The Smart Investor's Manifesto

How Investing The Old Way Could Leave You Behind Post COVID.

HAMMER FINANCIAL GROUP

"People don't plan to fail, they fail to plan."

Securities and Advisory Services offered through Commonwealth Financial Network, Member FINRA/SIPC, a Registered Investment Adviser.

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The "Secrets" to Investment Success

What you are reading right now is a snapshot of extensive research and real world experience that Hammer Financial Group has used with clients over the course of many years.

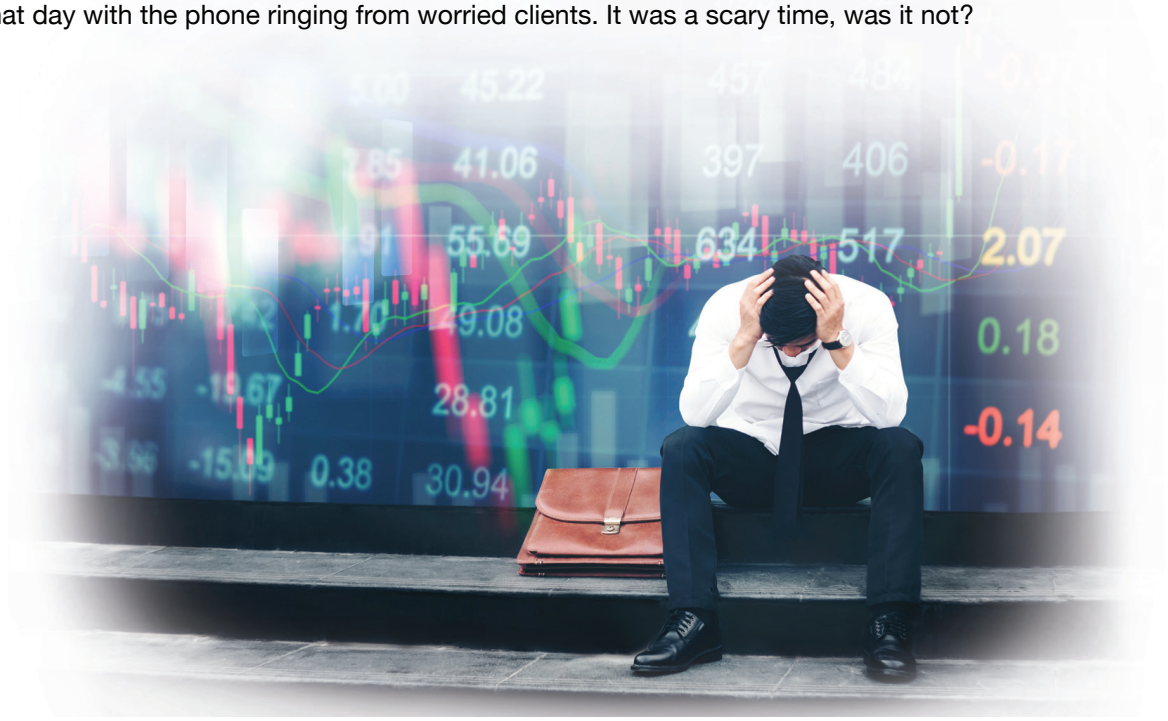
Most of the investment advice that is publicly available is skewed by a hysterical media culture and vanilla advice. It is "one-size-fits-all" and ignores the complexity of managing money in the 21st century.

In the pages to follow, you'll discover ideas, techniques, and strategies that can lead you to the financial independence that you've been longing for. But as the old adage goes, "you can lead a horse to water, but you can't make it drink."

Ultimately, what you DO with these ideas is what is most important to your financial success. I strongly suggest that you print out this report and read it entirely right now. Armed with the information in this report, financial success can turn from a dream to a reality.

Putting the Stock Market into Perspective

On the morning of March 9, 2020, the S&P 500 (an index of the 500 largest publicly traded companies in the USA) fell 7% in four minutes! The drop was so severe that the market halted trading for 15 minutes, the first time that had happened since the financial crisis of 2007-2008. I remember sitting in my office that day with the phone ringing from worried clients. It was a scary time, was it not?



The turmoil from the COVID-19 pandemic wreaked havoc on global financial markets. From February of 2020 to the end of March 2020, the U.S. stock market lost over 30% in value. It was the fastest drop in history!

Nearly every asset class lost money. There were few places for investors to "hide." Cable news exploded with apocalyptic headlines.

