

Financial DNA:
***DNA Financial Performance:
An Investor's Story
of Building a Behavioral Portfolio***

July 2011

The New Performance Paradigm

I was recently at an industry seminar presented by Hugh Massie from DNA Behavior International about:

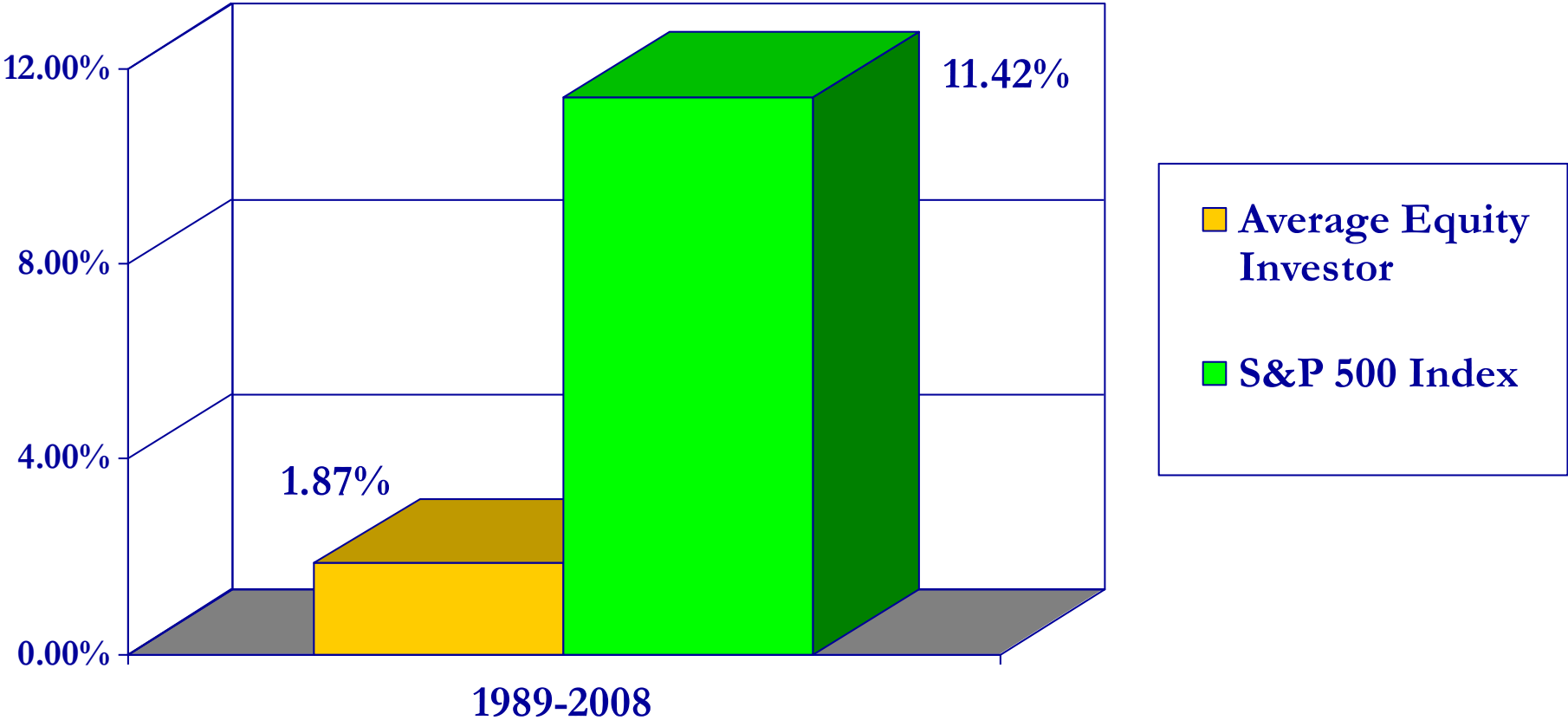
1. **Learning:** “Financial Performance in the New Behavioral Economy”.
2. **Message:** The key to building Financial Performance is to know who you are and not make “spur of the moment” financial decisions in reaction to life and financial events.
3. **Issue:** Is the concept of shifting the focus from financial returns to understanding my financial behaviors too soft for wealth creation?
4. **Validation:** Compelling research which demonstrates that investors make far lower investment returns than the market returns.



