



ALLODIUM


**INVESTMENT
CONSULTANTS**

A background image showing a stone bridge with multiple arches, partially obscured by a semi-transparent dark green overlay. The scene is dimly lit, possibly at dusk or dawn, with some light flares visible.

Behavior Gap

Sketches by Carl Richards

April 28, 2020

A stone bridge with multiple arches spans across a river. The sun is shining brightly, creating a large starburst flare in the sky. The bridge's reflection is visible in the water below. The sky is a mix of blue and purple hues.

Since 1998, Carl Richards
has taken complex things
and made them simple...

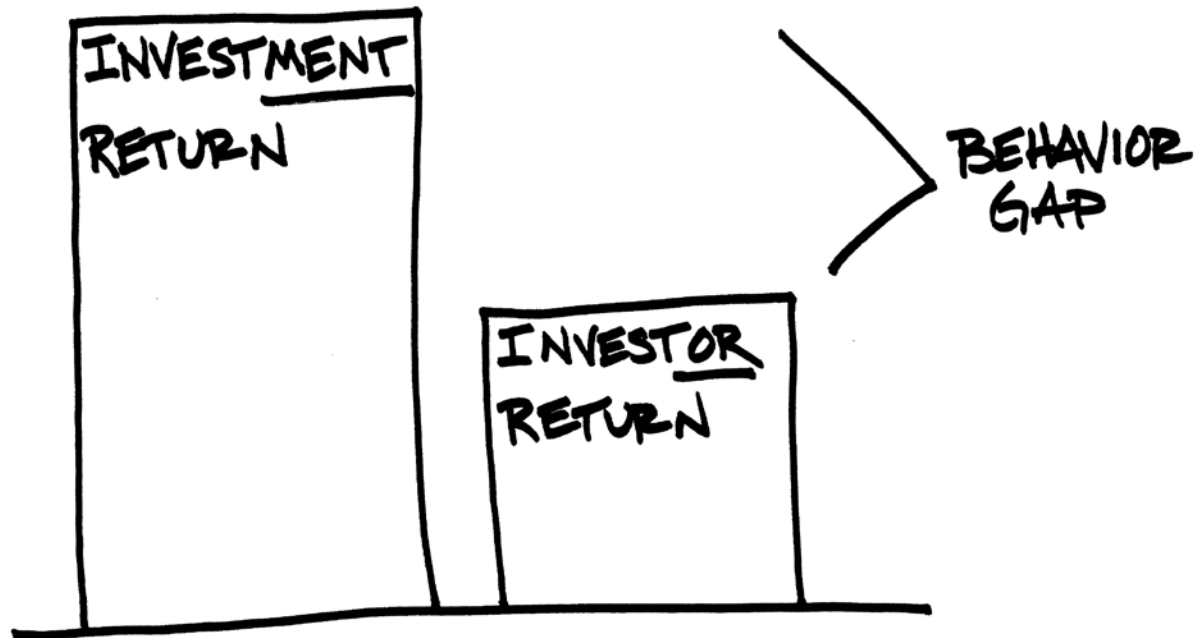
Overview

1. Investing
2. Goals
3. Advice
4. Financial Planning
5. Budgeting
6. Risk
7. Behavioral Biases
8. Investment Discipline
9. Life Lessons

A large stone arch bridge spans across a wide river. The bridge features multiple large, rounded arches supported by tall, rectangular piers. The scene is captured during sunset, with a warm, golden light illuminating the bridge and the sky. The sun is positioned low on the horizon, creating a bright starburst effect and casting long, soft shadows. The sky transitions from a deep blue at the top to a lighter, hazy blue near the horizon. In the background, there are silhouettes of trees and buildings on the far bank of the river. The overall atmosphere is serene and majestic.

Investing

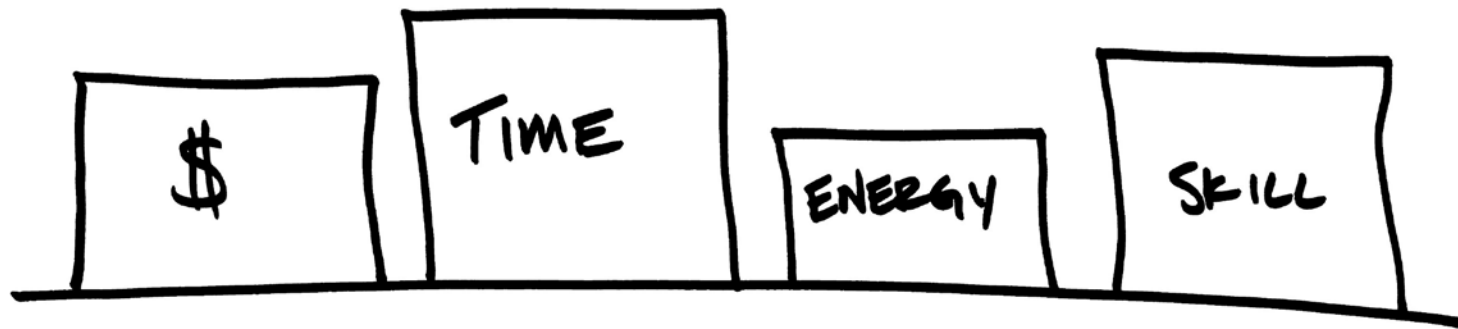
Investing: *Investor Behavior Matters*



© 2013 Behavior Gap

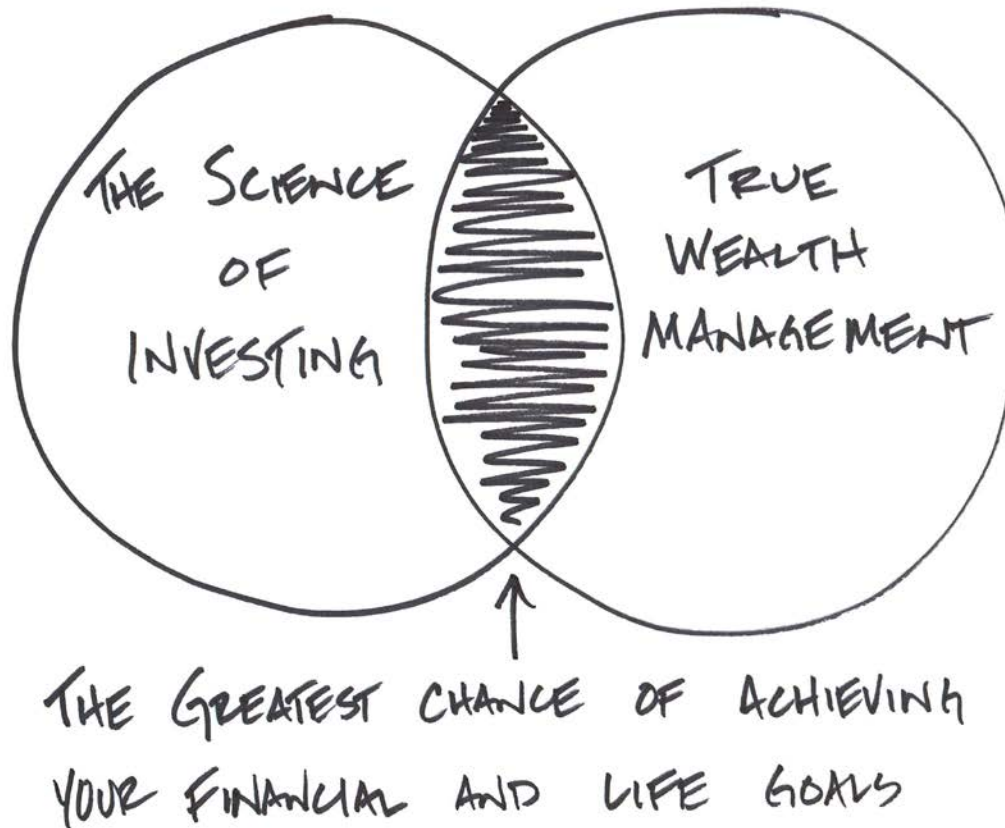
Investing: *Things You Have To Invest*

THINGS YOU HAVE TO INVEST



BEHAVIOR GAP

Investing: *True Wealth Management*



© 2013 Behavior Gap

Investing: *Factors Driving Returns*

FACTORS THAT DRIVE RETURNS

1-BEHAVIOR

2- % IN STOCKS

3- % IN SMALL STOCKS

4- % IN VALUE STOCKS

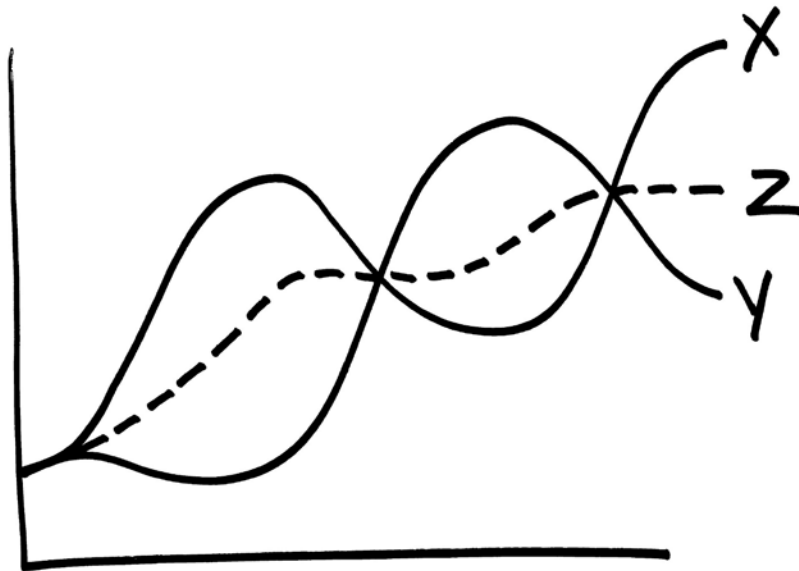


*MARKET TIMING, STOCK
PICKING, CNBC, YOUR
BROTHER-IN-LAW...

BEHAVIOR | GAP

Investing: *Theory Of Diversification*

THE THEORY OF DIVERSIFICATION

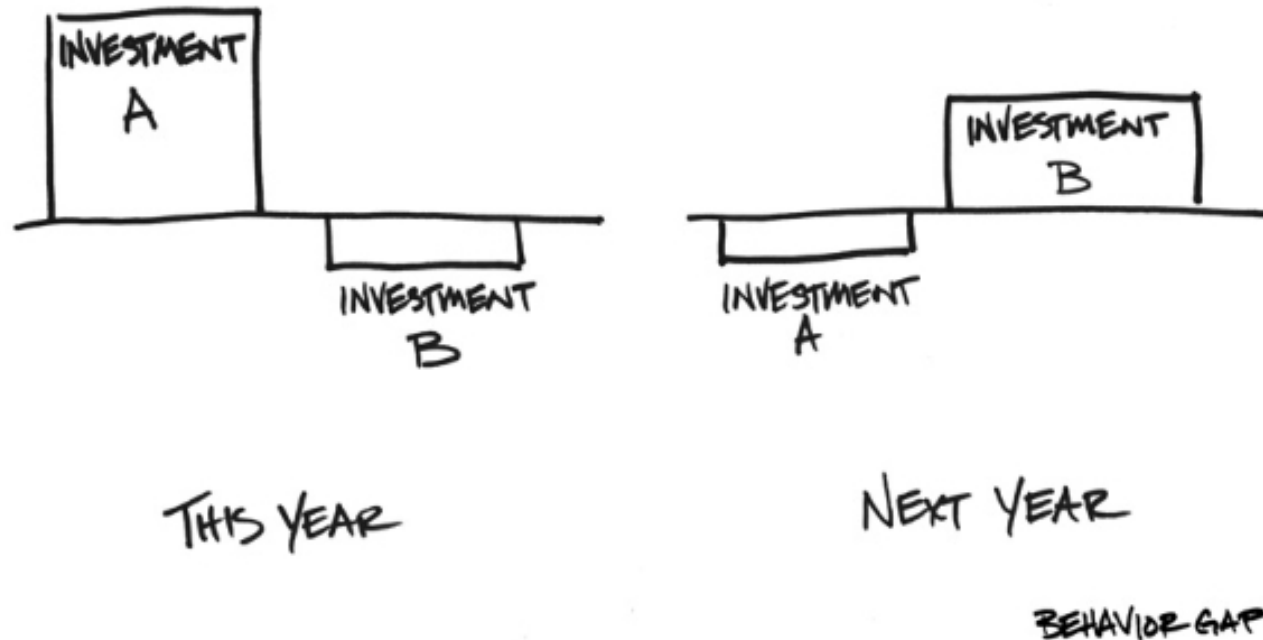


X = RISKY INVESTMENT # 1
Y = RISKY INVESTMENT # 2
Z = LESS RISKY "PORTFOLIO"

BEHAVIOR GAP

Investing: *What Diversification Feels Like*

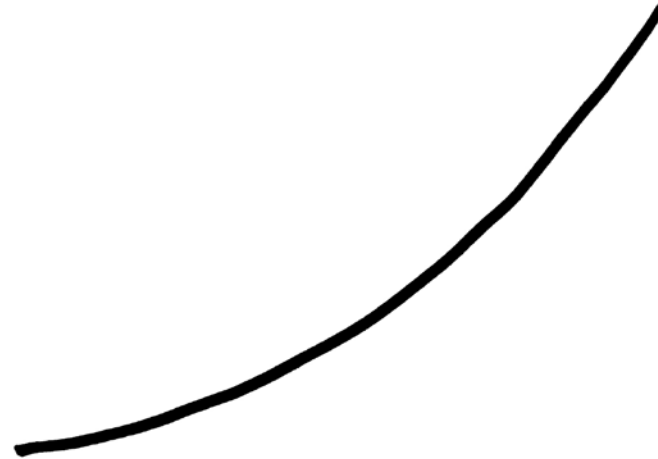
WHAT DIVERSIFICATION OFTEN FEELS LIKE...



Investing: *Speculating vs. Investing*



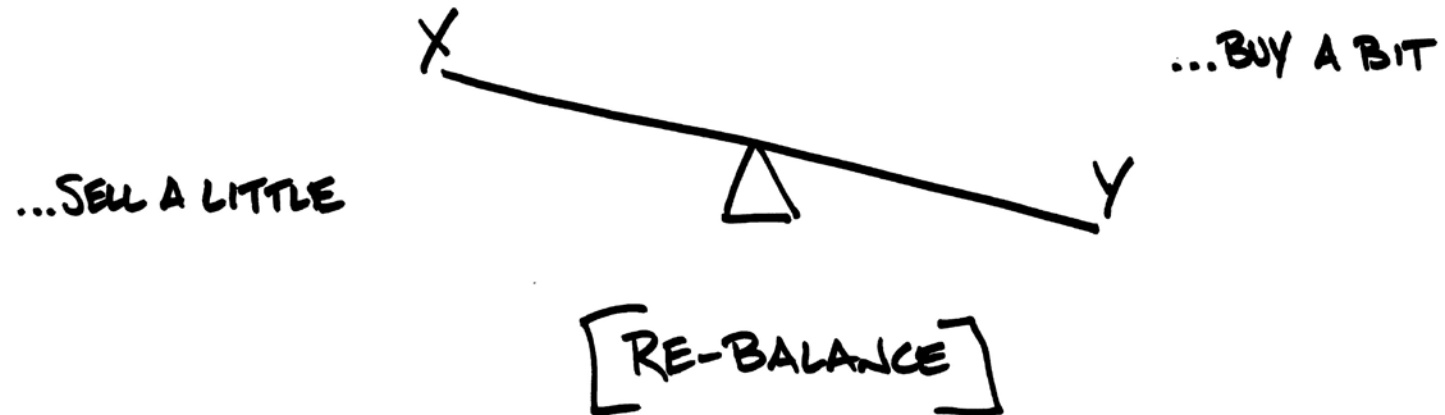
SPECULATING



INVESTING

BEHAVIOR GAP

Investing: *Rebalancing*



Investing: *Watching Grass Grow*

INVESTING
DONE
RIGHT

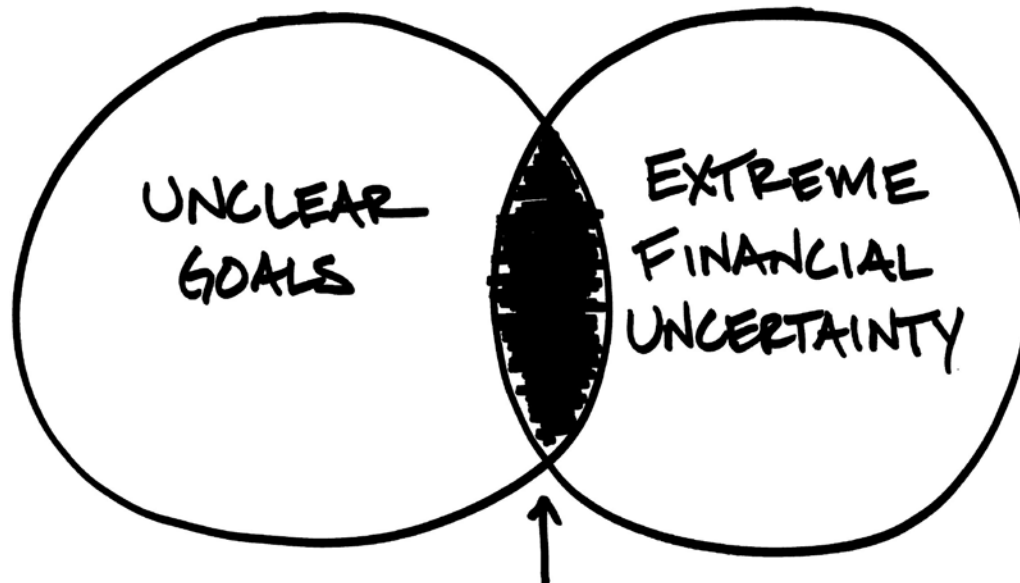
WATCHING
GRASS
GROW

BOTH ARE BORING !