This is important. The market generally does not respond to logic, fundamentals or reason. The market is often governed by fear, uncertainty, and irrationality.

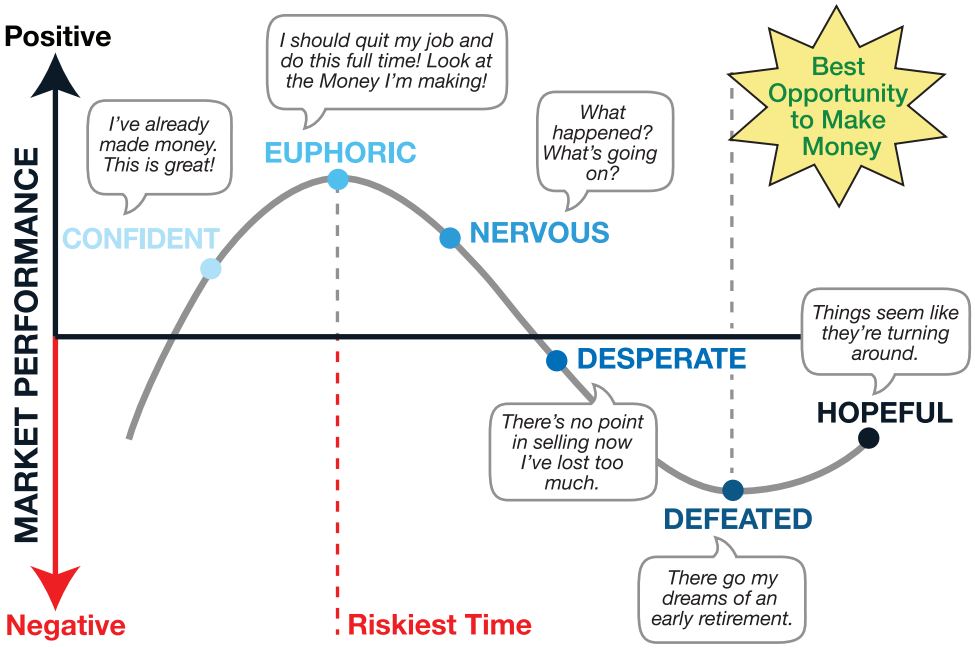
Now you might be wondering, "Why anyone would invest their hard earned money in such volatile and seemingly scary markets?" Good question, let me explain.

The Reason Most People Struggle to Invest Properly

You might not have noticed, but many people buy and sell at the wrong times. In fact, you probably have heard the old adage, "buy low, sell high." But how many people are successful in doing that long term?

The challenge is human emotion. Humans make decisions based on emotion, then justify with logic. Go back and read that last sentence. Now, take a look at the image below.

A "Bear Market" is defined as a decline of 20% or more.



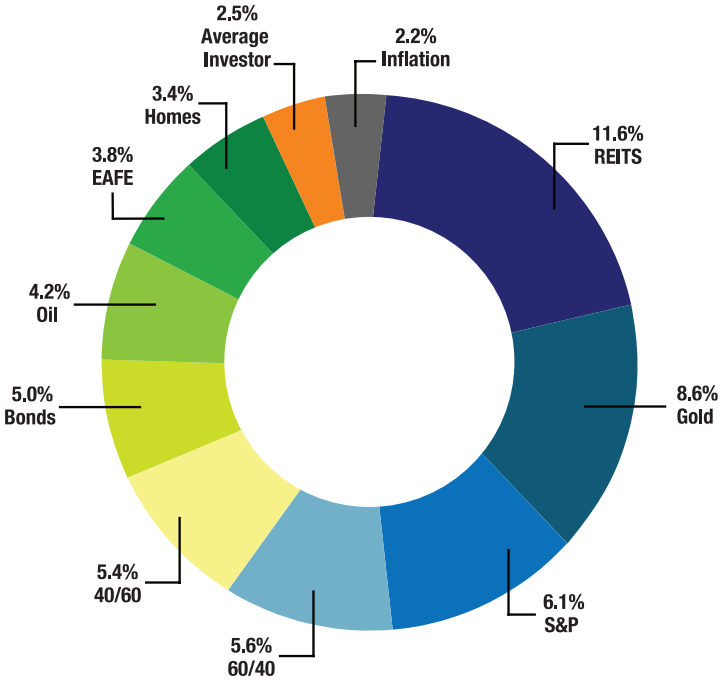
Source: John Hancock Investments, Take the Emotion Out of Investing.

This hypothetical scenario is for illustrative purposes only and is not a prediction of future market conditions.