Frank Butler
Investor

The Value for Investors of Understanding Behavior

Average Annual Total Returns 1989-2008



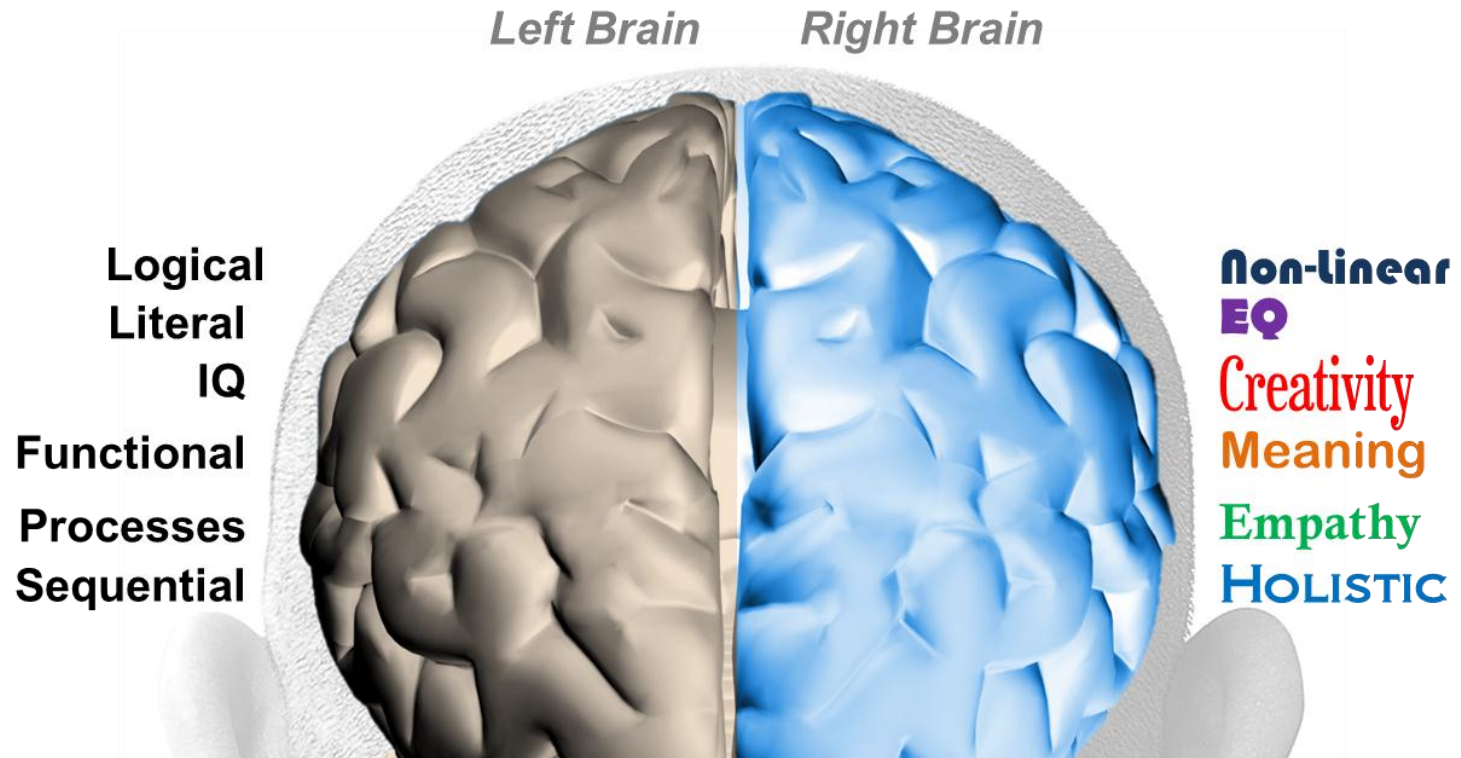
“Source: Quantitative Analysis of Investment Behavior” Report, 2009 Update, Dalbar, Inc. The S&P 500 is an unmanaged index and cannot be invested in directly. Past performance is no guarantee of future results.

Human Performance Solutions for Building a Quality Life



Hugh said at DNA Behavior International, we provide customized life long experiences to guide individuals, families and their advisors to discover their financial personality for building sustainable plans for Financial Performance.

Holistic Processes Open Up Opportunities for Meaningful Life Long Experiences.



Connecting to the right brain is key for unlocking life meaning, understanding emotions and to achieving stronger relational connections. The DNA Behavior approach is to use tangible discovery processes to discover and adapt to different “left brain” and “right brain” learning styles so customized life long experiences can be offered.

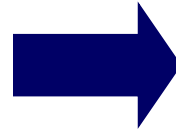
The Need to Move from Numbers to Human Behavior



Hugh explained that:

1. Focusing on financial strategies and returns helps achieve the first level of improved financial results.
2. However, in the New Behavioral Economy “behavior drives Financial Performance”.

Re-Define Financial Planning Performance for Your Clients



*Financial Planning is the act of planning for at least one financial goal or need by gathering and analyzing relevant **behavioral, life and** financial data resulting in an action plan or recommendations while identifying other client issues that may deserve attention.*

What is DNA Financial Performance?

The Definition of DNA Financial Performance

The ability to confidently and wisely make the right committed financial and investment decisions on a sustainable basis to achieve your Quality Life Goals.

This is achieved through understanding your unique financial personality.

Returns Motivate Performance



The Message:

Experience and research shows 95% of your wealth creation comes from your behavior and personal talents and 5% from investments.

Returns are one measurement of success. However, financial attitudes can also get in the way.

A Certified Wealth Mentor to Guide You



Hugh asked: Who is your behavioral guide for the Quality Life Journey?
“Wealth Mentoring” is a relational process that involves guiding others with wisdom to self-discover who they are and their priorities for a quality life through a mutual sharing of their life journey.

The Role of Wealth Mentor

After some research and asking other financial advisors I was referred to Chris Coddington, the President and Founder of Pegasus Financial Services.

Chris explained that he is the Wealth Mentor of his clients to:



1. Build a trusted relationship for guiding them to build Financial Performance.
2. Personally transform their “inner game” so that they more confidently make committed decisions and do not emotionally react to events.
3. Provide unique customized life long wealth creation experiences for each client.
4. Achieve the right repeatable actions for building wealth using predictable DNA Behavior insights and performance measurement.

Financial Performance Challenges for Investors

Gain Confidence by Knowing Your Financial Personality.

1. Being able to reliably predict how you will react to life and market events
2. Keeping focused on your financial planning to achieve your life and financial goals.
3. Lack of a structured process to help you discover your financial personality and set goals.
4. Difficulty in confidently making committed long term investment decisions.
5. Closing the Dalbar gap of market performance vs. investor performance.
6. Managing the influence of advisor bias on your decision-making.



**Build a Customized
Financial Plan and a
Behavioral Investment
Policy Statement.**

Addressing Financial Performance Challenges

Chris asked me 3 powerful questions to address “changing the balance” for improving my ability to make financial and investment decisions:



1. *Do you need a more reliable method to predict how you will react to life and market events?*
2. *Do you find it difficult to confidently make committed decisions?*
3. *Do you need a more structured process for discovering your financial personality and setting goals?*

If you do not, it will be hard to make committed decisions for building sustainable Financial Performance.