A large stone arch bridge spans across a wide river. The bridge features multiple large, rounded arches supported by tall, rectangular piers. The scene is captured during sunset, with a warm, golden glow from the sun reflecting on the water and the bridge's surface. The sky is a mix of deep blue and purple hues, with wispy clouds. In the background, there are green trees and some buildings on the far bank. The word "Goals" is written in a bold, teal-colored font, centered over the bridge's arches.

Goals

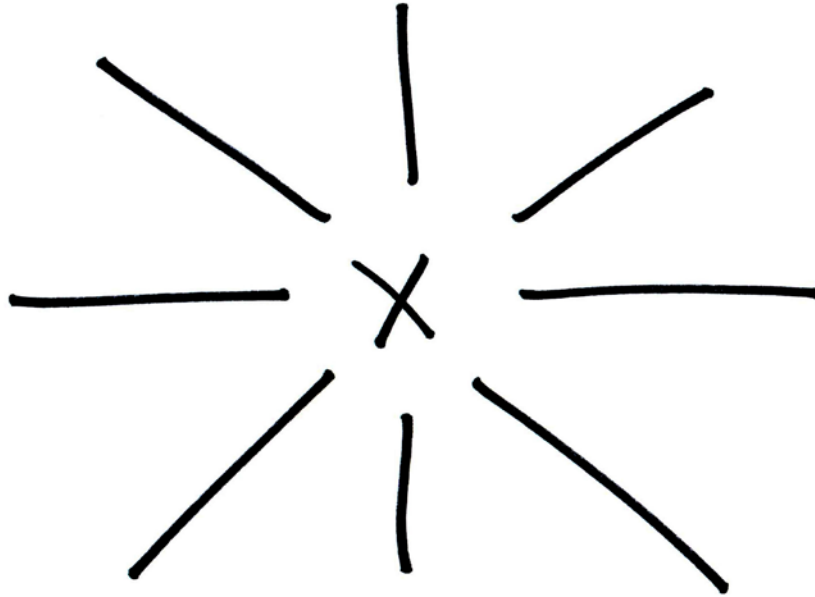
Goals: *Unclear Goals*



"I DON'T KNOW WHAT TO DO,
SO I WILL DO NOTHING..."

BEHAVIOR GAP

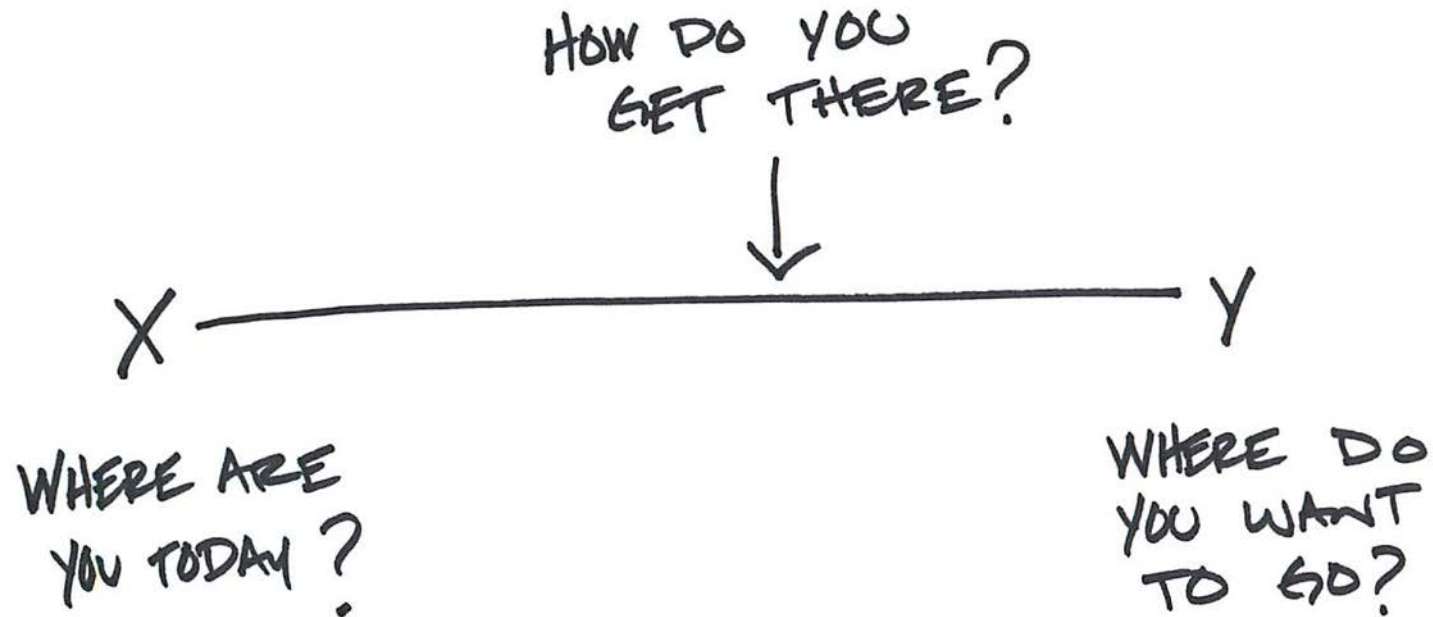
Goals: *Where Do You Want To Go?*



... WHERE DO YOU WANT TO GO?

BEHAVIOR GAP

Goals: How Do You Get There?