***So the lesson is this:* Generally speaking, the best opportunity to invest is after the market drops, not during market highs.**

Einstein defined insanity as "doing the same thing over and over again, expecting a different result." In investing the same holds true. Millions of Americans continue to invest the same way, year after year, getting the same marginal results.

Most people don't have any idea how to invest, how to build a portfolio, what funds to pick, etc. Don't just take my word for it, look at the graphic below.

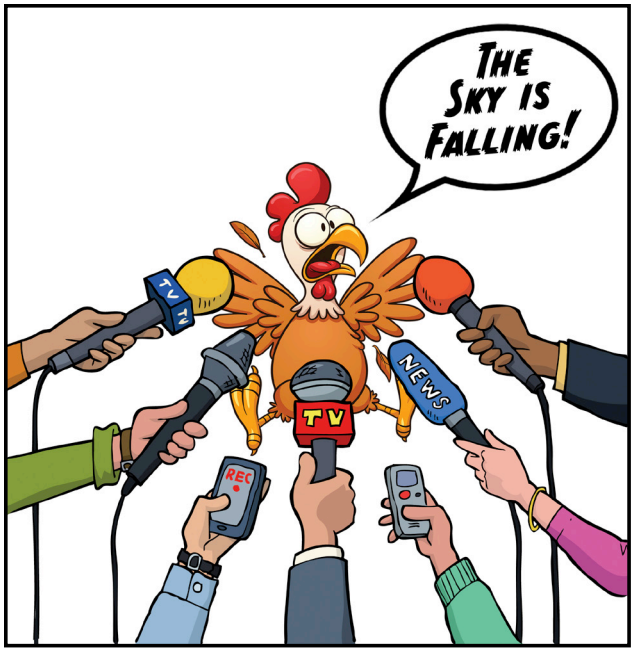


As the graphic indicates, the average investor earns about 2.5% annually, well behind the 6.1% of the S&P 500 and other top performers.

Source: J. P. Morgan Asset Management; (Top) Barclays, Bloomberg, FactSet, Standard & Poor's; (Bottom) Dalbar Inc. Indices uses are as follows: REITS: NAREIT Equity REIT Index, EAFE, MSCI EAFE, Oil: WTI Index, Bonds: Bloomberg Barclays U.S. Aggregate Index, Homes: median sale price of existing single-family homes. Gold: USD/troy oz, Inflation: CPI 60/40: A balanced portfolio with 60% invested in S&P 500 Index and 40% invested in high-quality U.S. fixed income, represented by the Bloomberg Barclays U.S. Aggregate Index. The portfolio is rebalanced annually. Average asset allocation investor return is based on an analysis by Dalbar Inc., which utilizes the net of aggregate mutual fund sales, redemptions and exchanges each month as a measure of investor behavior. Returns are annualized (and total return where applicable) and represent the 20-year period ending 12/31/19 to match Dalbar's most recent analysis. *Guide to the Markets – U.S.* Data are as of April 13, 2020.

Beware "The Experts"

Have you ever found yourself wondering how the people on television get their jobs? Is it because they are the smartest? Is it because they give the best financial advice? Nope. It's usually because they are the best entertainers.



Now granted, everyone has different interpretations and opinions. There probably are some people in the modern media who act with honesty and integrity. But the incentive system for these media types demands they generate controversy. Conflict drives television ratings. Television ratings move higher on fear. Higher television ratings equals more ad sponsorships. **It's about making profits for the media company.**

As for investment advice? For the "experts" on TV, it's usually about chasing the shiny new object and playing on people's emotions. Be careful. Just because you saw something on television doesn't make it the right choice for you.

Ideally, you want to be receiving advice from financial advisors who accept fiduciary responsibility and can explain why an investment is the right choice for you. Don't fall for the cheap theatrics of cable news.

This Time Might be Different…Here's Why

You've probably heard the expression, "this time it's different" to predict an upcoming market surge or crash. You might be tempted to roll your eyes and ignore such statements. Usually when people (especially the media) say that "this time it's different," their predictions are misguided or exaggerated. But, to be blunt, this time it really might be different, here's why:

Prior to the pandemic, one of our clients would drive into the city every day from his house in the suburbs. Upon arriving at his workplace, he would pay for parking in the local parking garage. Before sitting at his desk, he would walk to the local coffee shop for his morning coffee. At lunchtime, he would take a stroll outside his office building and grab a deli sandwich. At 5 o'clock, he would leave the office and occasionally stop to fill up his car with gas on his way home.