The DNA Behavior Message

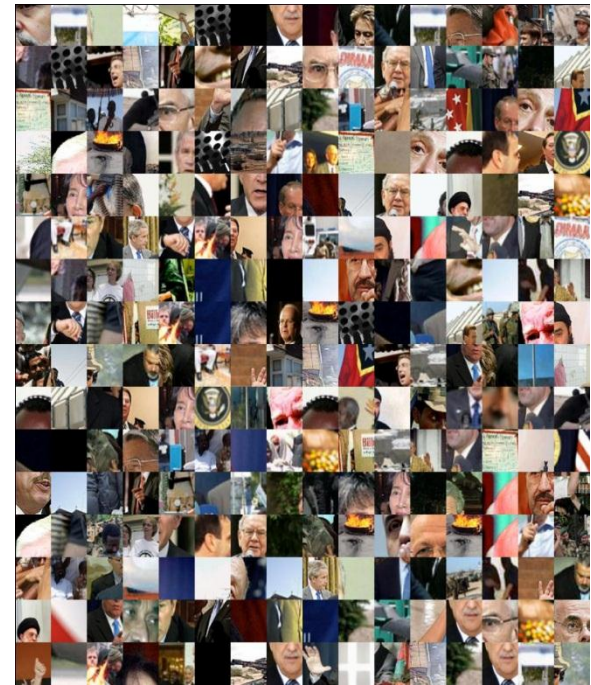
Chris re-explained to me what the presenter had been saying this way:

Products and markets are the same. However, individuals perform differently and require unique experiences.

To perform in this environment, you need to understand and match your unique innate behaviors and preferences to the optimal solutions for living a Quality Life.

Therefore, to improve performance you need to self-discover your unique financial personality which is the foundation to building a Financial Plan and a Behavioral Investment Policy Statement.

Knowing yourself and others is difficult, but critical.



The DNA Performance Solutions Transform Financial Performance.

Manage The Emotional Roller Coaster of Events and Markets



Events and markets cannot be controlled but how you manage your reaction to them can be. Achieving results is about how you predict and manage your behavior.

– Hugh Massie, September 1999

The Painted Picture of Your Financial Performance

The Painted Picture

Chris asked me to imagine:

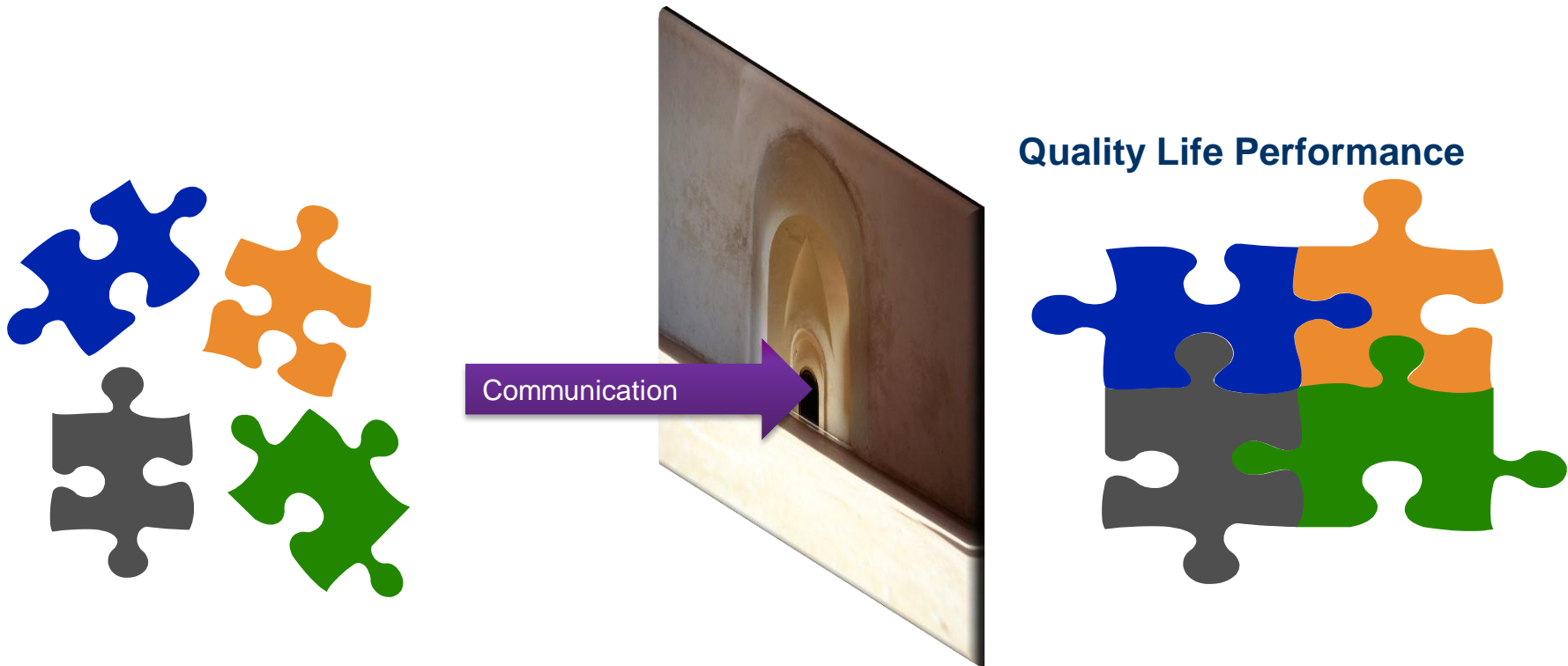
Transforming my financial performance in 3 years time whereby I have complete financial clarity bringing confidence in my decisions, and have sufficient capability to earn the income to live the life of my dreams.

What impact would this have on me and my family living an improved Quality Life?