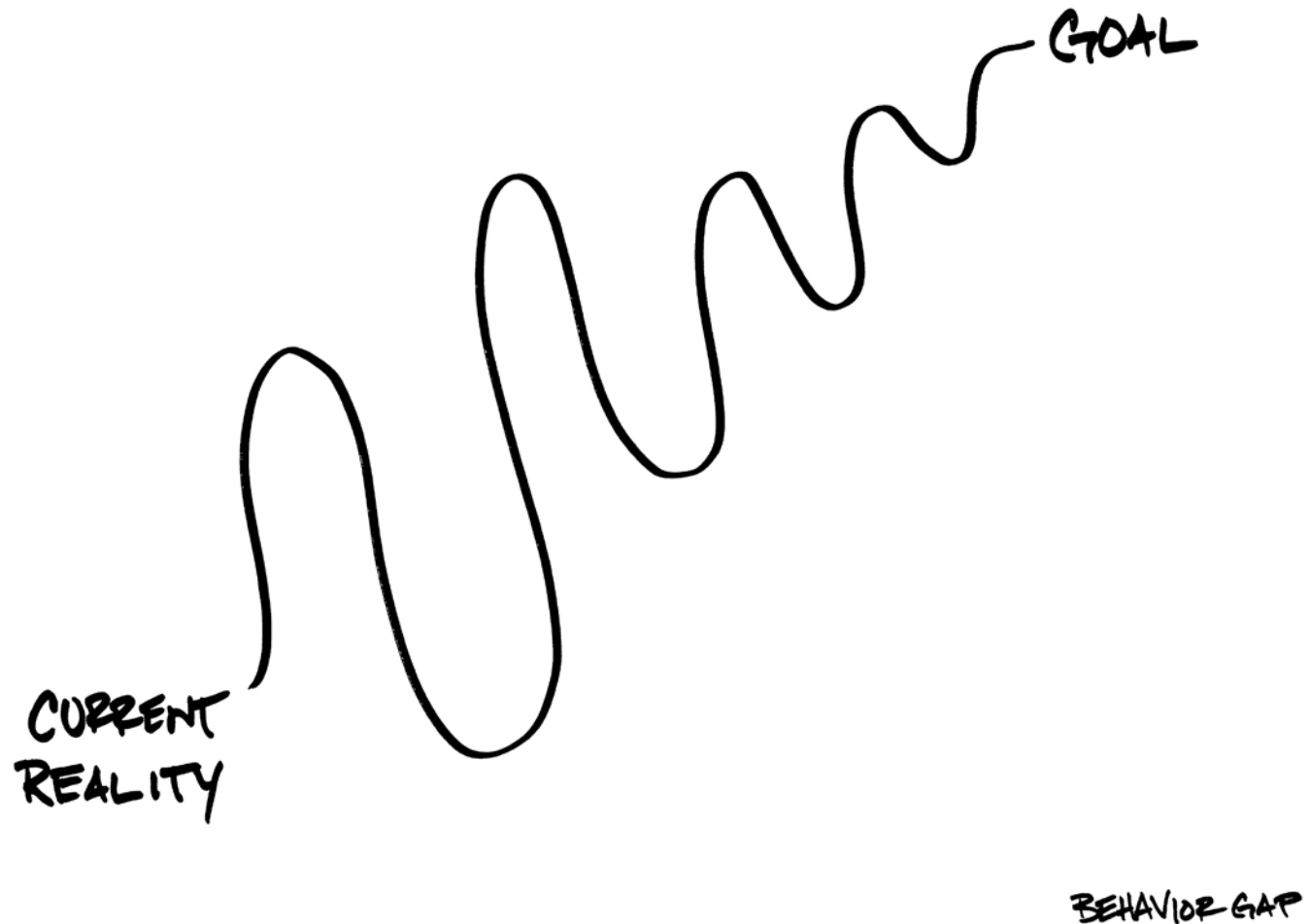
BEHAVIOR GAP

Goals: *A Wish vs. A Goal*

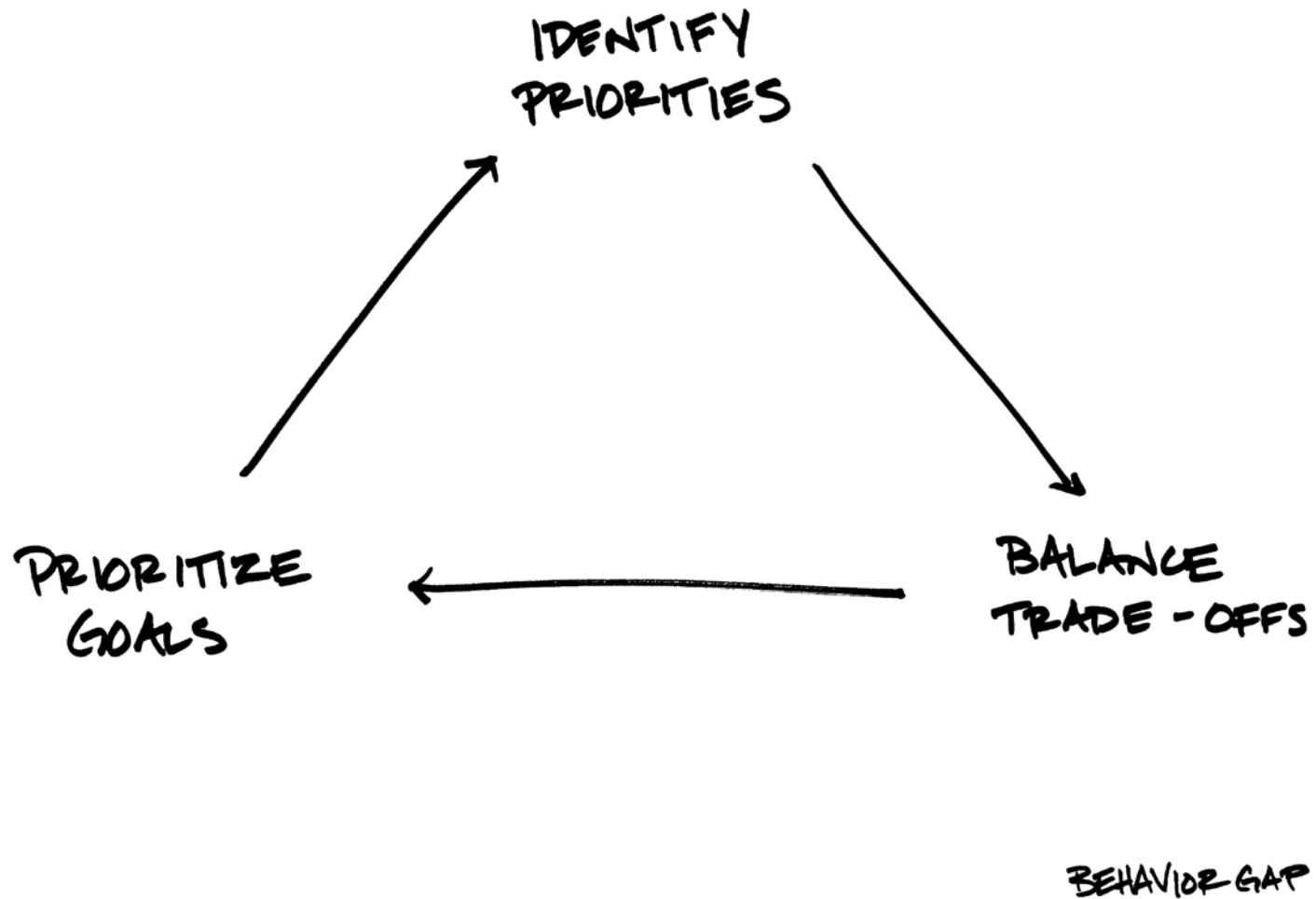


BEHAVIOR GAP

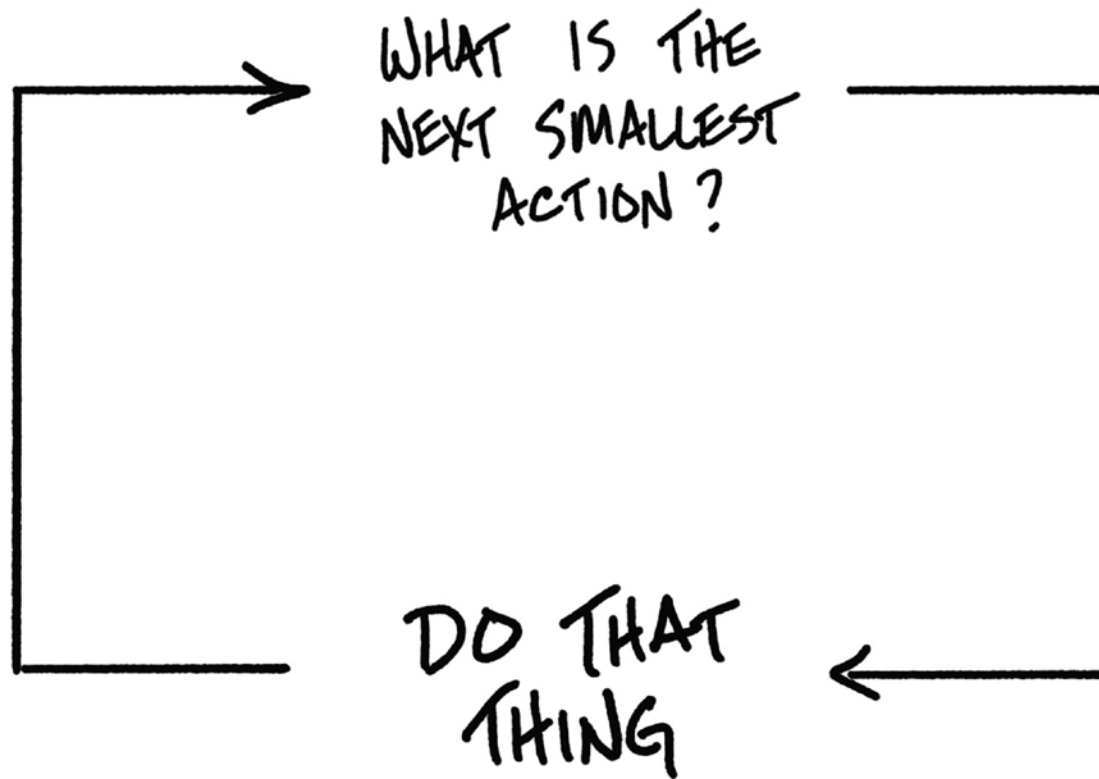
Goals: *Current Reality*



Goals: *Priorities vs. Trade-Offs*



Goals: *Making Dreams Come True*



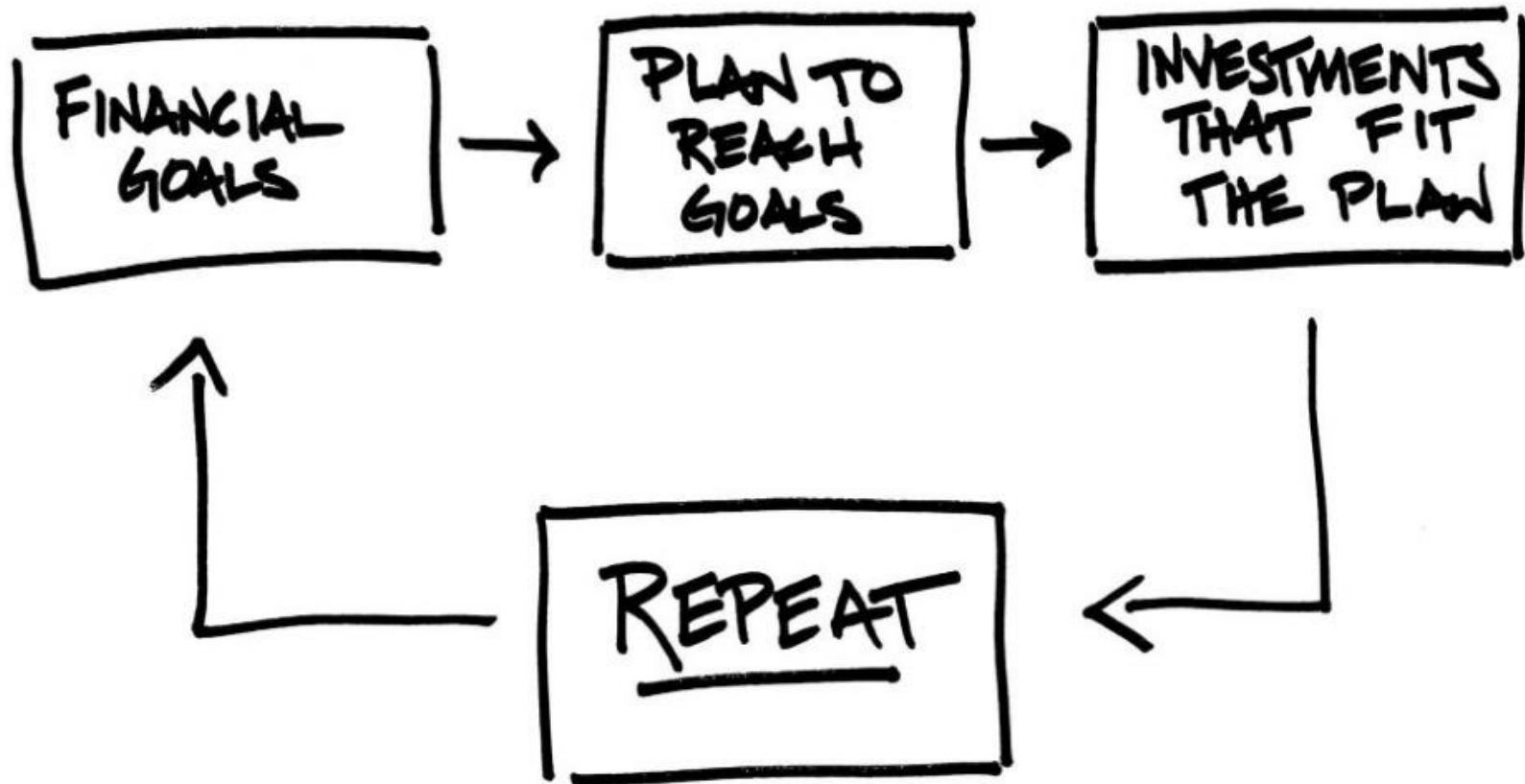
BEHAVIOR | GAP

Goals: *Magic Of A Single Micro-Action*



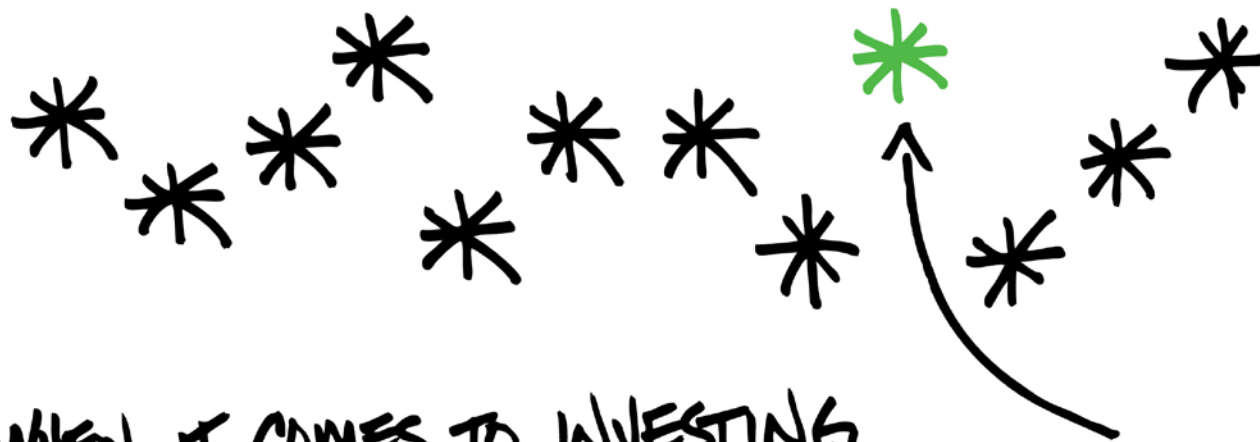
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Goals: *Goals, Plan, Investments, Repeat*



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Goals: *The Only Goal That Matters*



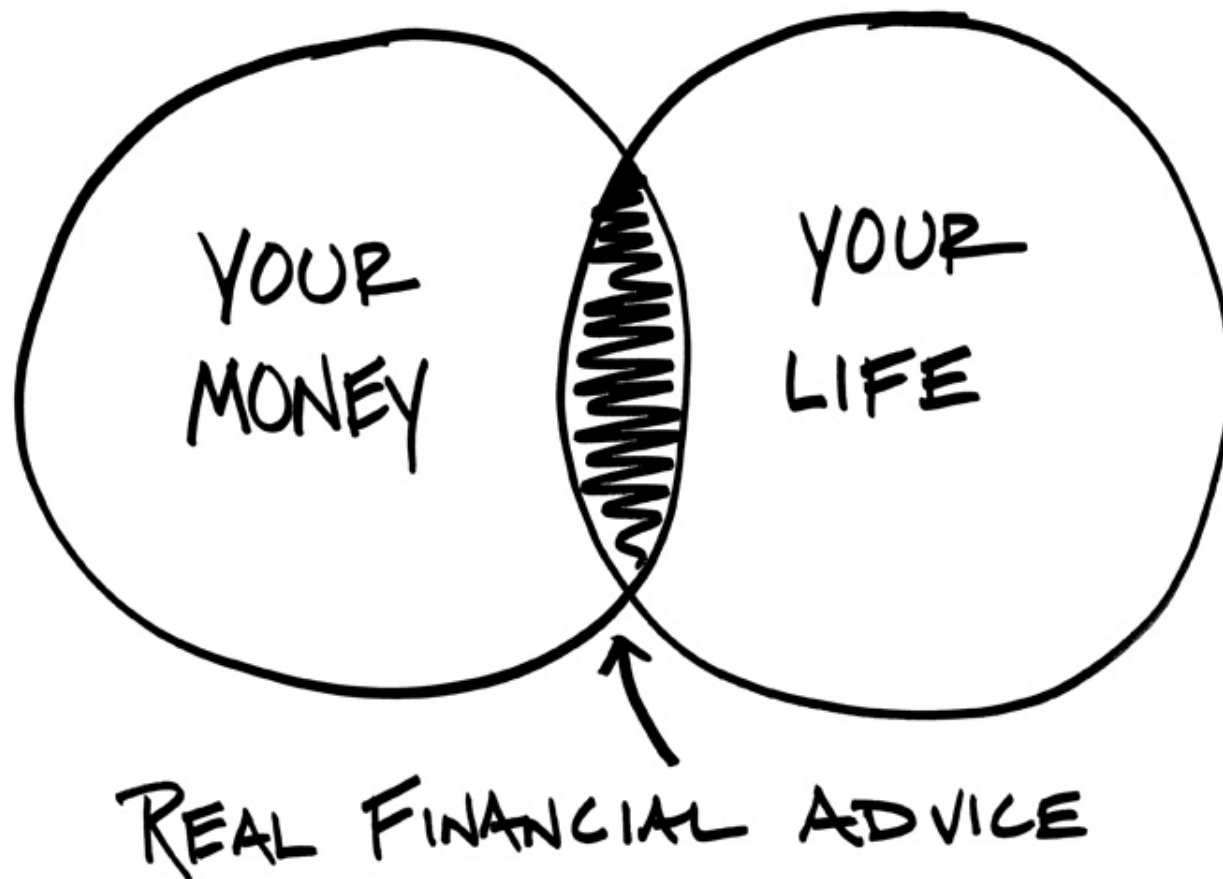
WHEN IT COMES TO INVESTING...
THE ONLY GOAL THAT MATTERS IS YOURS

BEHAVIOR GAP

A large stone arch bridge spans across a wide river. The bridge features multiple large, rounded arches supported by tall, rectangular piers. The scene is captured during sunset, with a warm, golden light illuminating the bridge and the sky. The sky is a mix of soft orange and deep blue, with wispy clouds. The sun is low on the horizon, creating a bright starburst effect. The water in the river is calm, reflecting the bridge and the sky. In the background, there are some trees and buildings on the far bank. The overall mood is peaceful and scenic.

