GUIDE 02 · INVESTING

Investing 101: What Actually Matters

Long-term success comes down to a handful of unglamorous principles — your behavior, your costs, and your diversification matter far more than your picks.

Diversification: the only free lunch

Spread money across many companies, industries, countries, and asset types so no single failure can sink you. A single stock can go to zero; a broadly diversified portfolio essentially can't. Watch the concentration trap: holding a big chunk of wealth in your employer's stock ties your paycheck and portfolio to the same fate.

Risk tolerance vs. time horizon — not the same thing

Question	What it measures	Why it matters
Risk tolerance	How much decline you can stomach without panic-selling	Emotional. A portfolio you abandon in a crash was never right.
Time horizon	When you'll actually need the money	Mathematical. Money needed in 2 years shouldn't ride the stock market; money needed in 25 arguably shouldn't sit in cash.

Different goals deserve different portfolios — a retirement account and a house-down-payment fund shouldn't look alike.

Fees: the quiet compounding killer

A SIMPLE ILLUSTRATION

Imagine $100,000 growing at 7% for 30 years. At a 0.1% annual fee it reaches roughly $740,000; at 1.5%, roughly $495,000. Same market, same investor — about $245,000 lost to fees and lost compounding. (Hypothetical illustration only.)

jjwealthadvisory.com · jacobjohnsjj99@gmail.com · (334) 220-9821 · Book a free call: calendly.com/jacobjohnsjj99/30min

Know what you pay: expense ratios, advisory fees, trading costs, commissions, surrender charges. Paying isn't bad — paying *blindly* is.

The mistakes that cost the most

1. **Trying to time the market**
   You must be right twice — when to leave and when to return. Missing just a handful of the market's best days (which cluster near the worst ones) devastates long-term returns.

2. **Chasing performance**
   Buying last year's winner is the most reliable way to buy high. Top funds of one decade routinely land at the bottom of the next.

3. **Panic-selling downturns**
   Declines are a normal, recurring feature of markets. Selling during one converts a temporary loss into a permanent one.

4. **Having no written plan**
   Without a plan, every headline is a decision. With one, most headlines are noise.

Ready to talk it through?

Every situation is different. Book a free, no-pressure call — no cost, no obligation, just clarity.

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