Communication Opens Quality Life Performance

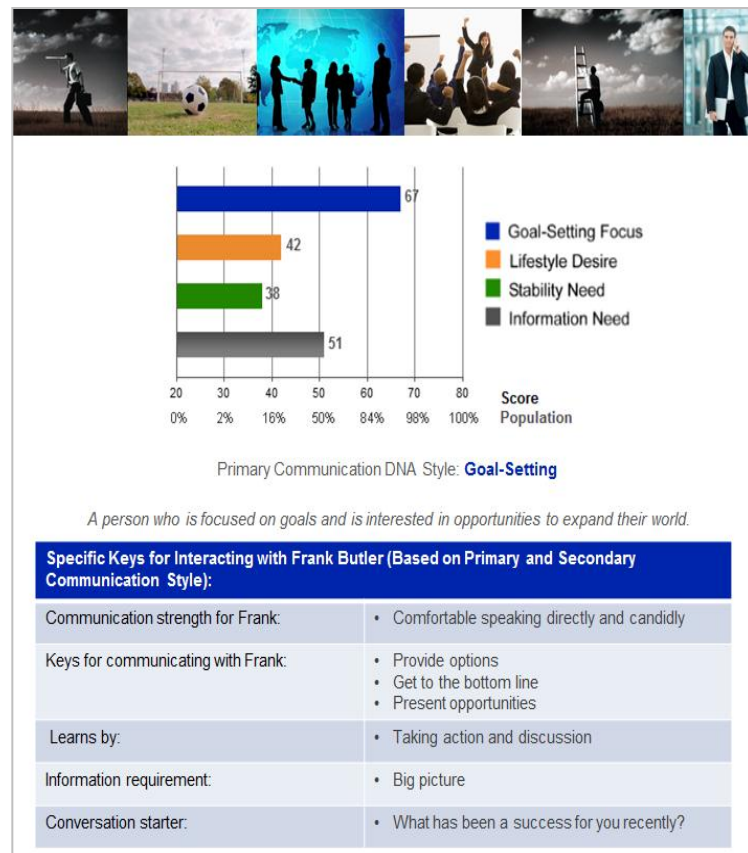
Chris said the gateway to the entrance is narrow and fragile. Getting through is hard and staying there is even harder.



Emotionally Engage Clients to Stimulate Performance

I asked Chris, How do I get started? Chris explained the first step is for me to complete my Communication DNA Discovery:

1. 2-5 minutes to complete
2. Specific insights on how you wish to be communicated with
3. Identifies key life and financial motivations
4. Build greater trust in all of your relationships with family members and advisors.



Communication DNA Report

The Starting Place for Improving Financial Performance: Knowing Who You Are



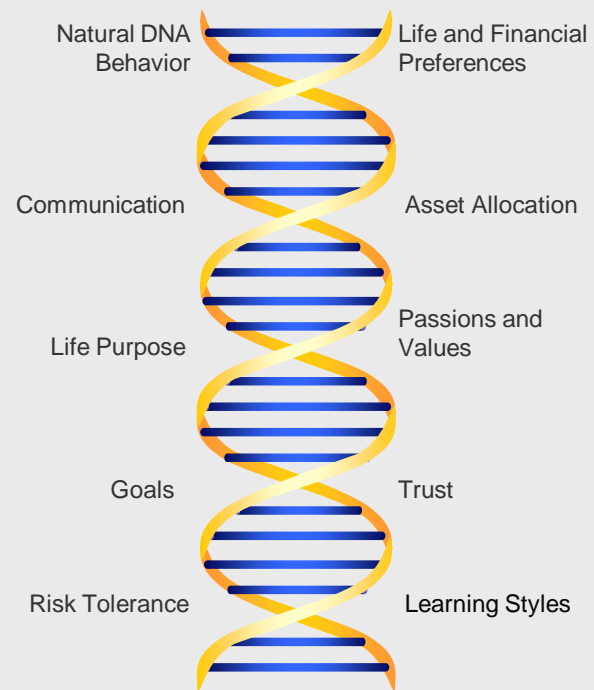
Chris said: “Research and experience shows that the best means of creating lasting wealth is to understand yourself, and then tailor a financial strategy suited to your complete financial personality – your “Financial DNA”. This includes not only your risk tolerance but also all of your predictable, natural DNA behaviors and preferences which instinctively take-over when you are under pressure and strongly influence decisions”.

Why Discover Your Financial DNA?