Advice

Advice: *Real Financial Advice*



BEHAVIOR GAP

Advice: *Between You And The Big Mistake*



Advice: *The Fiduciary Standard*

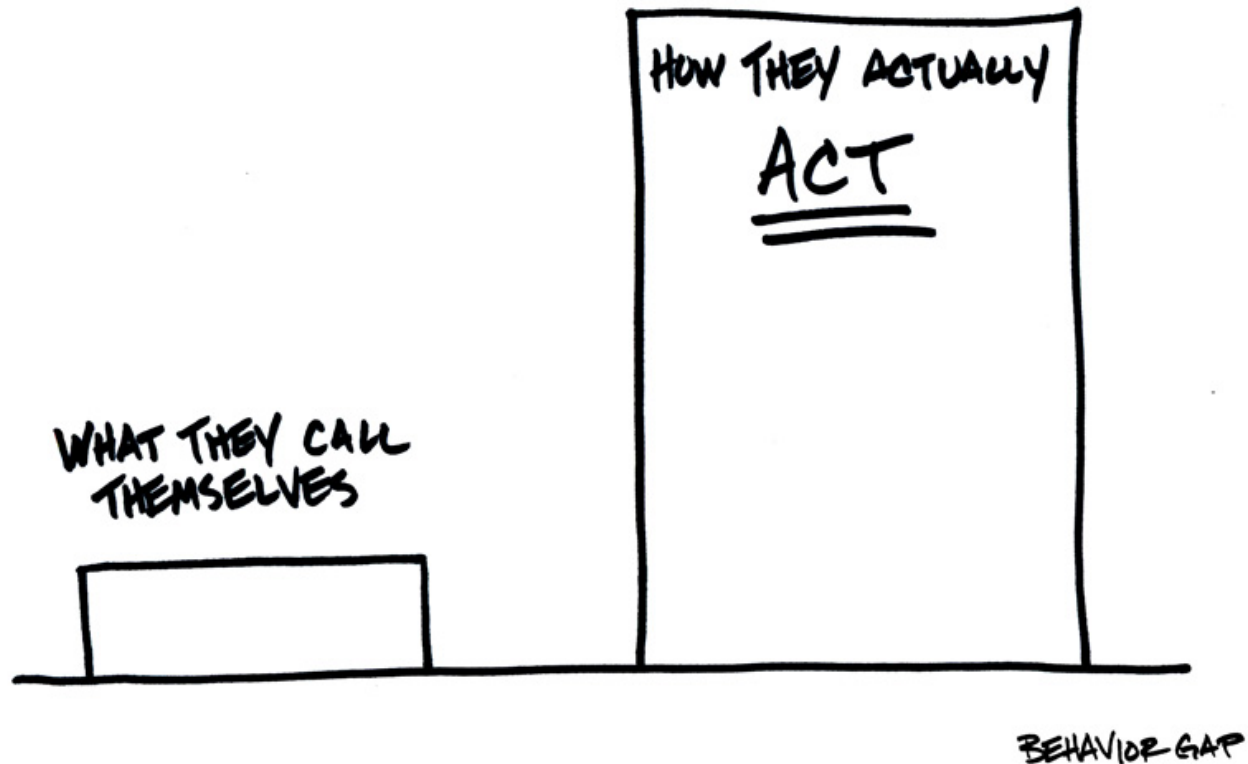
THE FIDUCIARY STANDARD



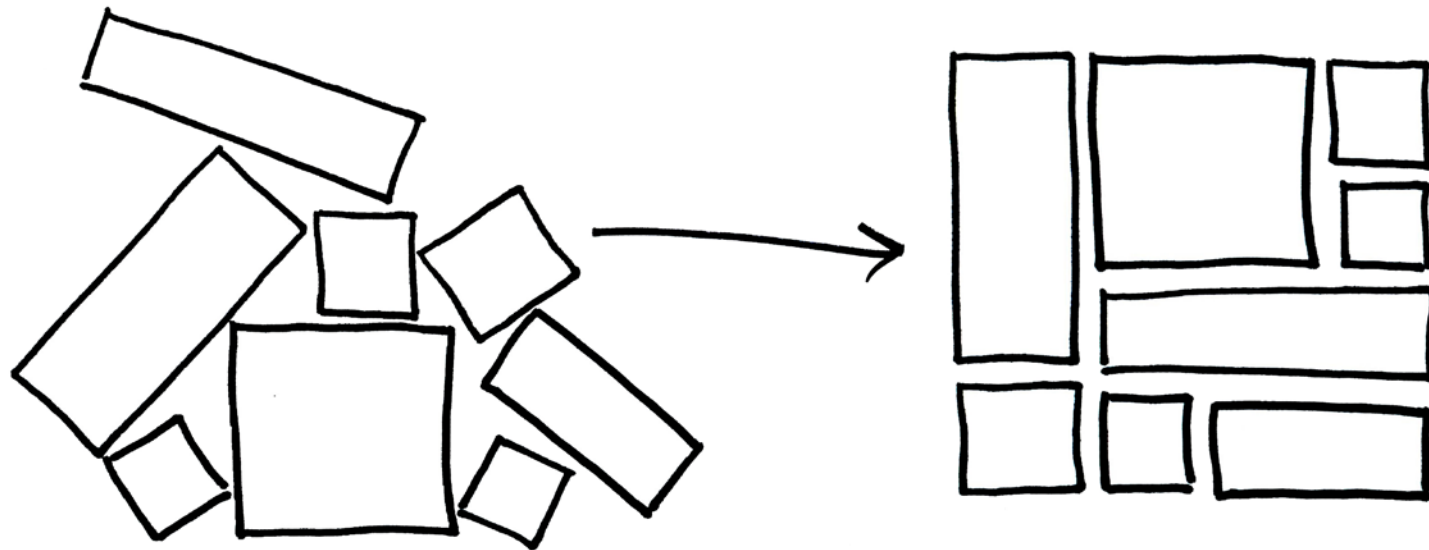
THE SUITABILITY STANDARD

Advice: How To Judge A Financial Advisor

HOW TO JUDGE A FINANCIAL ADVISOR



Advice: *Portfolio Design*

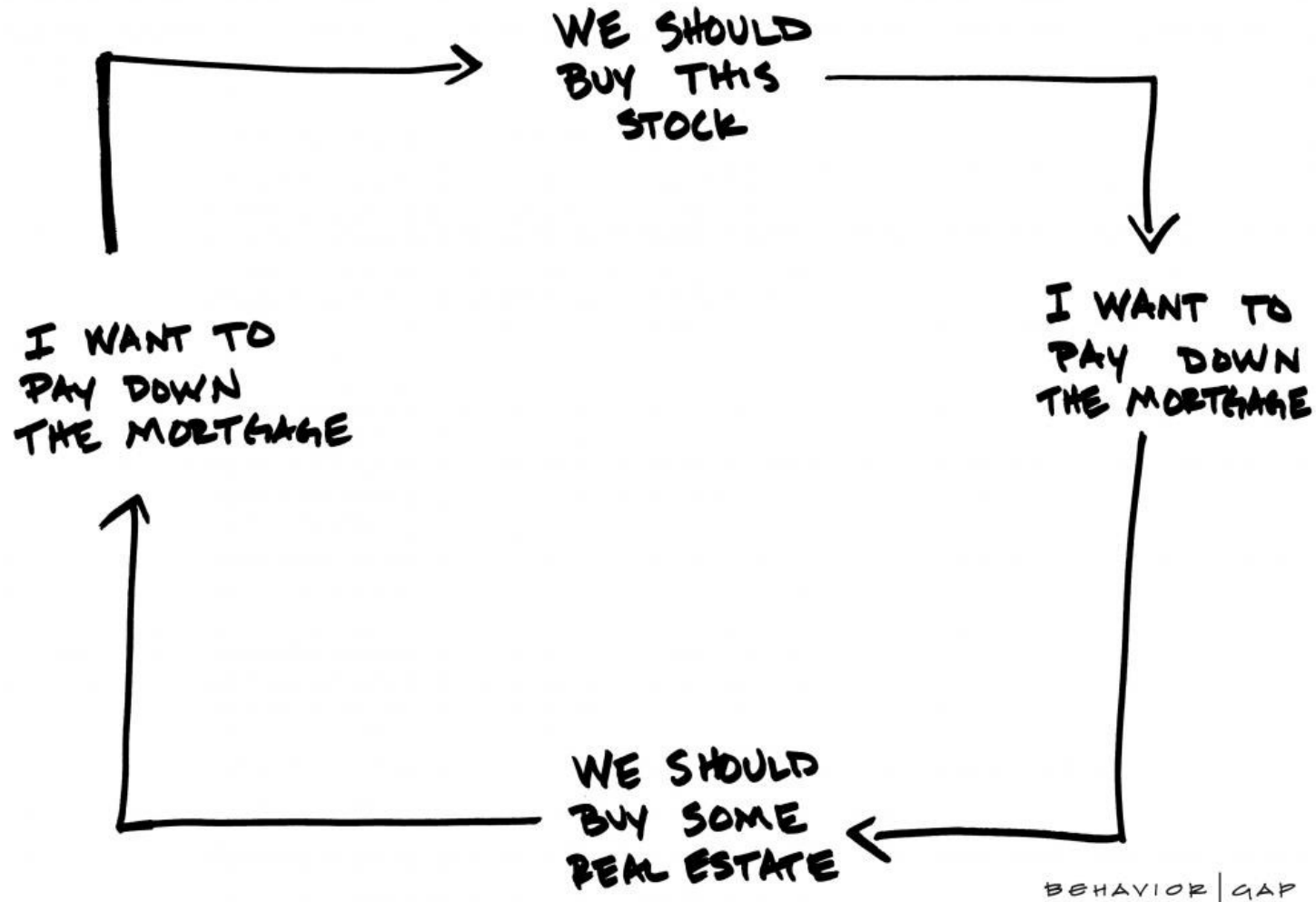


BEHAVIOR GAP

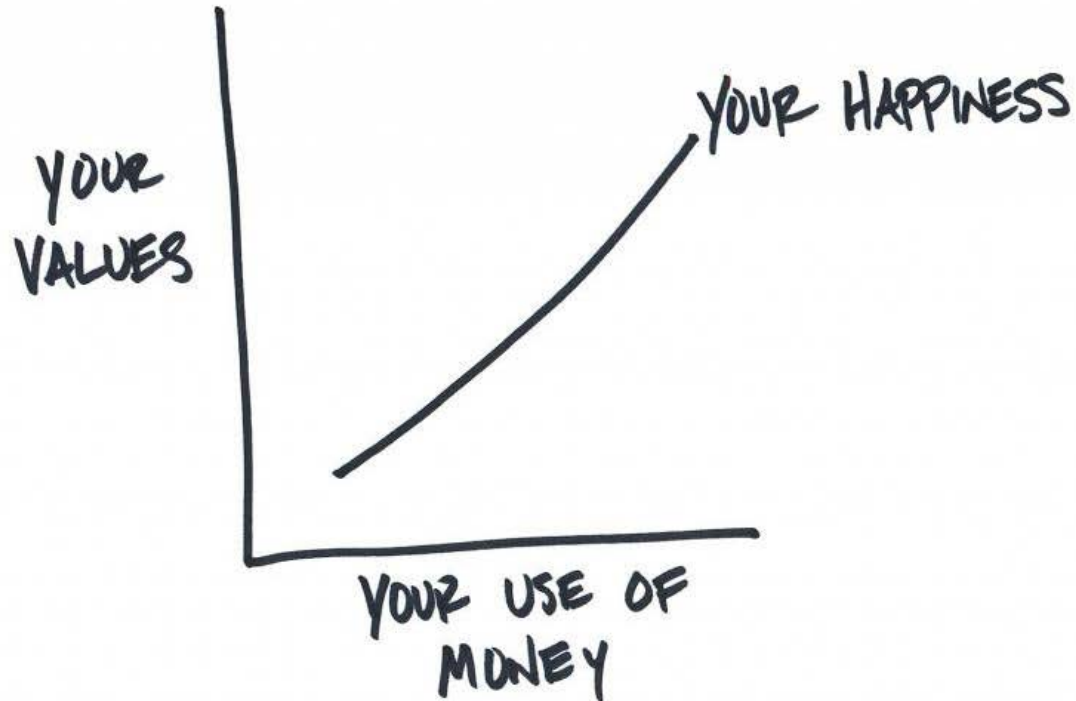
A photograph of a stone arch bridge spanning a river. The bridge features a series of large, rounded arches supported by stone pillars. The sun is shining brightly from the upper left, creating a large, multi-pointed starburst flare that illuminates the scene. The sky is a clear, bright blue. In the background, there are green trees and a glimpse of a town or city. The water in the river is calm, reflecting the bridge and the sky.

Financial Planning

Financial Planning: *Define Financial Security*

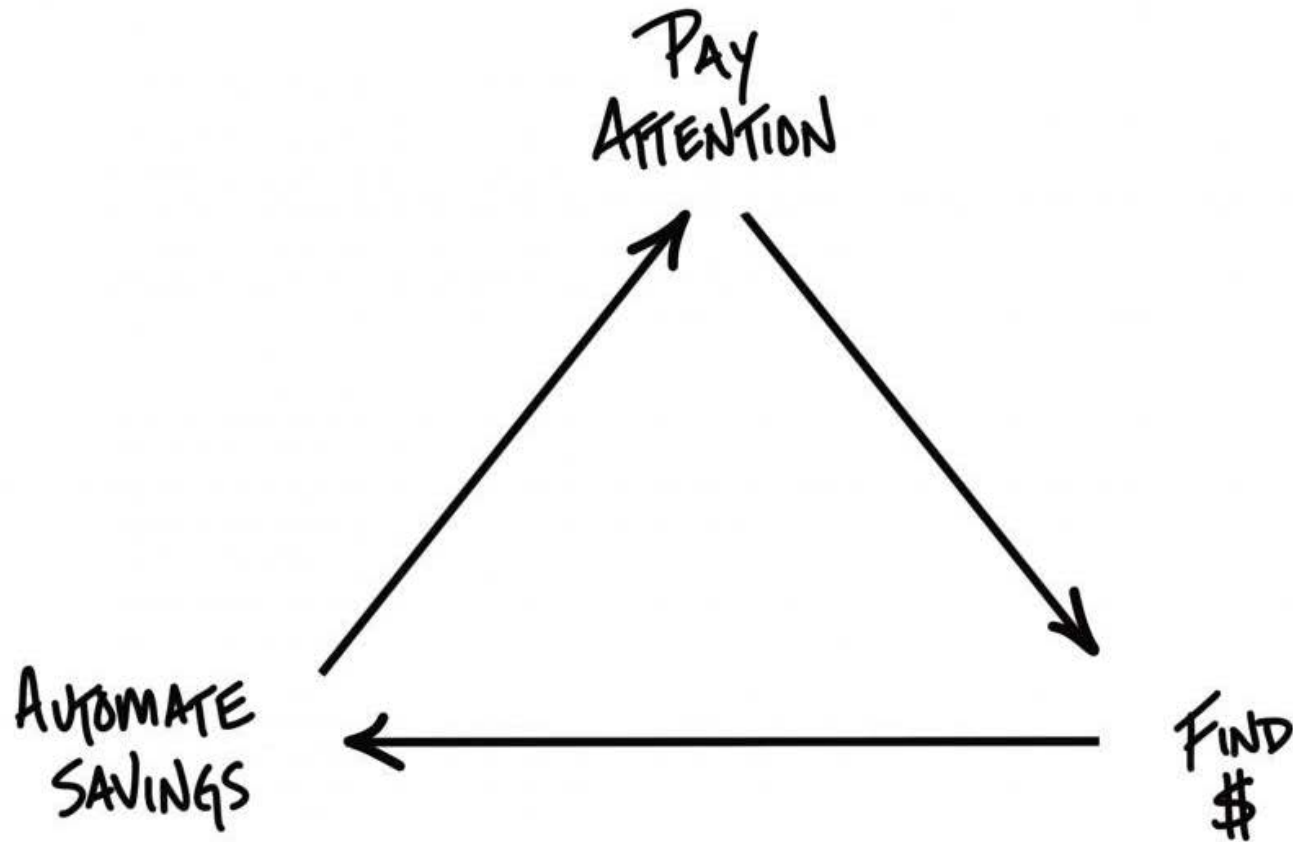


Financial Planning: *Values And Use Of Money*



BEHAVIOR | GAP

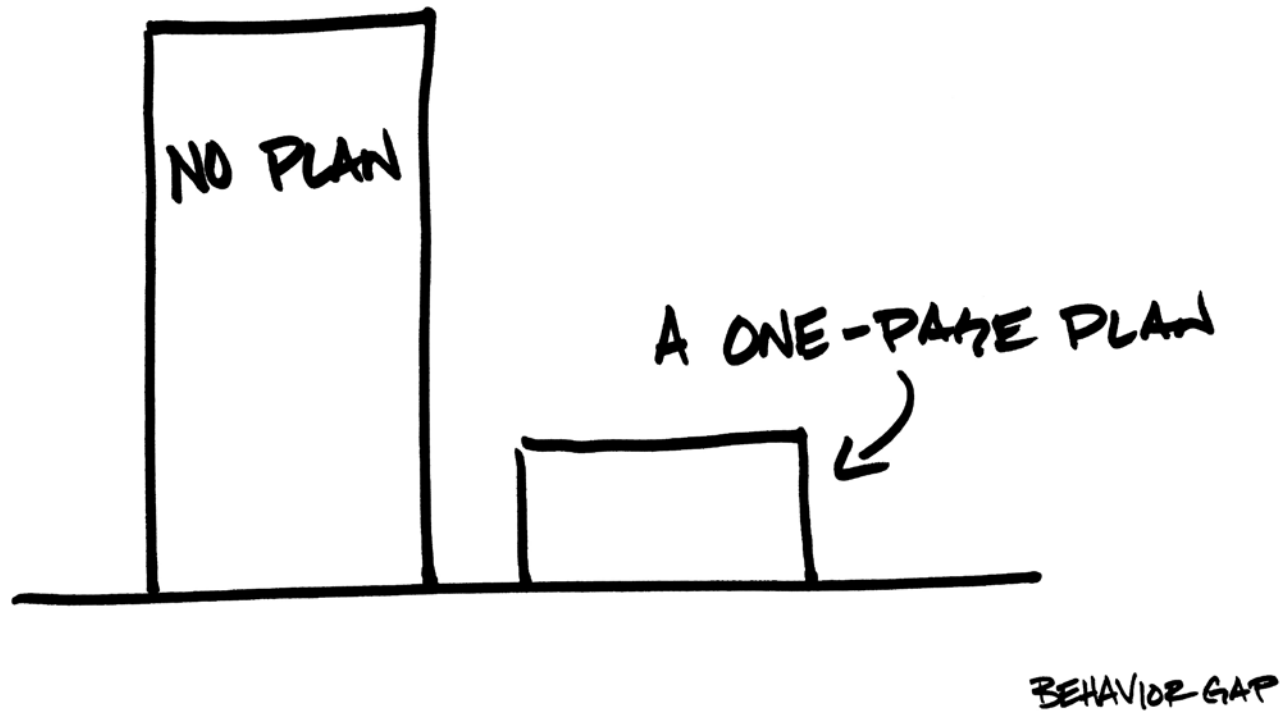
Financial Planning: *Steps To Your Plan*



BEHAVIOR | GAP

Financial Planning: *Time Spent Worrying*

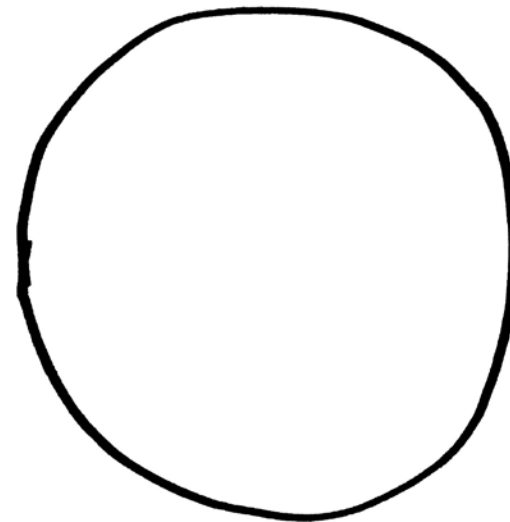
TIME SPENT WORRYING
ABOUT MONEY



Financial Planning: *Future Financial Needs*

FUTURE FINANCIAL NEEDS

○
PERCEPTION



REALITY

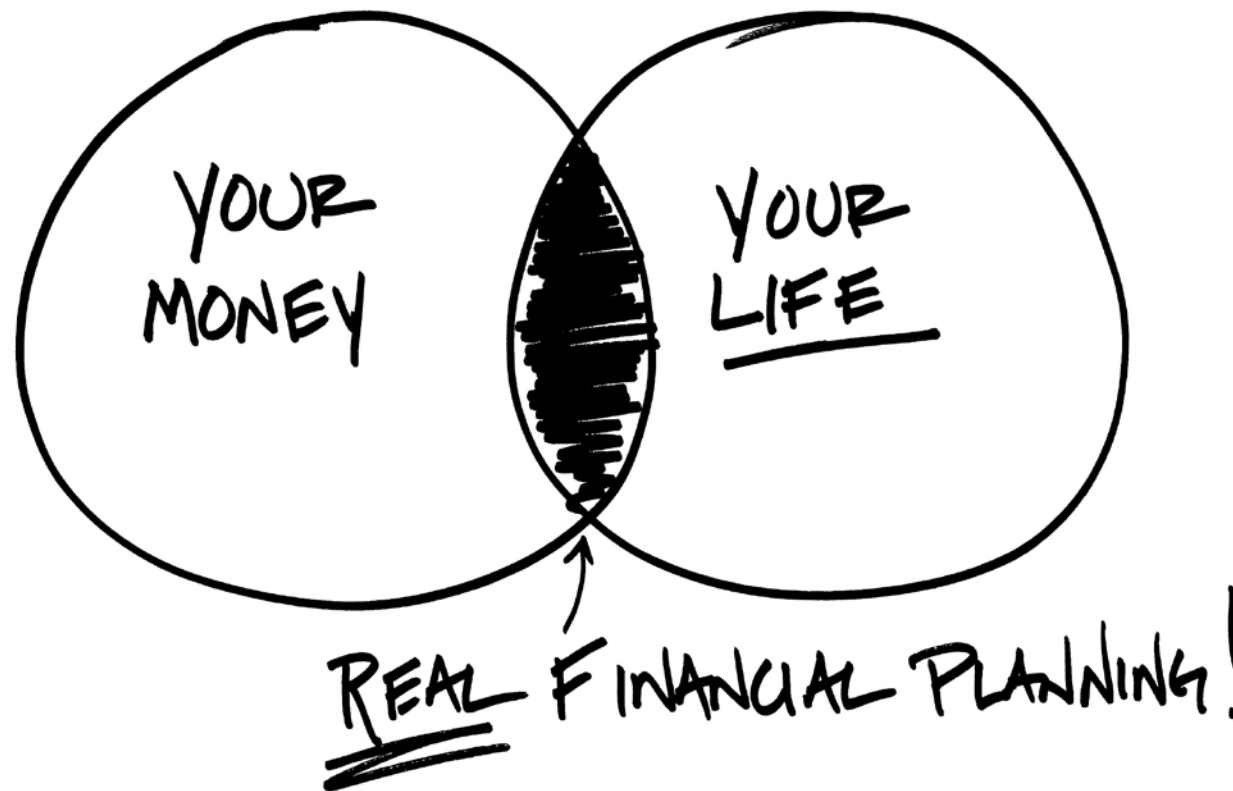
BEHAVIOR GAP

Financial Planning: *Five Big Questions*

- THE 5 BIG QUESTIONS:
- ① HOW MUCH CAN YOU SAVE?
 - ② HOW MUCH RISK?
 - ③ HOW MUCH WILL YOU NEED?
 - ④ WHEN WILL YOU NEED IT?
 - ⑤ WHAT DO YOU WANT TO LEAVE?