Sounds like a typical American workday, right? Well now, he doesn't do any of those things. Why not? Because he works from home. So as you find yourself thinking about the above example, **just imagine what the economic impact is!**

The parking garage has lost their daily sale from our client. The coffee shop has lost a sale of their coffee. The deli has not sold our client his favorite sandwich for lunch. And the gas station has missed out on the weekly sale from our client filling up his car with gas. **Now multiply this example by millions of Americans.** Holy cow! That's a major change in behaviors and a major change in business revenue. To top things off, the office building that our client works in is sitting empty. Do you think the company is going to continue to pay the lease on a building they don't use?

So what does this all mean for you, the investor? It means that if you continue to invest the same way as you did 5, 10, or 15 years ago, you are likely to be on the wrong side of making money. To drive it all home, would you really want your money to be invested in shopping malls right now? Movie theaters? Big office buildings? Airlines? Times are a changing. Either adapt or your investments will likely miss out on the latest trends.

As of October 2020, AMC and Regal Theaters have told investors bankruptcy is "on the table."

Frustration, Disappointment, Overwhelm, Confusion....

According to Forbes Magazine, nearly 80% of Americans live paycheck to paycheck.* One of the biggest reasons why that is happening is because many people don't invest enough money. And the money they do invest is usually invested too conservatively.

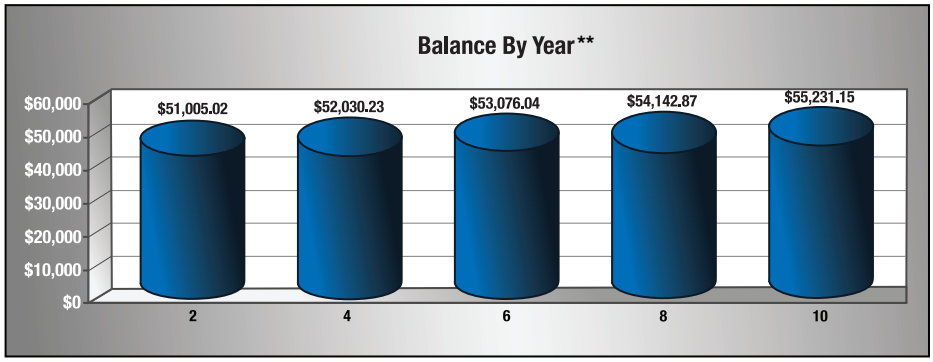
Some people get into their fears and believe that investing in the stock market is dangerous. Yes, there is risk, but research demonstrates that the 10-year stock market returns have averaged 9.2% over the past 140 years.** Yet millions of Americans continue to invest their hard earned money in low interest rate savings accounts and certificate of deposits. And yet, they wonder why they're not making more progress towards their retirement?

Do You Know What Ten Years of Investing Could Be Worth To You?

As you read through this report, you might be thinking, "Well this sounds all good, but what difference will it really make to me in the end?" Great question. Let's do a comparison.

In example A let's assume that you invest the same way millions of Americans invest, by keeping your money at the bank, earning 1% interest annually. For the sake of the example, let's assume $50,000 is invested for 10 years. Here are the results:

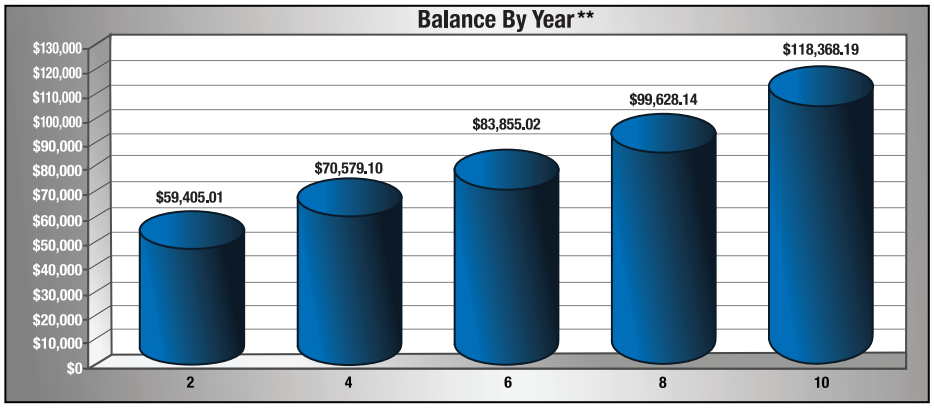
Example A



This hypothetical scenario is for illustrative purposes only and is not a prediction of future results.