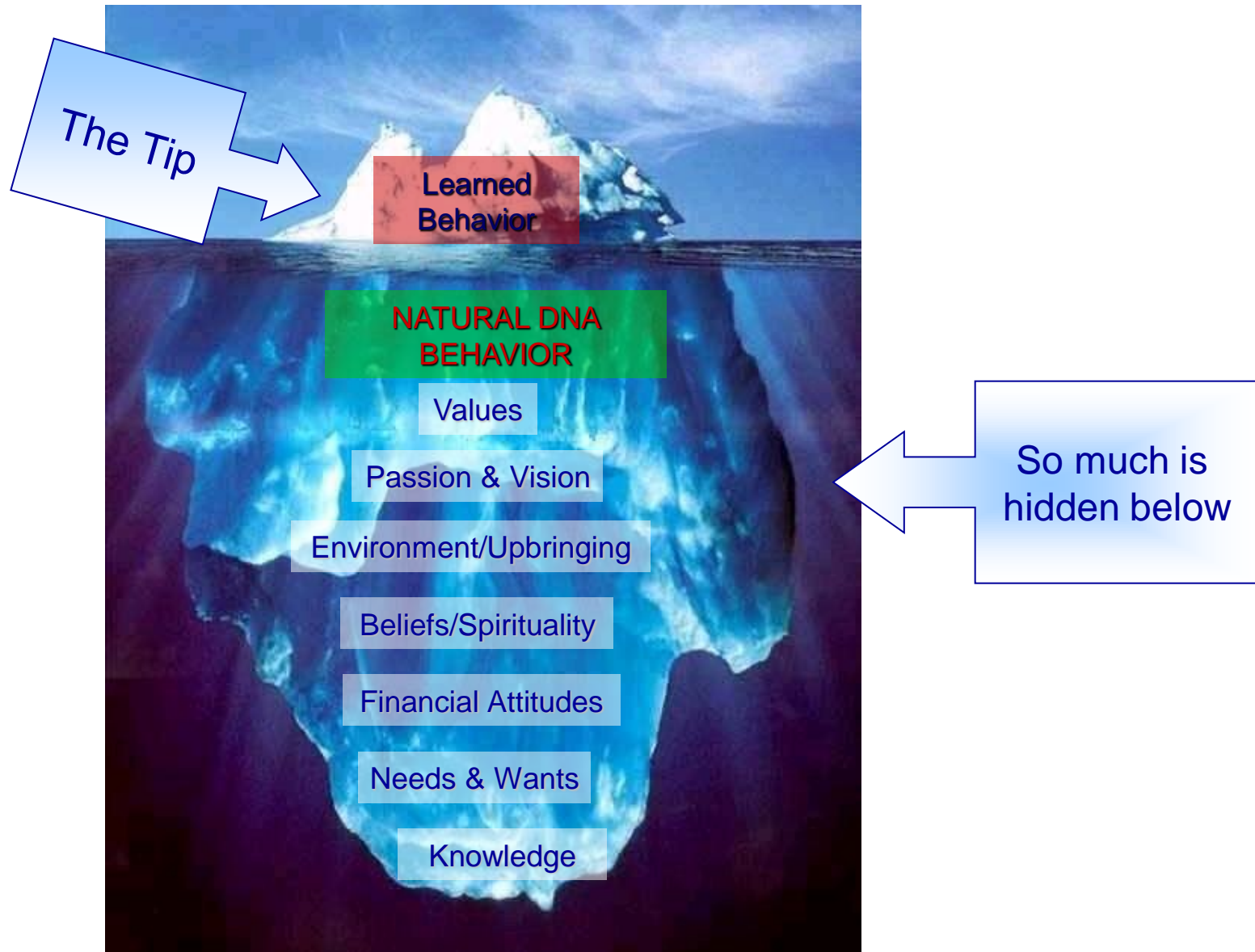
Chris said that Your Financial DNA is at the Core of Life and Financial Decision-Making

1. Your natural DNA Behavior drives how you uniquely respond to life and financial events.
2. Successful wealth creation is about how you manage emotional responses to these events.
3. Experience and research shows 95% of wealth creation comes from your behavior and personal talents and 5% from investments.
4. Building wealth and a Quality Life requires the self awareness and confidence that comes from knowing who you are to balance your emotions and rationality with every decision made.

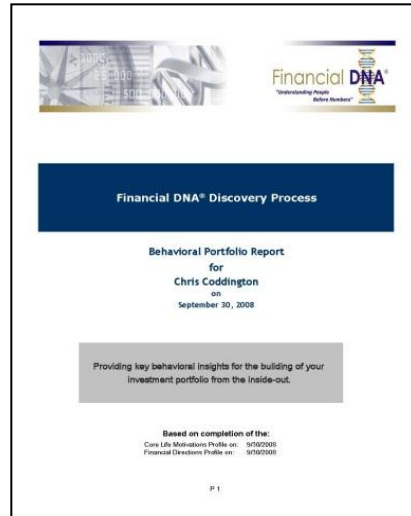
Financial DNA Profiles Uncover



Seeing Below the Surface with Financial DNA Discovery



Financial Performance Discovery

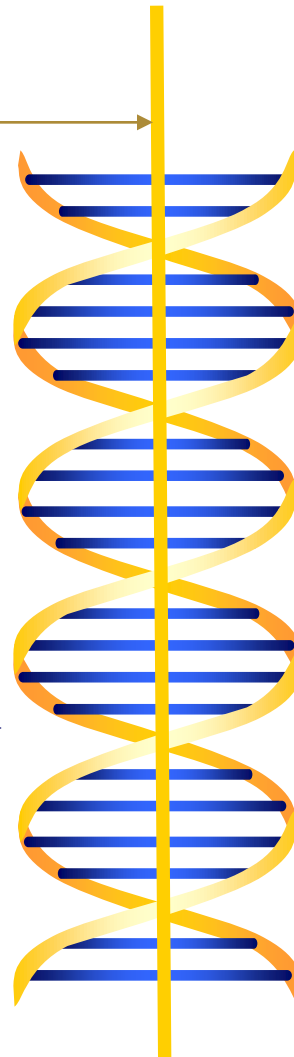
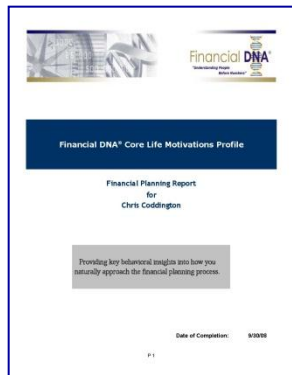


**DNA Financial
Performance Report**

1. Identifies your complete financial personality based on your natural DNA Behavior and current preferred financial behaviors “in 18 Strands” based on your environment, life experiences and education.
2. Financial Behavior Analysis comparing both your natural DNA Behaviors and learned financial preferences for additional insights into your financial strengths and struggles.
3. Basis for Behavioral Portfolio Allocation.
4. Behavioral Investment Policy Statement prepared.