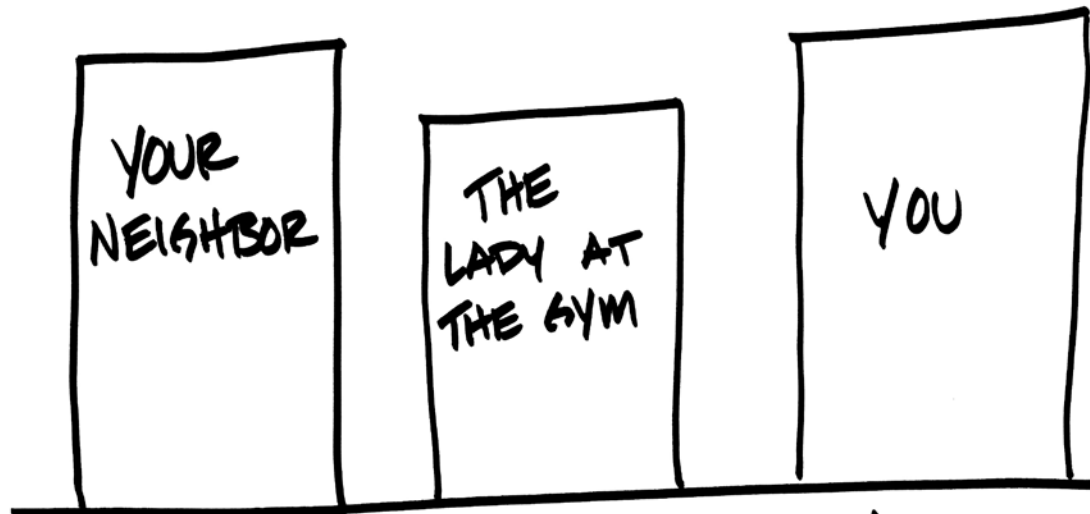


Financial Planning: *Your Money, Your Life*



Financial Planning: *Save This Much*

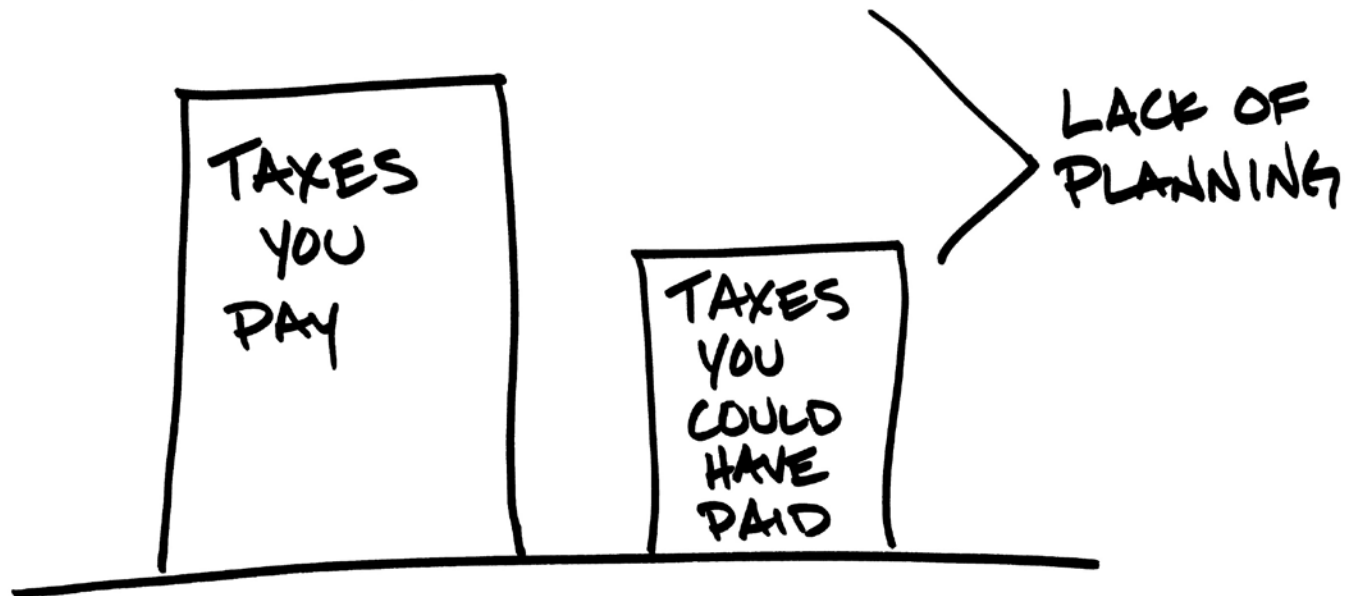
HOW MUCH IS REASONABLE?



... SAVE THIS MUCH ↗

BEHAVIOR GAP

Financial Planning: *Lack of Planning*



A large stone arch bridge spans across a wide river. The bridge features multiple large, rounded arches supported by thick stone pillars. The scene is captured during sunset, with a warm, golden glow from the sun reflecting on the water and the bridge's surface. The sky is a mix of deep blue and orange, with wispy clouds. The word "Budgeting" is overlaid in a teal, sans-serif font in the center of the image.

Budgeting

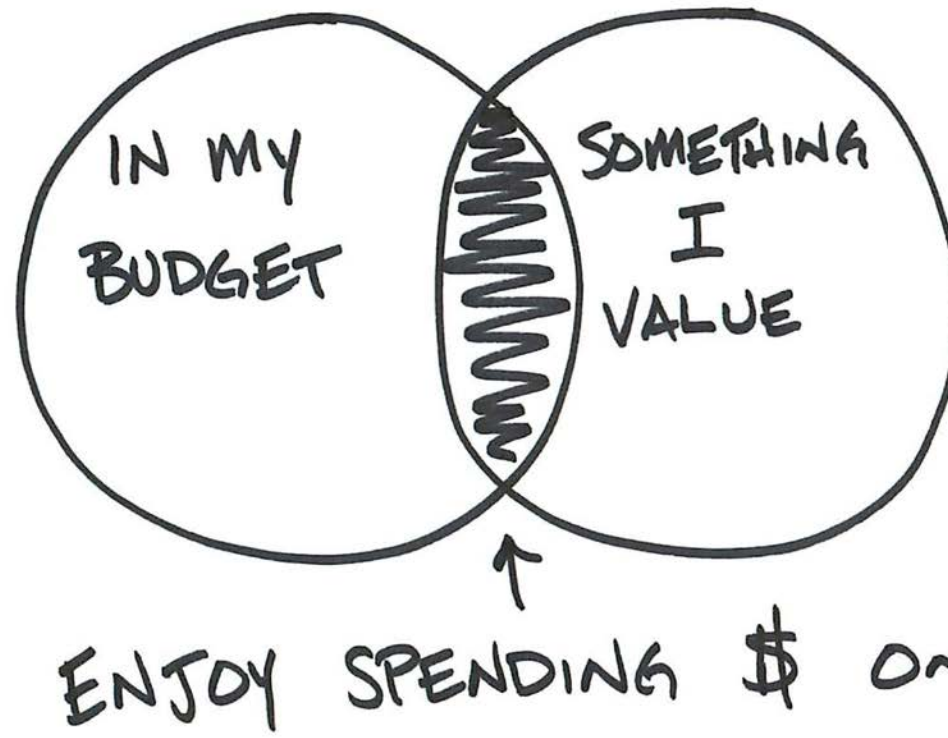
Budgeting: *Budgeting Equals Awareness*

BUDGETING = AWARENESS*

(*AND WHO DOESN'T WANT THAT)

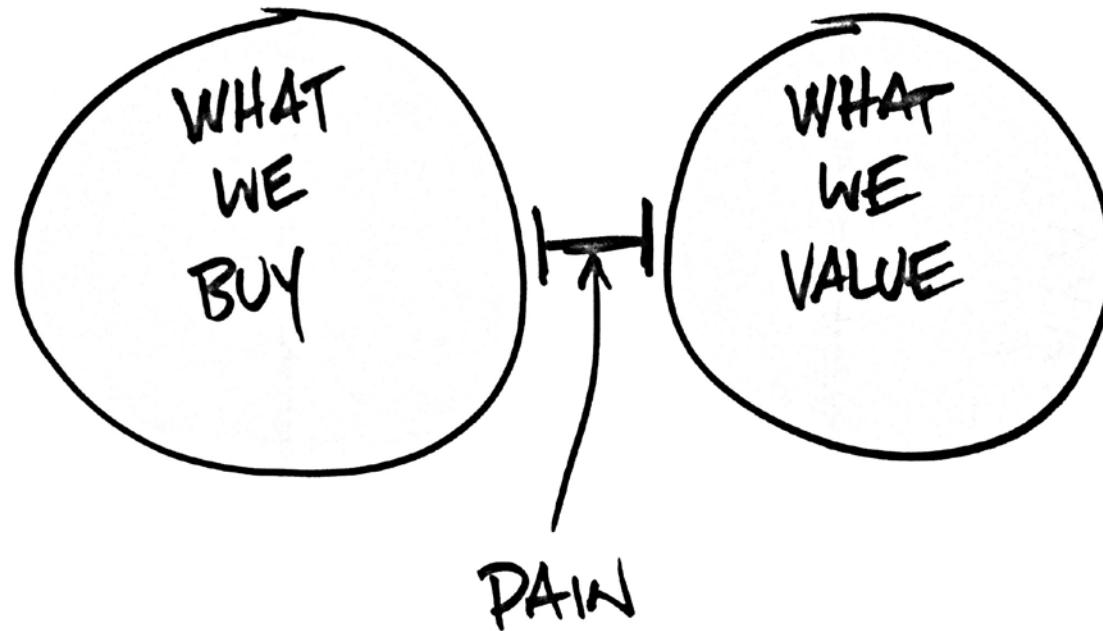
BEHAVIOR GAP

Budgeting: *Enjoy Spending Money*



BEHAVIOR GAP

Budgeting: *What We Buy vs. Our Values*



BEHAVIOR GAP

Budgeting: *Cost Per Unit Of Fun*

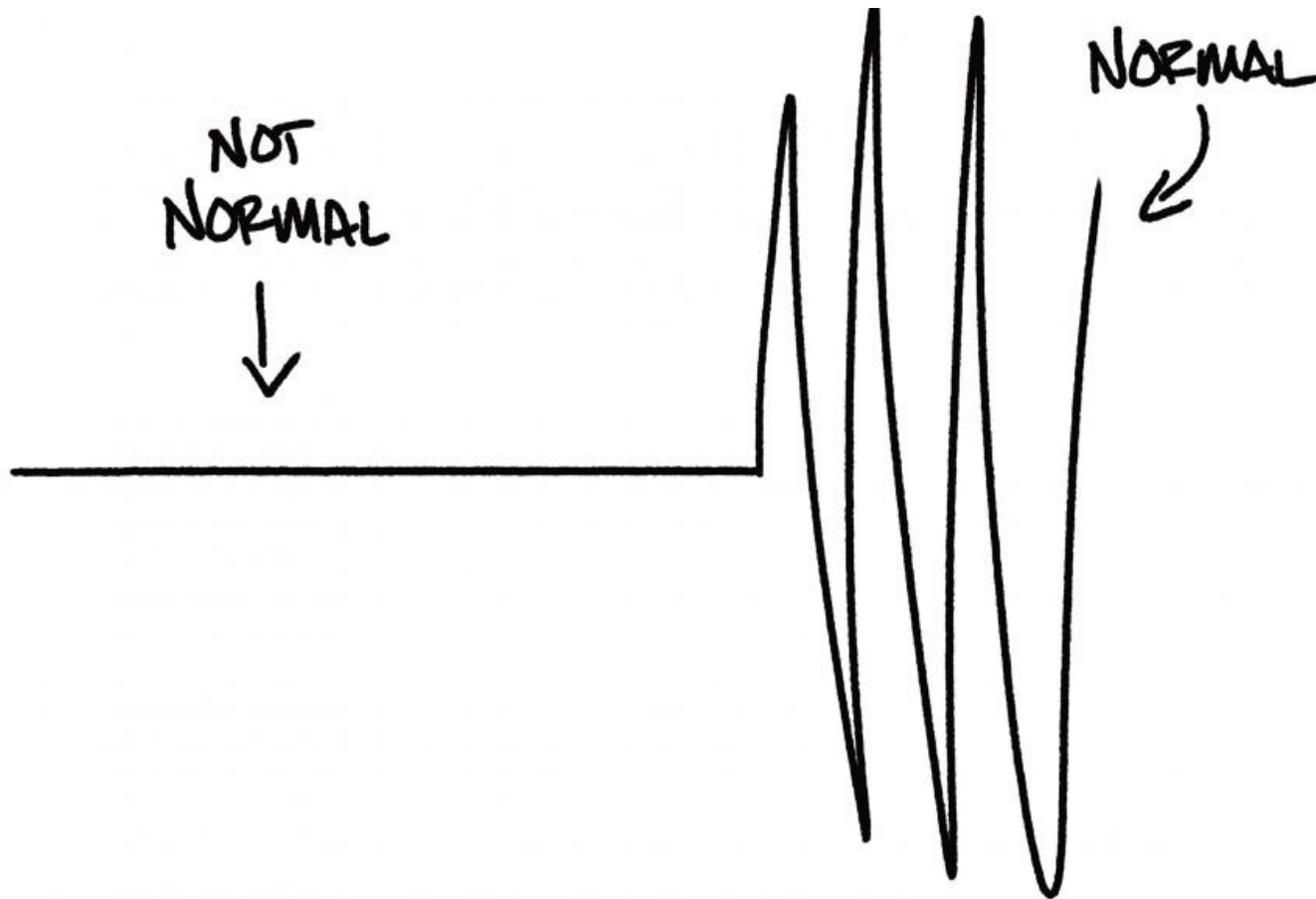
$$\frac{\$}{\text{FUN}}$$

BEHAVIOR | GAP

A large stone arch bridge spans across a wide river. The bridge features multiple large, rounded arches supported by tall, rectangular piers. The scene is captured during sunset or sunrise, with a warm, golden light illuminating the bridge and the sky. The sky is a mix of deep blue and orange, with wispy clouds. The sun is low on the horizon, creating a bright starburst effect. The water in the river is calm, reflecting the bridge and the sky. In the background, there are some trees and buildings on the far bank.