At the end of 10 years, you will have a total of $55,231.15. Now let's look at Example B. In this case, you invest $50,000 in the U.S. stock market, generating an average return of 9% for 10 years. Here are the results:

Example B



This hypothetical scenario is for illustrative purposes only and is not a prediction of future results.

At the end of 10 years, you will have a total of $118,368.19. So the difference between Example A and Example B is $63,137.04 dollars! Now to be fair, this is a simplistic example, and not everyone gets the same result. But you can see how big of a difference this can be, can you not?

Please note that taxes, fees, and expenses will also reduce your investment return. Investments are subject to risk, including the risk of losses.

Recap

1). The market generally does not respond to logic, fundamentals, or reason. The market is often governed by fear, uncertainty, and irrationality.

2). Generally speaking, the best opportunity to invest is after the market drops, not during market highs.

3). The average investor earns about 2.5% annually, well behind the 6.1% of the S&P 500 and other top performers.

4). Ideally, you want to be receiving advice from financial advisors who accept fiduciary responsibility and can explain why an investment is the right choice for you. Don't fall for the cheap theatrics of cable news.

5). If you continue to invest the same way as you did 5, 10, or 15 years ago, you are likely to be on the wrong side of making money. To drive it all home, would you really want your money to be invested in shopping malls right now? Movie theaters? Big office buildings? Airlines? Times are changing. Either adapt or get left behind.

6). Take Action today!

The Easiest Way to Get Started Investing the Smart Way

Now you could take the information in this report and start to invest on your own. There are some people talented enough to do it. But facts are stubborn things. Most people are not good mangers of money and unless you have a background in finance, you're probably "winging it."

So you could continue to invest the way you always have, but why would you? It could potentially cost you time, energy and MONEY!

Let me be frank with you. The ideas laid out in this report are the basis of our investment strategy. From it, we can develop a financial plan that can help reach your retirement goal and provide for your family.

If you are the kind of person who is looking to take your finances to the next level, the kind of person who wants to maximize their investments, the kind of person who wants to be a new generation investor, then your next step is obvious.

Go to **www.GotTheHammer.com** and sign up today for your no-risk, no-obligation consultation.

Remember, people don't plan to fail, they fail to plan. Have a plan for managing money!

Thank You for reading.

Adam R. Hammer

About

Myrtle Beach Half Marathon, 2013

UB Event, February, 2020

Great Cow Harbor Run, 2009

Paul Hammer is the owner of Hammer Financial Group, located in Western New York, and is affiliated with Commonwealth Financial Network, a premier independent broker/dealer. Paul believes in lifelong learning and sharpens his tools at every opportunity. He understands that the difference between making money and holding on to it is knowledge.

Paul graduated from the State University of New York at Buffalo in 1978 with a degree in Economics. Returning to Long Island (where he grew up), Paul received his MBA in Finance from the New York Institute of Technology, located in Westbury.

In 1991 Paul moved back to the Buffalo area—he missed the snow—with his family and began his studies at the American College. He achieved the Chartered Life Underwriter (CLU) designation in 1995 and the Chartered Financial Consultant (ChFC) designation in 1996, both from the American College. He has also obtained the Accredited Investment Fiduciary®, (AIF®) designation.

In addition, Paul has completed all requirements for the Accredited Estate Planner designation and has maintained the required continuing education credits (PACE) with the American College.

Paul resides in Williamsville, New York, with his wife JoAnn.

Adam Hammer joined Hammer Financial Group in 2014. As a fully licensed Investment Adviser Representative, Adam facilitates research on all investment products, including mutual funds, exchange traded funds, stocks and bonds. He is responsible for maintaining and refining investment models. Adam helps clients work towards their investment goals and handles all marketing initiatives for the company

Adam received his Bachelor of Arts in Political Science from Mercyhurst University in 2009. He received his Masters of Science in Finance from the University at Buffalo in 2014. Adam has earned numerous professional designations from the College of Financial Planning, including the Accredited Asset Management Specialist (AAMS®) and Chartered Retirement Plan Specialist (CRPS®).

Adam is a member of the Toastmasters of the University at Buffalo and is a council member of the University at Buffalo Young Alumni Program. Adam has participated in the Buffalo Half Marathon and Myrtle Beach Half Marathon (yes, he finished!).

In his spare time, Adam enjoys reading (horror and spy novels) and suffering vicariously through Buffalo sports teams!

References

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