How the Financial DNA® Discovery Process Works

1. Natural Behavior Discovery: Natural Hard Wired Behavior (the “Spine”)

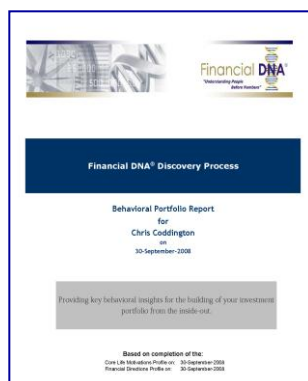


**Financial DNA
Discovery
Process Output:**

**1. DNA Financial
Performance
Report**

**2. Behavioral
Investment
Policy Statement**

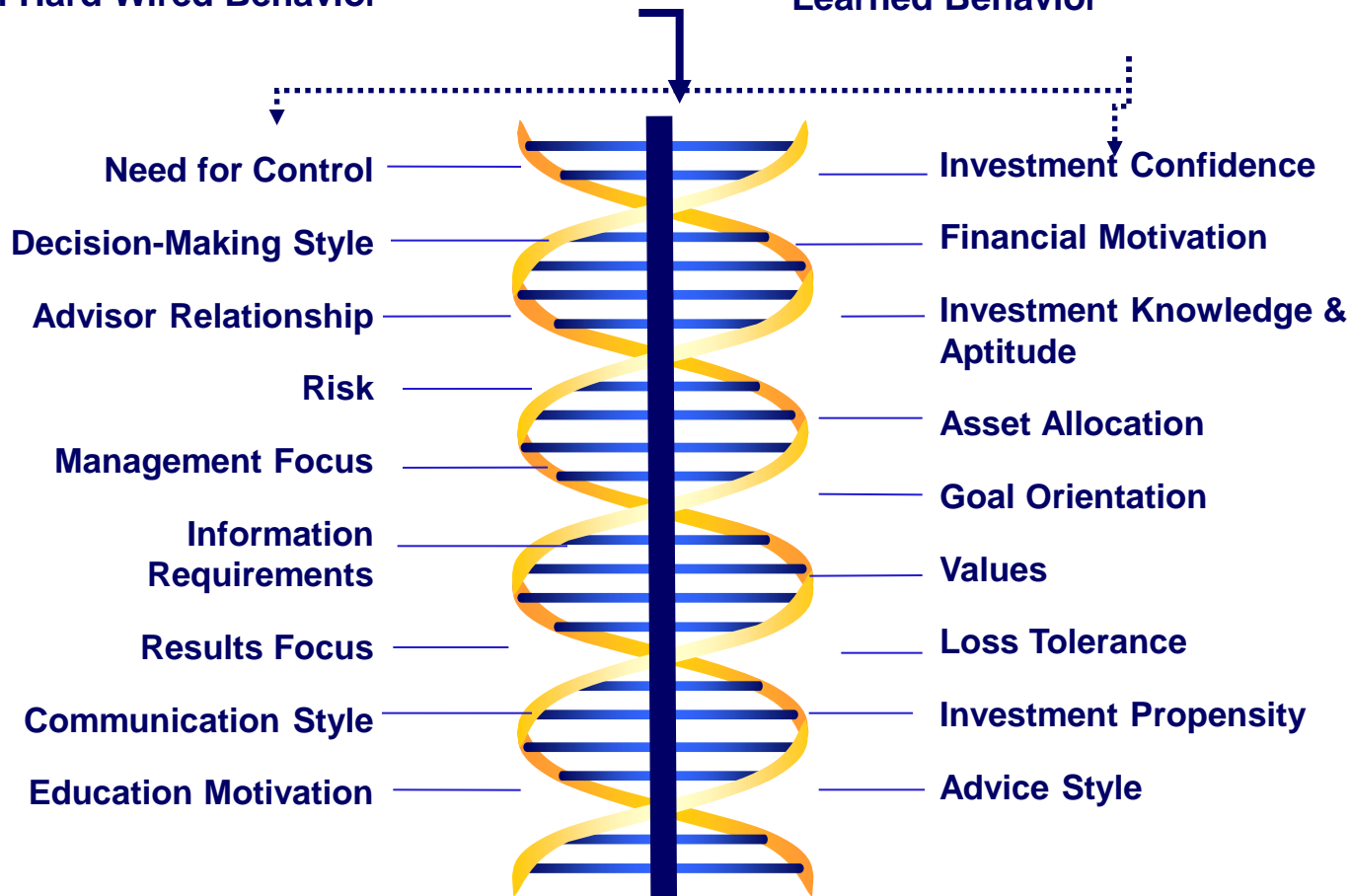
2. Financial Performance Discovery: Learned Behavior (“the Strands”)