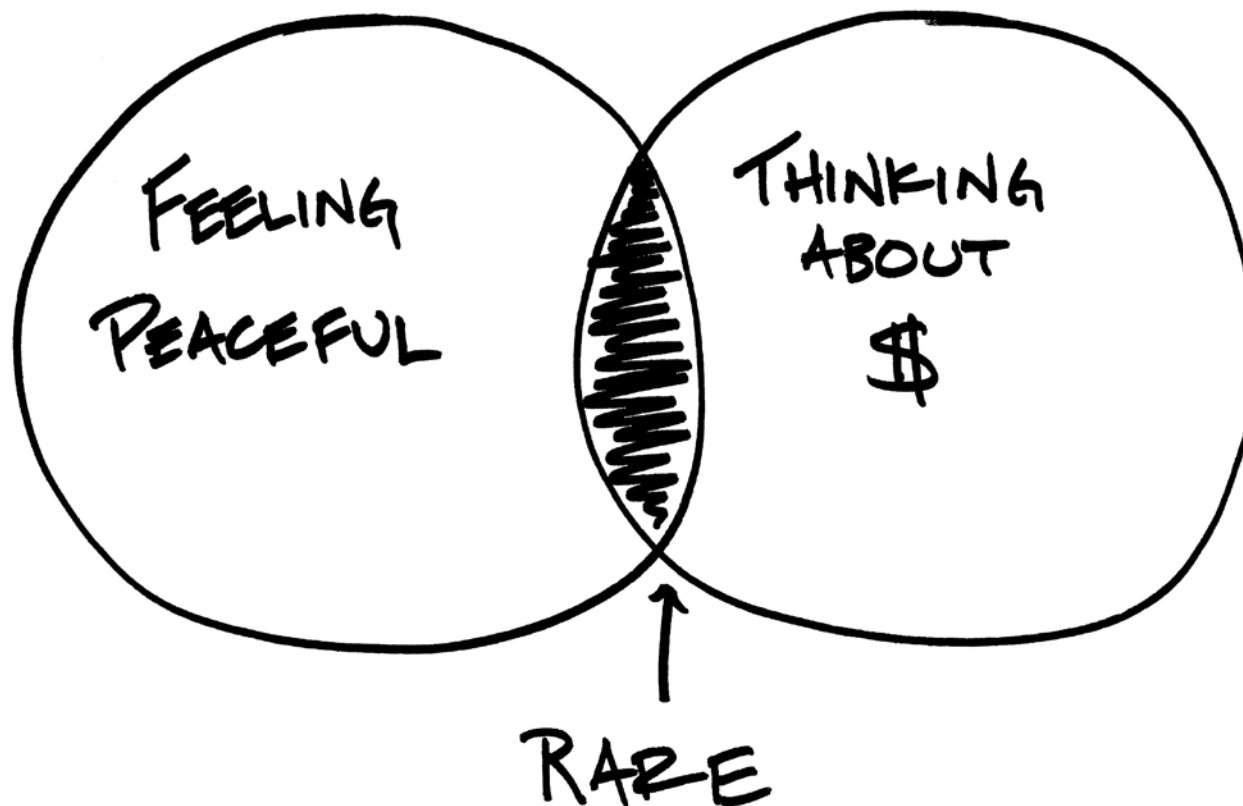
Risk

Risk: *Normal Volatility*



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Risk: *Feeling Peaceful*



BEHAVIOR GAP

Risk: *Uncertainty Equals Reality*

UNCERTAINTY = REALITY

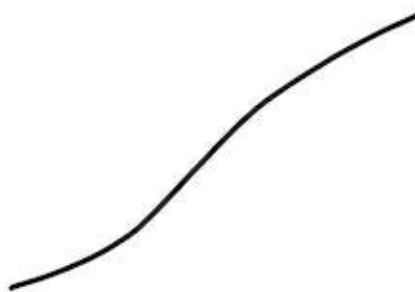
BEHAVIOR | GAP

Risk: *Days Or Decades?*

DAYS



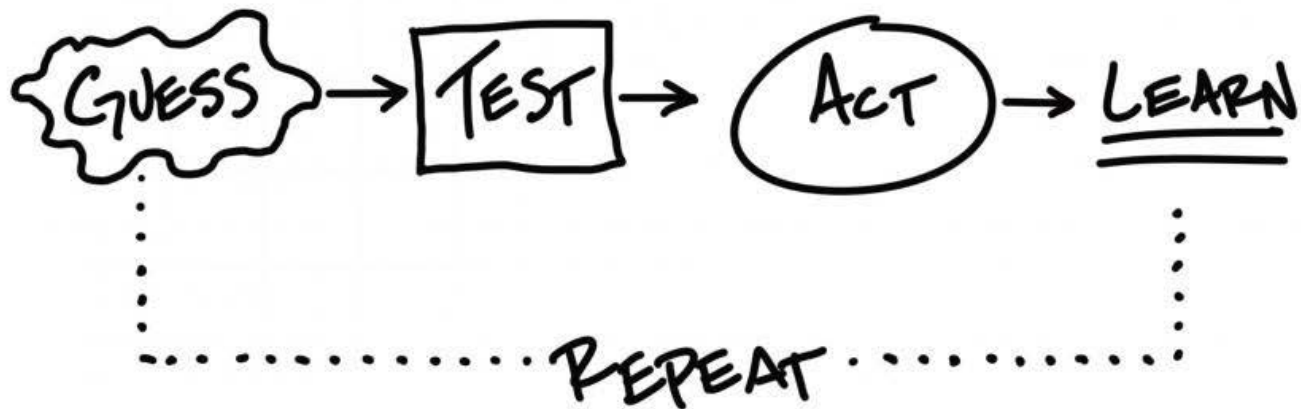
DECADES



YOU DECIDE WHICH TO FOCUS ON...

BEHAVIOR | GAP

Risk: *De-Risking A Scary Thing*



BEHAVIOR | GAP

Risk: *What Happened?*



BEHAVIOR | GAP

Risk: *The Certainty Button*

THE MAGIC CERTAINTY
BUTTON



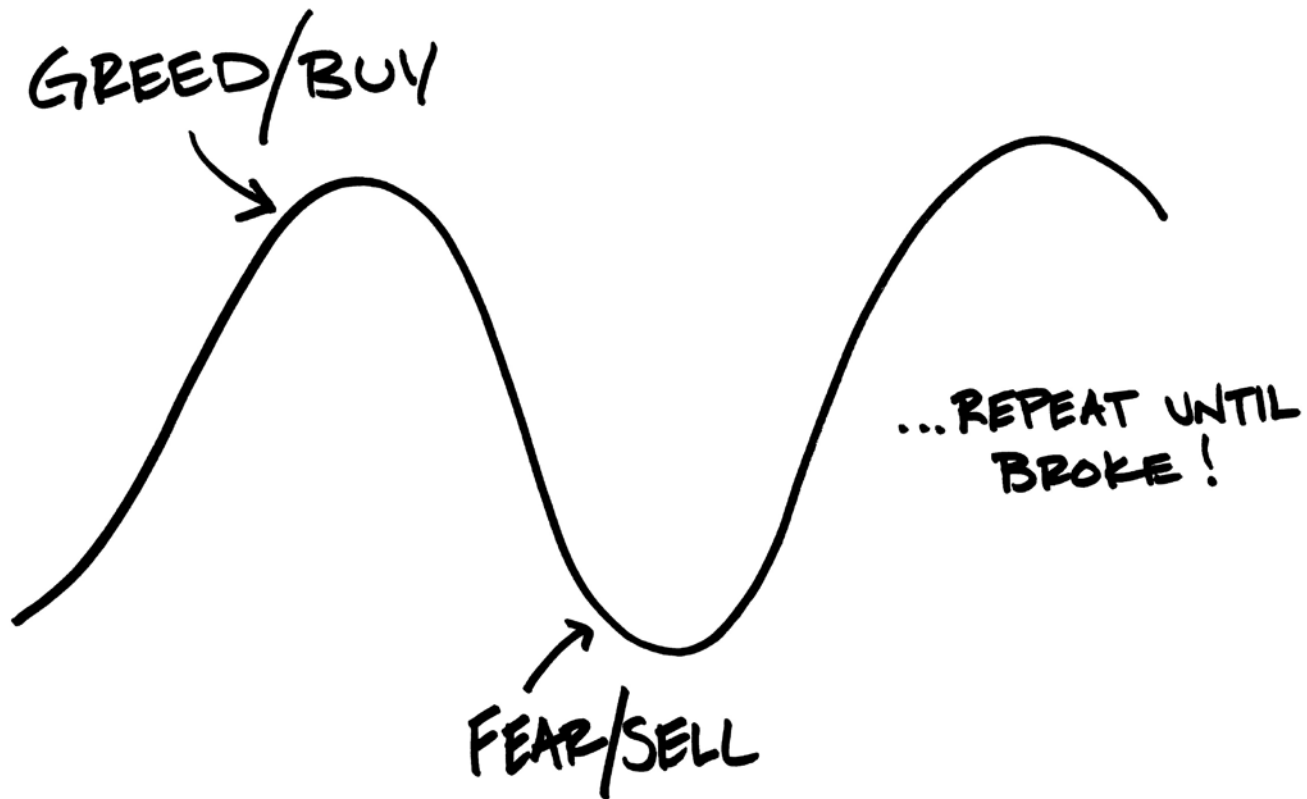
[I CAN'T FIND THIS THING]

BEHAVIOR GAP

A photograph of a stone arch bridge spanning a river. The bridge features a series of large, rounded arches supported by stone pillars. The sky is a mix of blue and orange, suggesting a sunset or sunrise, with a bright sun creating a starburst effect. The water in the river reflects the bridge and the sky. The overall scene is peaceful and scenic.

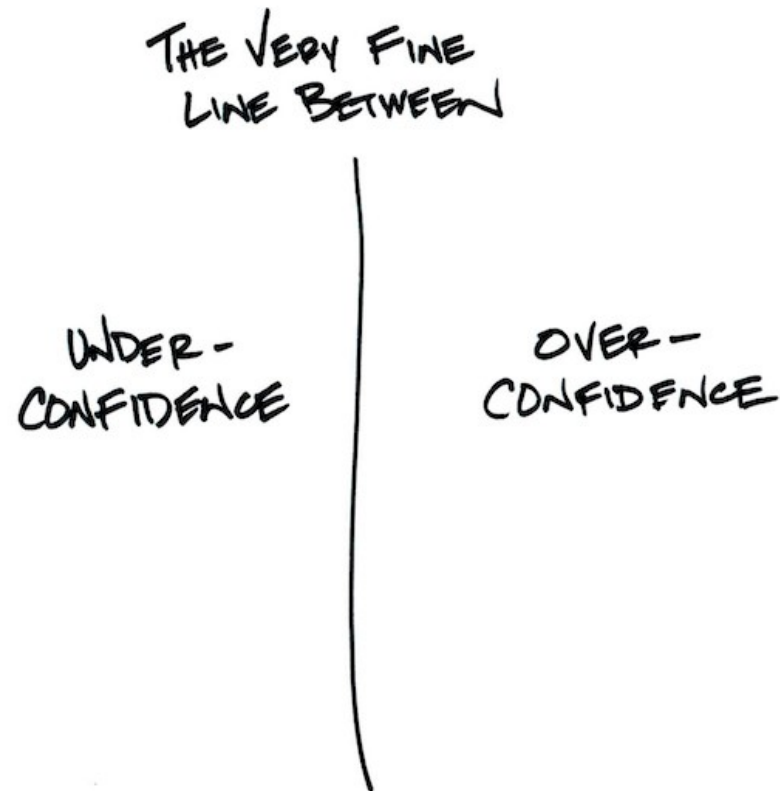
Behavioral Biases

Behavioral Biases: *Fear And Greed*



© 2013 Behavior Gap

Behavioral Biases: *Overconfidence*

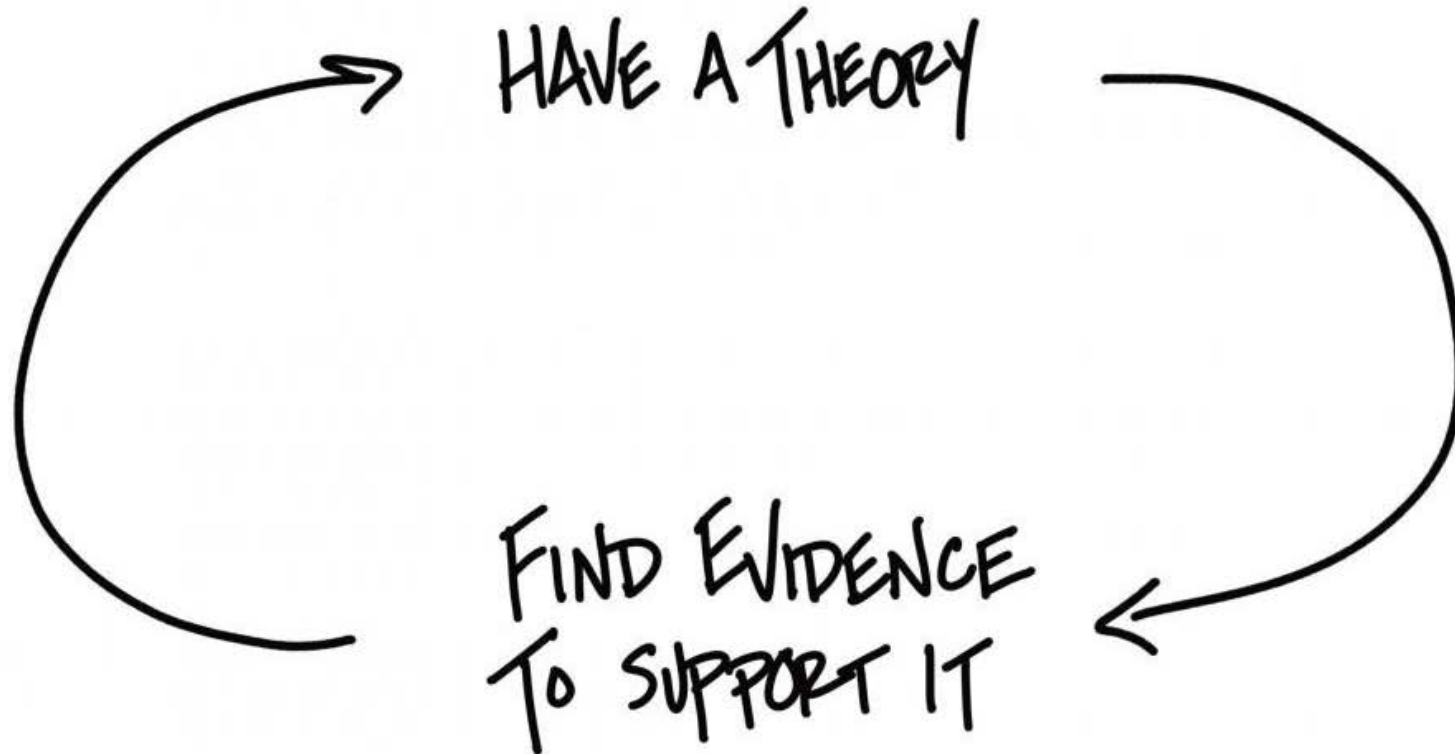


BEHAVIOR | GAP

Behavioral Biases: *Mistake/Overconfidence*



Behavioral Biases: *Confirmation Bias*



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Behavioral Biases: *Avoid Confirmation Bias*

[CONSIDER]

BEHAVIOR | GAP

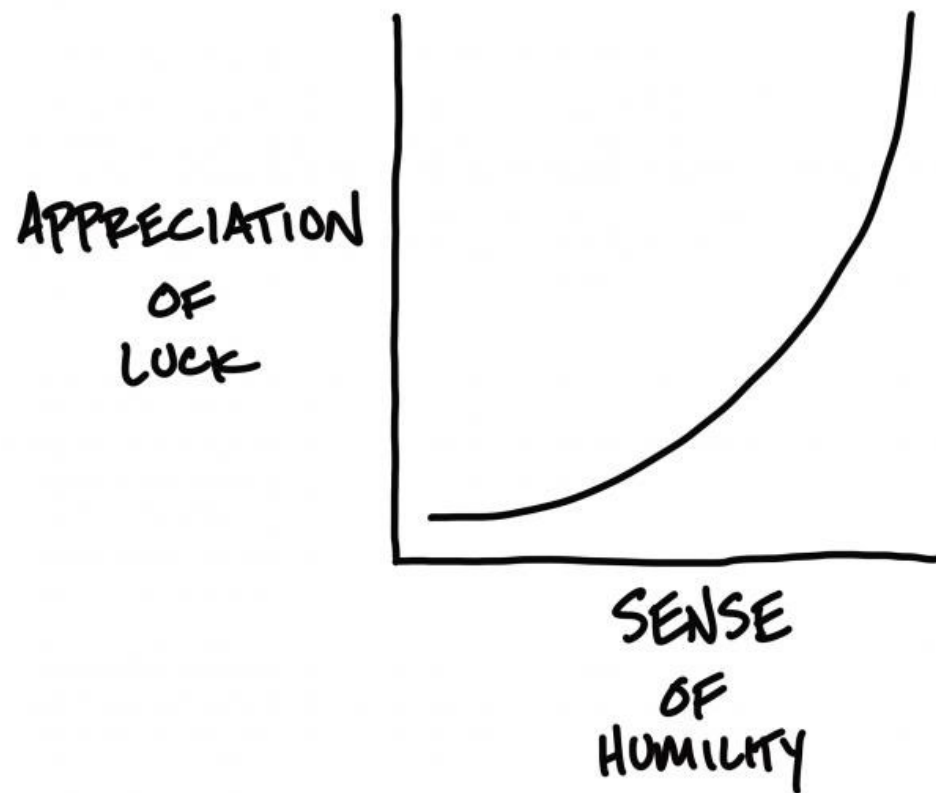
Behavioral Biases: *Avoid Herding Bias*

WHAT IF...

