discretionary Relationship:** In a discretionary relationship, the financial advisor has the authority to make investment decisions on the client's behalf based on a predetermined investment policy statement. This setup allows the advisor to quickly respond to market changes and opportunities without needing client approval for each transaction. At Evergreen, we build our discretionary relationships on trust and carefully crafted policy statements that align with our clients' financial goals and risk tolerance.

**Non-Discretionary Relationship:** In a non-discretionary relationship, the advisor provides recommendations, but the client retains final decision-making authority. This type of relationship involves ongoing communication and approval for each investment action. While the client stays in control, they still benefit from the advisor's expertise and guidance to make informed decisions. This approach suits investors who prefer a more hands-on role in their investment choices while leveraging professional insights.

If you're questioning whether you have the time, energy, and ability to continue managing your investments, it might be time to consider professional assistance. From tax planning to emotional coaching, estate strategies, and access to exclusive investment opportunities, a financial advisor can add value in numerous ways that go beyond simple portfolio management. I would be remiss not to mention that not all financial advisors are created equal. It is critical that investors make sure they are working with a fiduciary and their advisor has the resources to support a client of their net worth and sophistication. We frequently acquire new clients due to a

high-net-worth family hiring a financial team that does not have the appropriate planning and investment tools for them.

At Evergreen, we understand that transitioning the reins can be a significant decision, which is why we focus on thorough communication and ongoing support throughout the process. We are committed to building a trusted partnership, providing tailored solutions, and helping clients achieve their financial goals with confidence. Current clients or readers who are not yet working with us should feel free to reach out and discuss how accounts without a professional manager overseeing them may be vulnerable to market volatility, tax consequences, or other factors they are not currently considering.

[Explore Our Private Wealth Page](#)

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