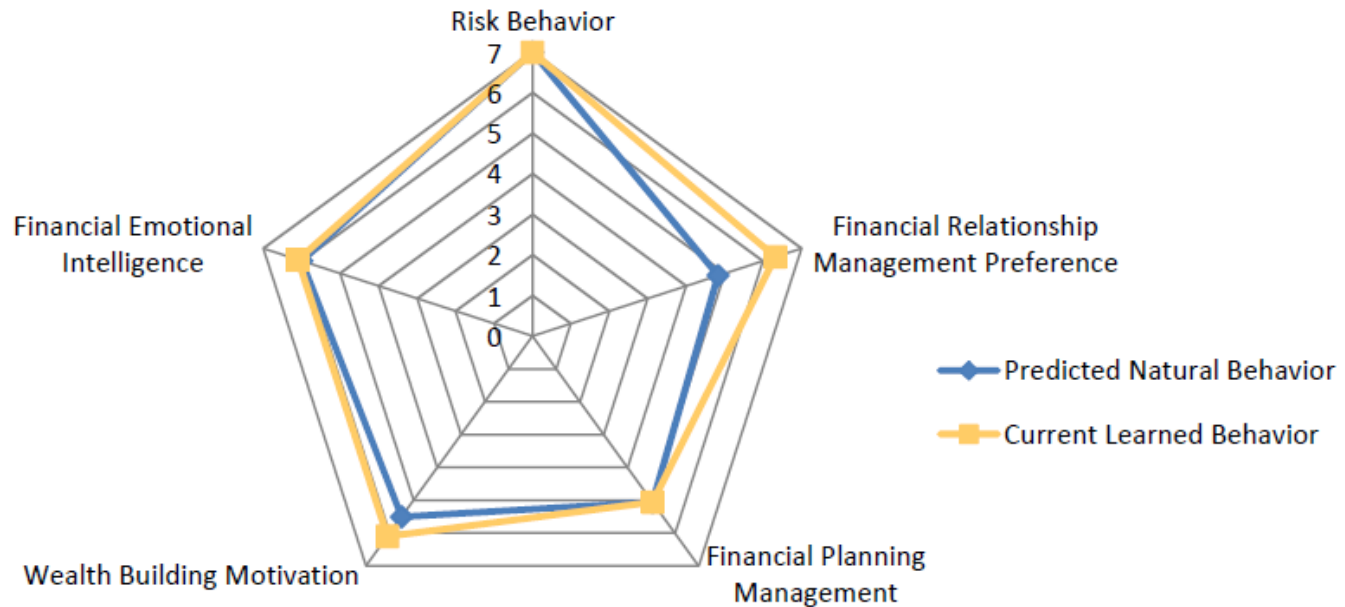
Financial Preferences Discovery

1. Natural Behavior Discovery: Natural Hard Wired Behavior

2. Financial Directions Discovery: Learned Behavior



Financial Preferences Discovery



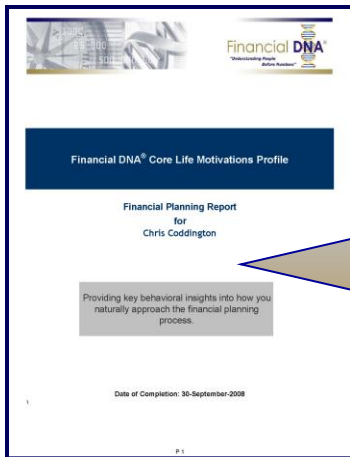
Strong Decision Making Behaviors

Individuals with lines farthest from the center have the highest propensity to generate wealth when their behavior is properly managed.

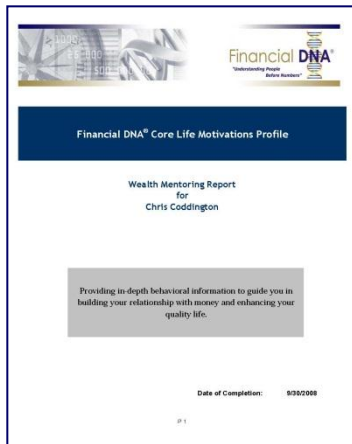
Strong and Aligned Decision Making Behaviors

Investors with strong and aligned financial behaviors have the highest propensity to build wealth when their behavior is well managed.

Natural Behavior Discovery for Financial Performance Planning



Financial Planning Report



Wealth Mentoring Report

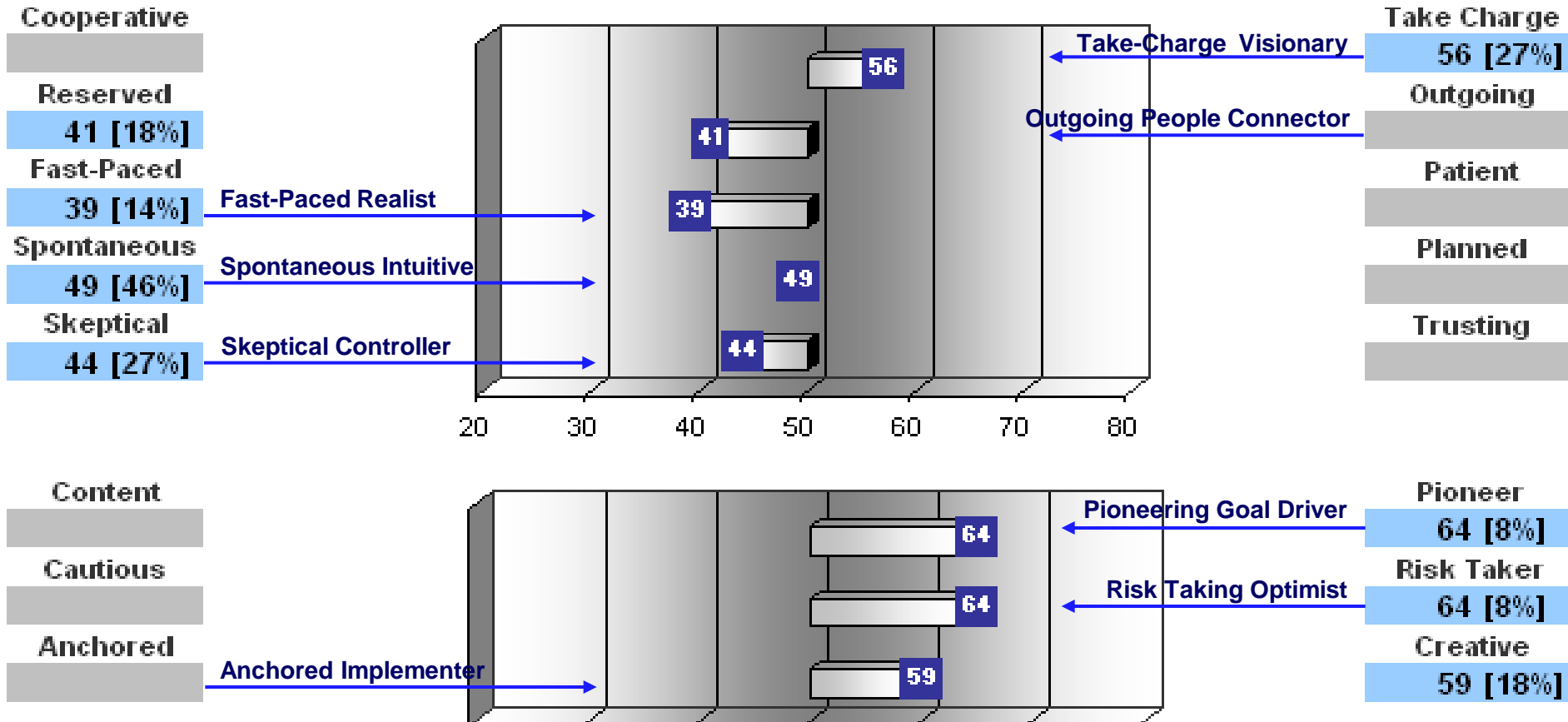
	Core Life Attitude 1 Fast-Paced Factor	Core Life Attitude 2 Risk Taker Factor
Communication	Get to the point	High returns
Quality Life Outlook	Change	Adventure
Activity Passion	Task focus	Being venturesome
Life Values	Logic	Take your chances
Strength	Rational	Has courage
Blind-spot	Impatient	Takes unnecessary risks
Wealth Creation Philosophy	Calculated	Optimistic
Money Attitude	High returns	Risk taker
Financial Goal Setting	Dynamic	Opportunistic
Planned Giving Motivation	Seeing outcomes	Create new opportunities