NUMBERS \neq SAFETY

BEHAVIOR | GAP

Behavioral Biases: *In Praise Of Luck*

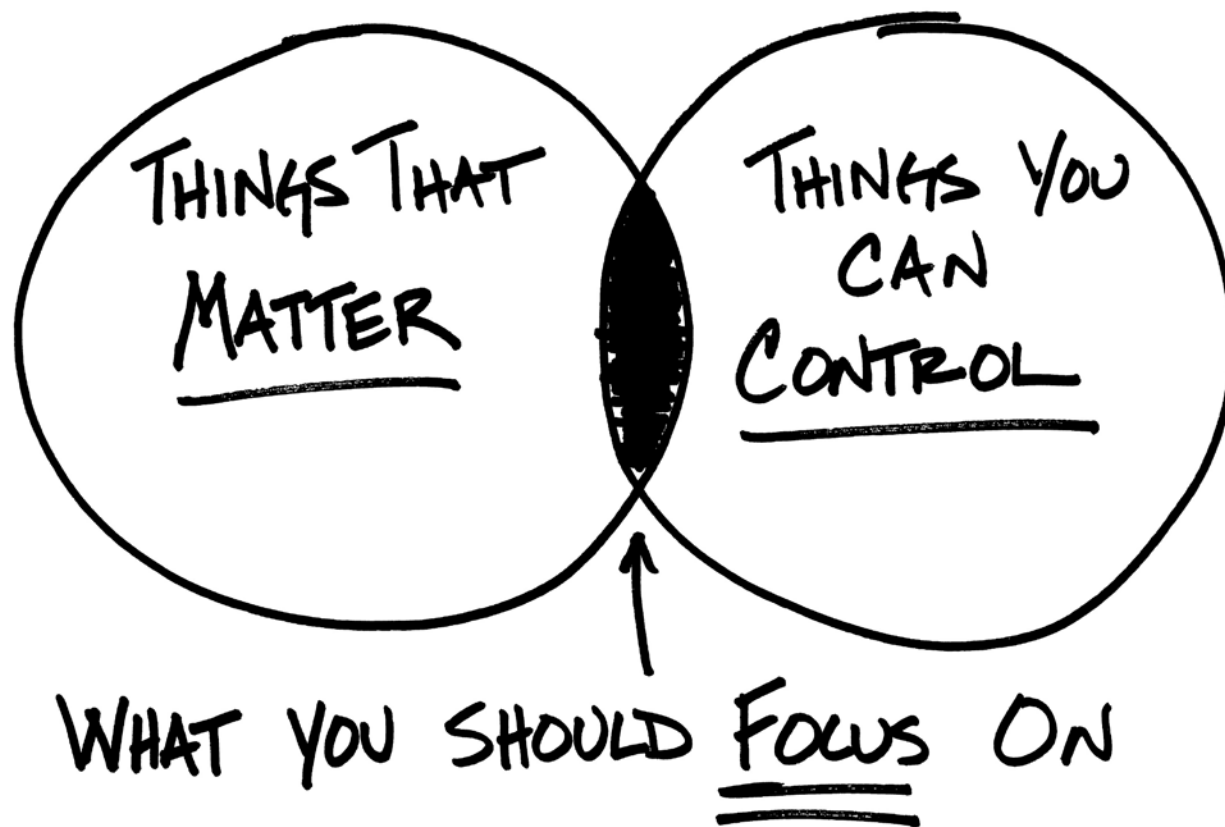


BEHAVIOR | GAP

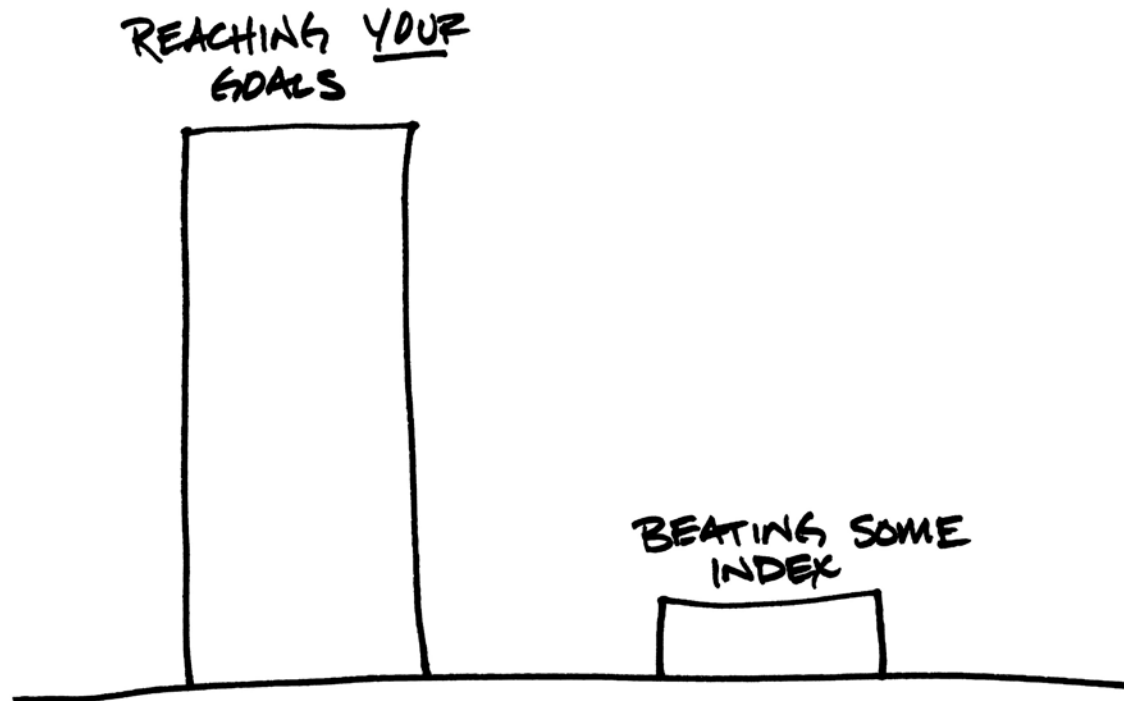
A photograph of a stone arch bridge spanning a river. The bridge features a series of large, rounded arches supported by stone pillars. The sky is a clear, bright blue, and a prominent starburst light effect is visible in the upper left quadrant. The text 'Investment Discipline' is overlaid in the center in a dark green font.

Investment Discipline

Investment Discipline: *What To Focus On*

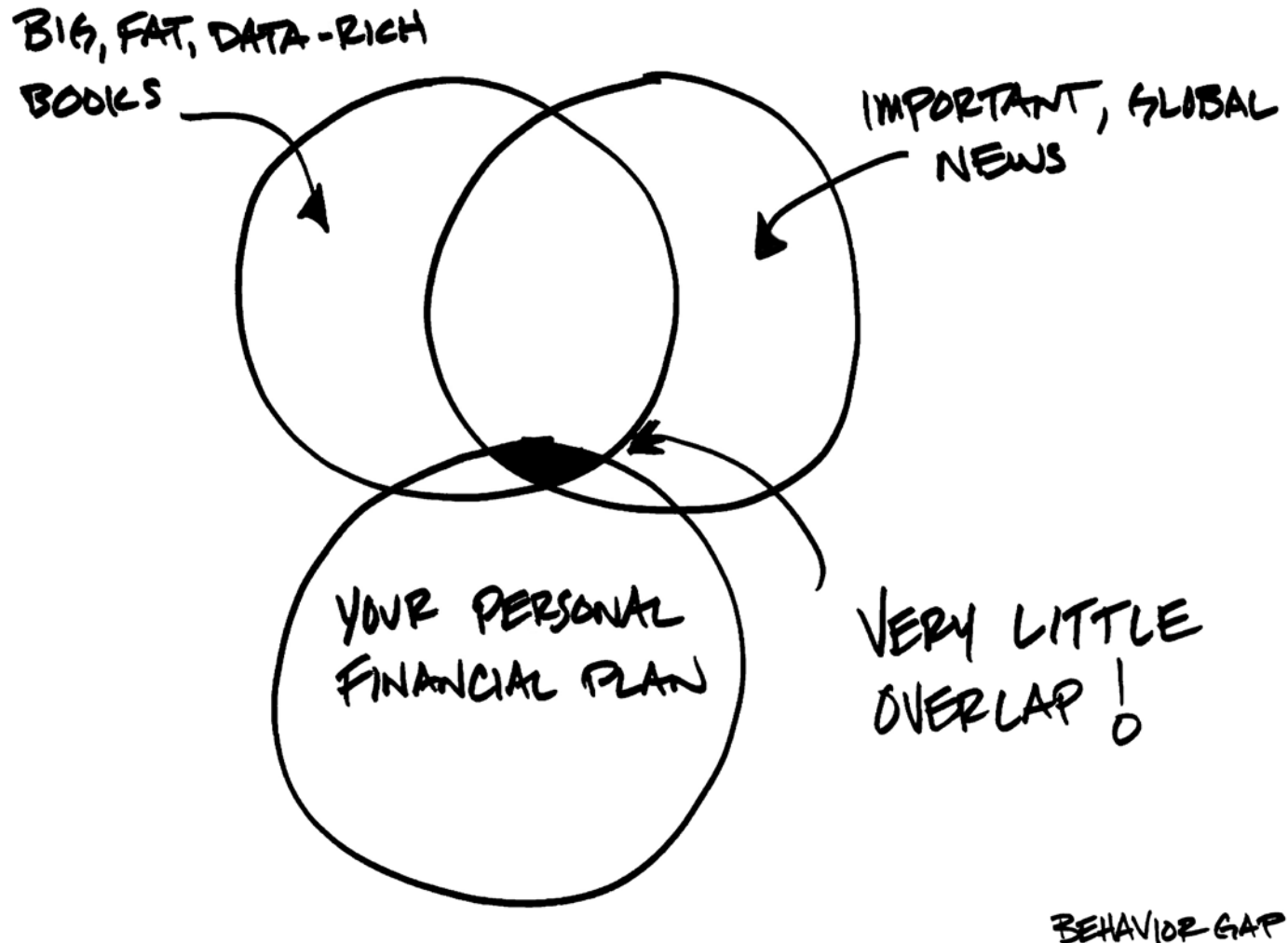


Investment Discipline: *Beating Some Index*



WHAT YOU SHOULD BE TALKING ABOUT...

Investment Discipline: *Very Little Overlap*



Investment Discipline: *Media Fast*

MEDIA
FAST

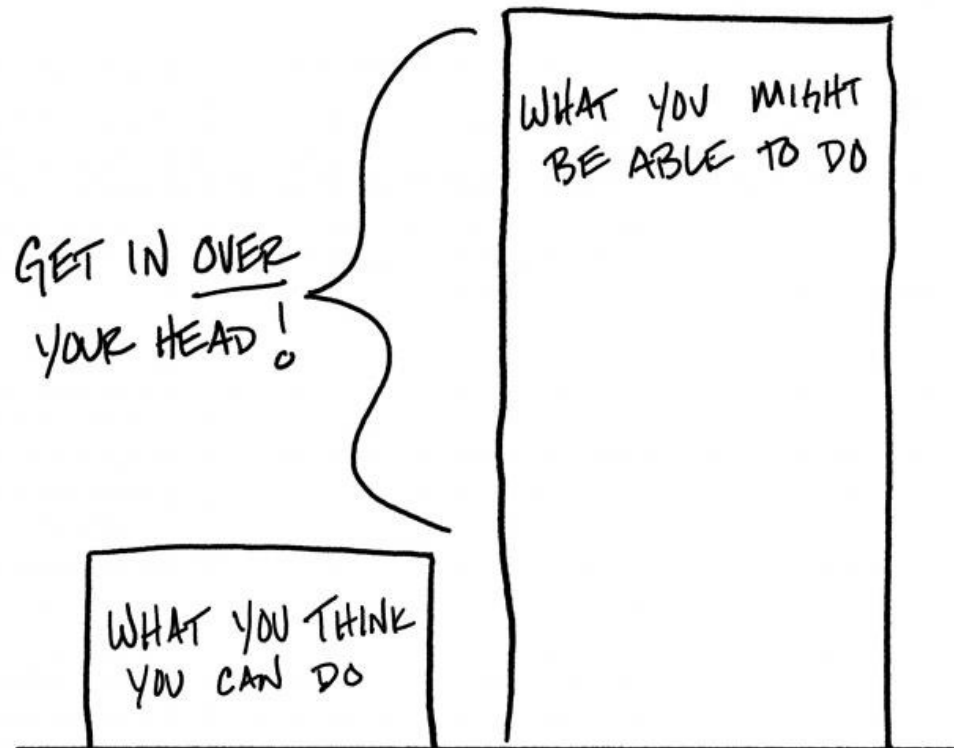


BEHAVIOR | GAP

A photograph of a stone arch bridge spanning a river. The bridge features a series of large, rounded arches supported by stone pillars. The sky is a mix of blue and orange, suggesting a sunset or sunrise. The sun is visible as a bright starburst in the upper left, and its light reflects on the water. The text "Life Lessons" is overlaid in the center in a teal color.

Life Lessons

Life Lessons: *Getting In Over Your Head*



BEHAVIOR | GAP

Life Lessons: *Fear Is Holding You Back*

PLACES TO HIDE
~~PROBLEMS~~

THE THING
I WANT
TO DO



ACTUALLY
DOING
IT

BEHAVIOR | GAP

Life Lessons: *Overcoming Fear*

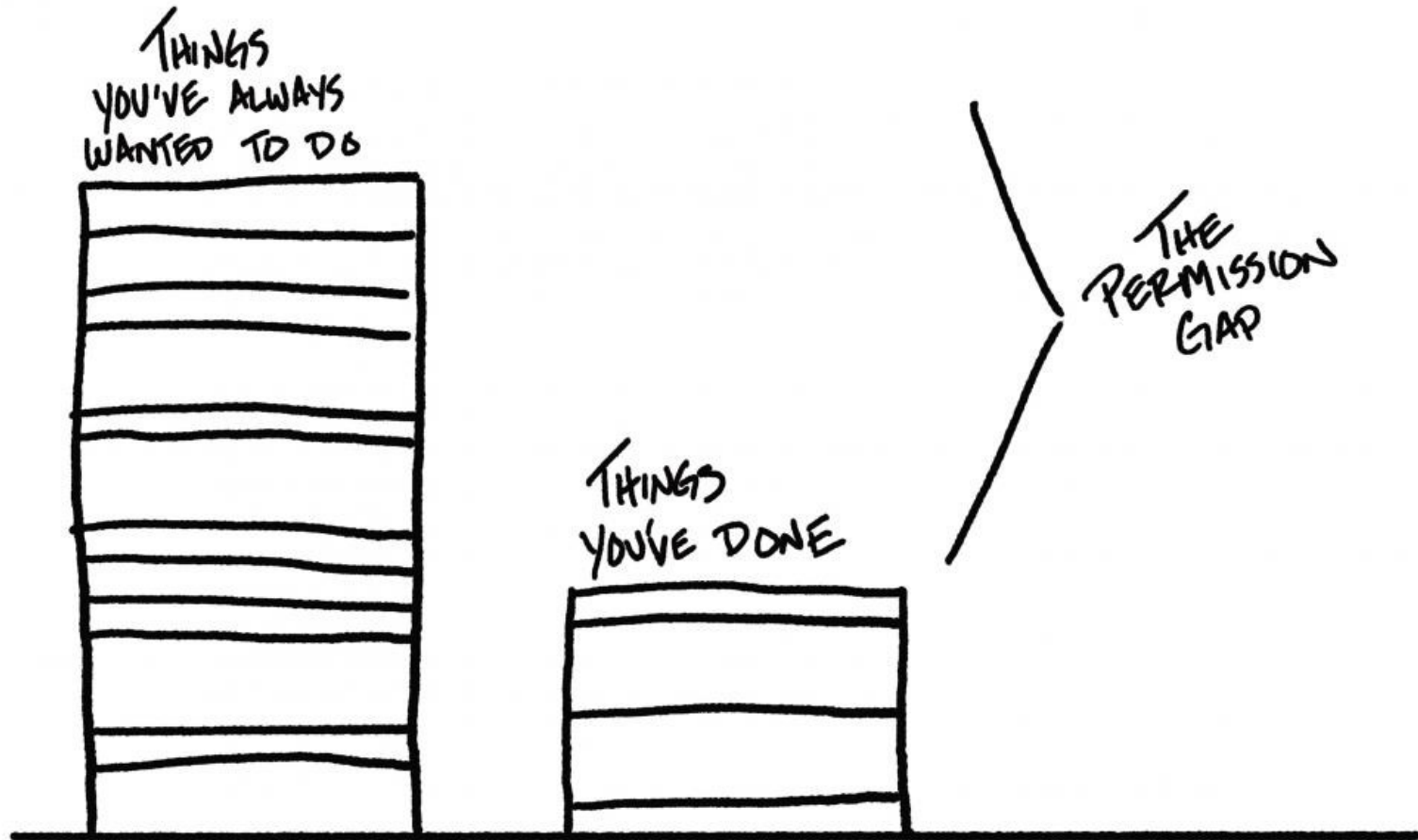
FEELING
LIKE AN
IMPOSTOR

DEEP
SENSE OF
HUMILITY

DO IT
ANYWAY

BEHAVIOR | GAP

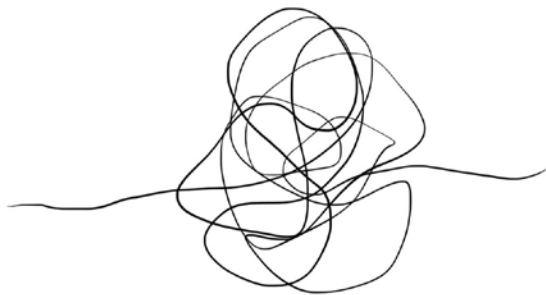
Life Lessons: *The Permission Gap*



BEHAVIOR | GAP

Life Lessons: *Creative Process*

THE "CREATIVE" PROCESS

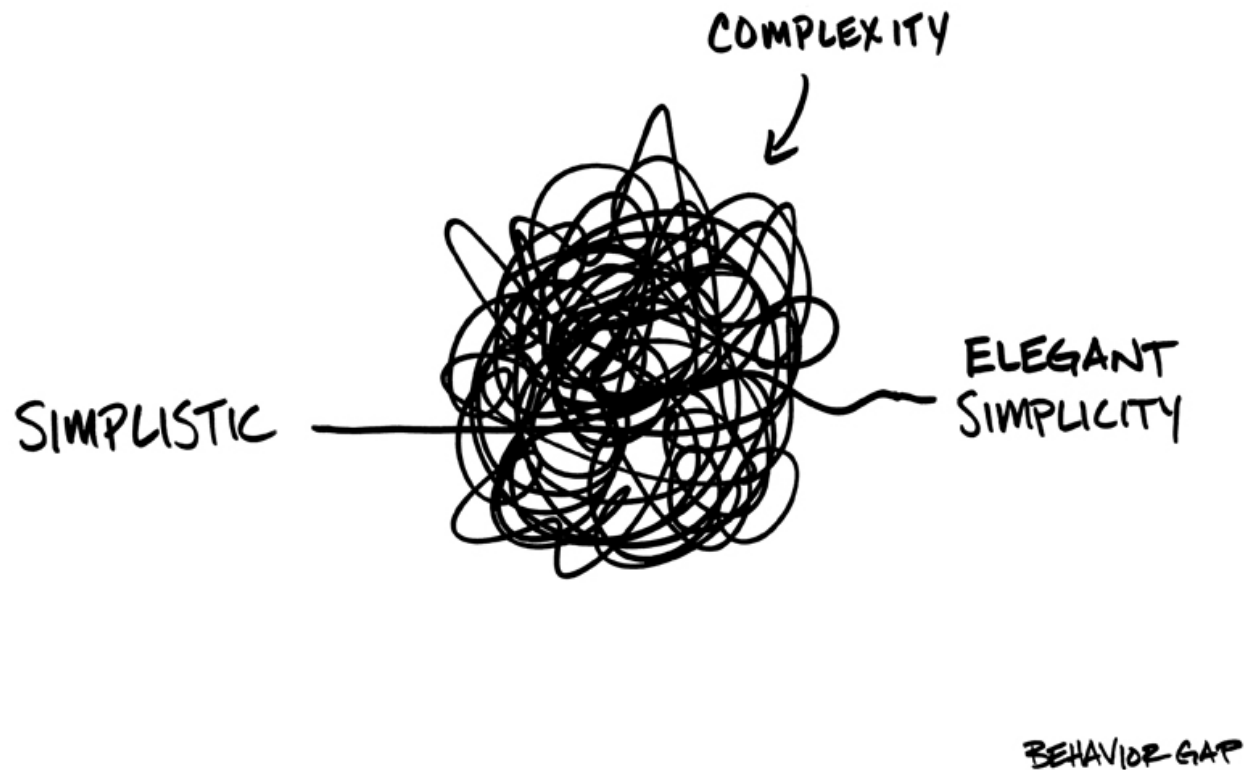


THE PROCESS
OF MAKING
STUFF

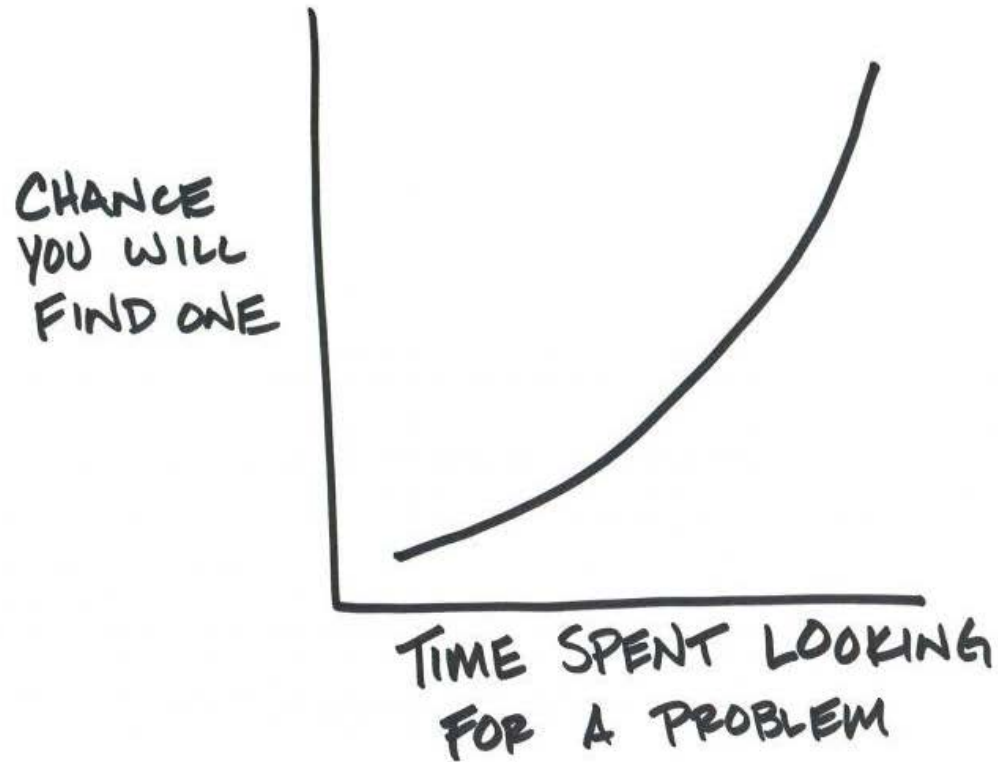


BEHAVIOR | GAP

Life Lessons: *Complexity To Elegant Simplicity*



Life Lessons: *Got Worries?*



BEHAVIOR | GAP

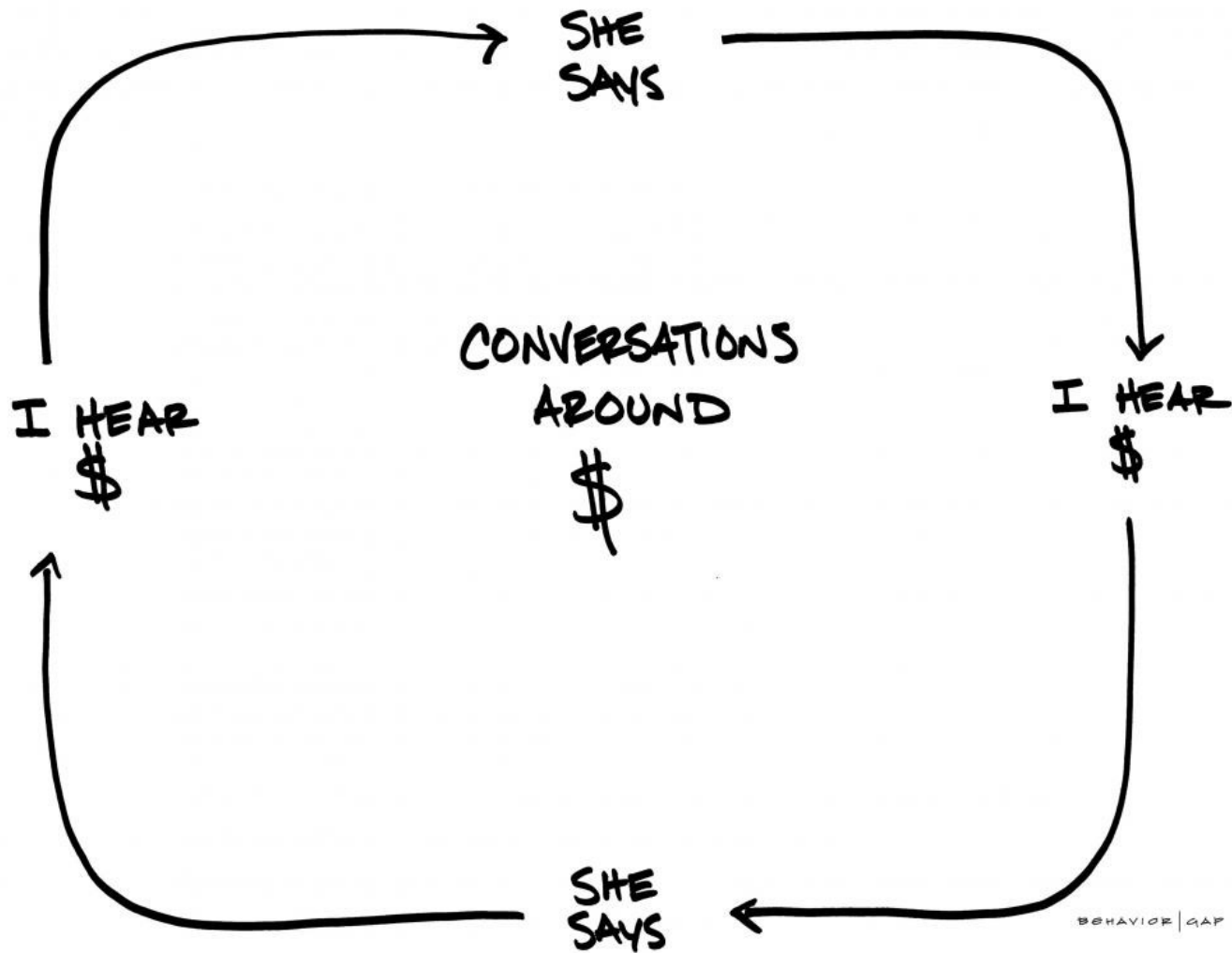
Life Lessons: *Worry As A Strategy*

THINGS HELPED
BY WORRY

(HUM — IT'S BLANK)

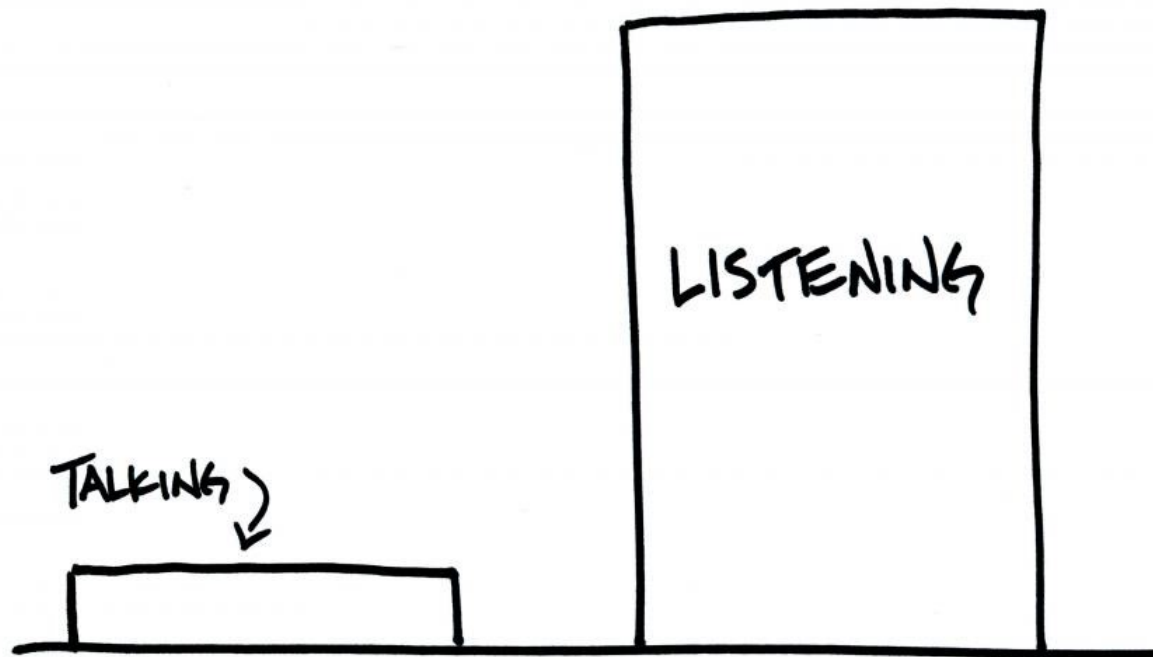
BEHAVIOR | GAP

Life Lessons: *She Says, I Hear*



Life Lessons: *Impact You'll Have*

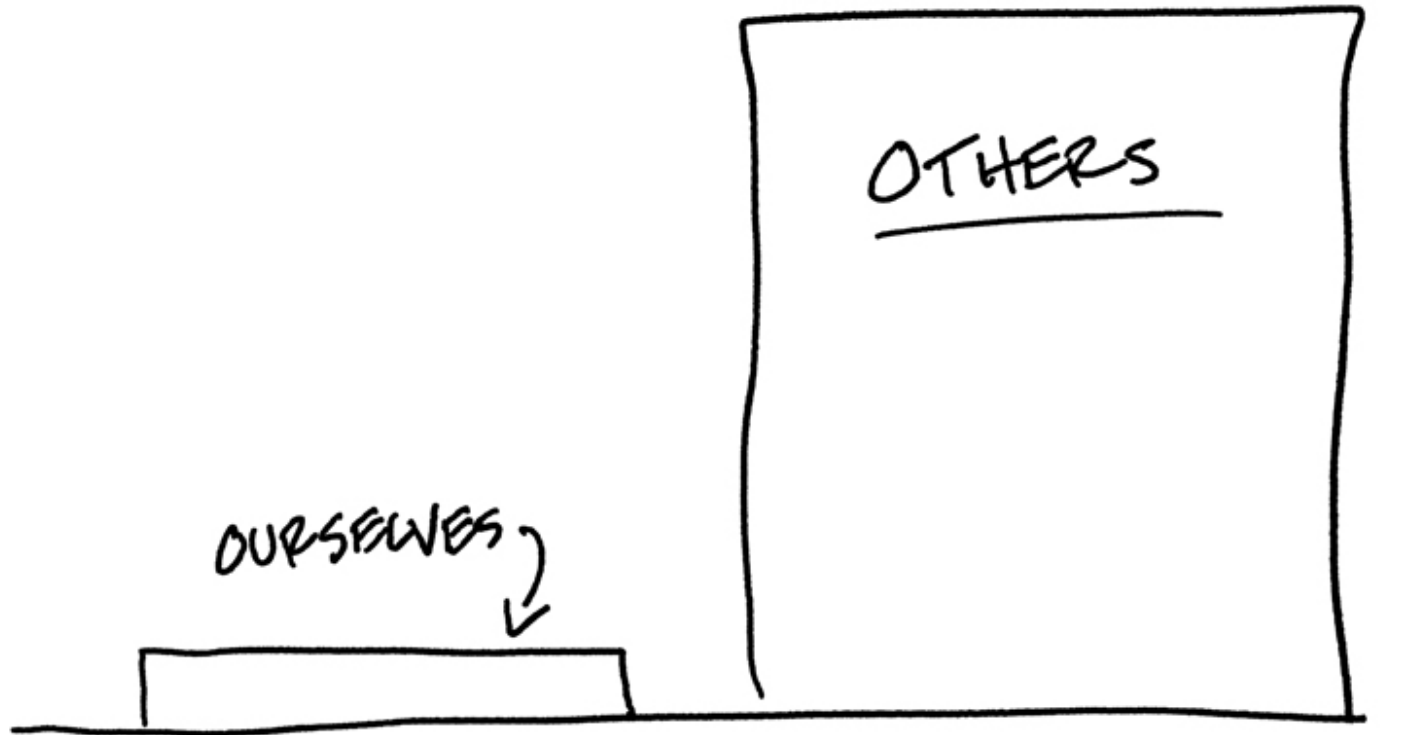
THE IMPACT YOU'LL HAVE



BEHAVIOR | GAP

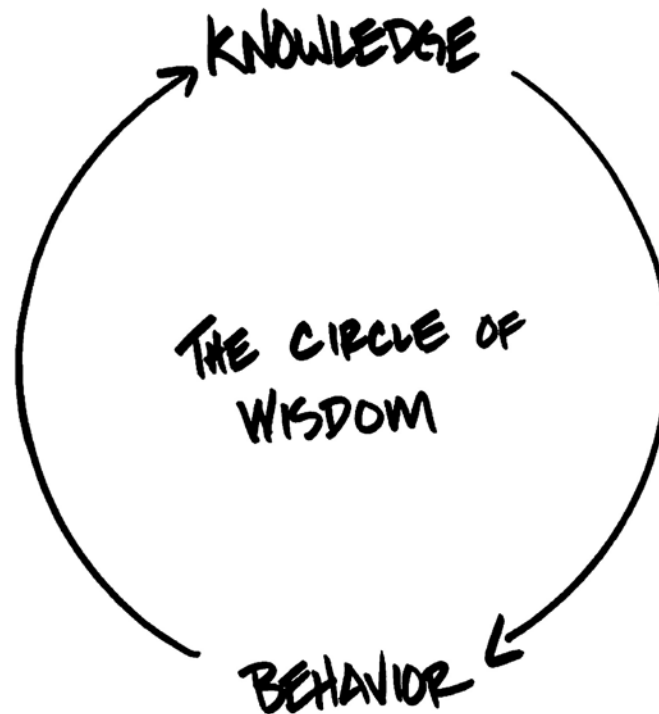
Life Lessons: *Grace Extended*

GRACE WE EXTEND —



BEHAVIOR | GAP

Life Lessons: *The Circle Of Wisdom*



BEHAVIOR GAP

Life Lessons: *Valuable Assets*

VALUABLE ASSETS

YOUR 401K

YOUR IRA

YOUR HOUSE

YOU!

BEHAVIOR | GAP



ALLODIUM

**INVESTMENT
CONSULTANTS**

A background image showing a stone bridge with multiple arches, partially obscured by a semi-transparent dark green overlay. The scene is dimly lit, possibly at dusk or dawn, with some light flares visible.

Behavior Gap

Sketches by Carl Richards

April 28, 2020