Quality Life Behavioral Attitudes- Financial Planning Report

1. Identifies your natural life and financial decision-making behaviors
2. Helps to address your personal strengths and blind-spots
3. Identifies your natural risk tolerance for long term investment
4. Provides guidance on the steps to build a quality life

Who I am versus Who I say I am!!

Frank Butler



DNA Natural Behavior Style: Initiator

Financial Behavior Analysis

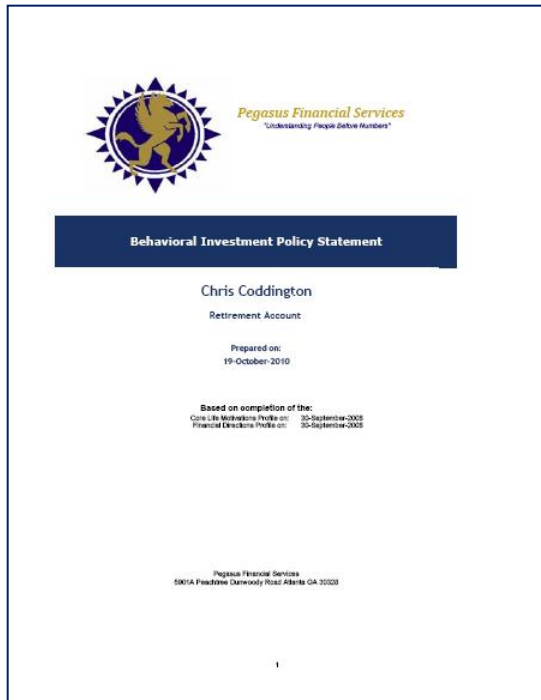
Reconciling Frank's Financial DNA® Natural Behavior & Financial Performance Discovery

Learned Behavior per Financial Performance

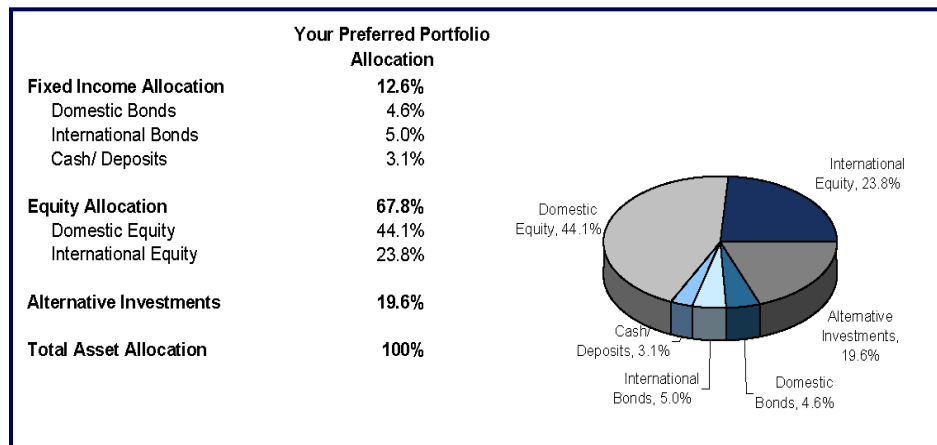
Predicted results per DNA Natural Behavior Discovery scores

Financial Directions DNA Strand	Actual	Predicted	Diff?	Reason for Difference		
	H/M/L	H/M/L	(Y/N)	Family/ Personal	Values	Career /Edu- cation
Taking Chances	LOW	HIGH	Y	✓	✓	✓
Emotional Reaction to Losses	LOW	LOW	N	✗	✗	✗
Growth Portfolio	LOW	HIGH	Y	✓	✗	✓
Diversification	MED	LOW	Y	✓	✗	✓

Behavioral Investment Policy Statement



1. Establishes the investment objectives, process and polices for investing a portfolio.
2. Includes an asset allocation based on the investors financial personality, Quality Life goals and financial capabilities.
3. Protection against spur of the moment emotional decisions based on short term market events.



The DNA Performance Guarantee

Our Certified Wealth Mentors have proven results in helping **Investors improve their Quality Life Performance** through:

- Guiding investors to discover their life purpose and realize their human potential;
- Enabling investors to engage in open communication with others for enhanced relationships;
- Helping investors more confidently make the right choices and not make poor decisions in reaction to life and market events.



Making the Right Choices for Quality Life Performance



Getting Started with DNA Financial Performance:

1. Complete your Communication DNA Discovery
2. Complete Your Financial DNA Discovery for self awareness
3. Build Your Behavioral Investment Policy Statement
4. Continuously Engage in Building a Quality Life

Learn More About Our Programs

Our Programs for Investors:

1.DNA Relationship Performance

2.DNA Quality Life Performance

3.DNA Financial Performance

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