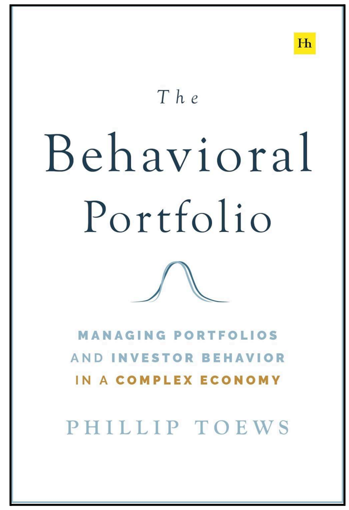
Suggested Talking Points [Media Resource]: Phillip Toews on ***The Behavioral Portfolio***

Key Ideas



- Beyond 60/40: History demonstrates that events can act like a nuclear bomb on the 60/40 portfolio, and this is being ignored by the investment industry and investment advisors
- A pro-active communications framework is the path to overcoming entrenched biases
- Your portfolio may be full of hidden risk: how to evaluate the *actual* risk in your investment approach
- Re-Thinking Risk: A Counter-Intuitive Approach to Portfolio Management for Advisors and Investors
- The Investor-Advisor disconnect: what is key to better outcomes
- How to build a portfolio that thrives in any market, no matter how bad it gets
- The Investment Owner's Manual: a guide to making better investment decisions

Potential Interview Questions

Introduction and Background

- "You witnessed one of the fastest stock market crashes in history during your first year in the business. How did that event inform your subsequent approach to investing?"
- "You grew up under the strict rules of the Mennonites in rural Kansas, but then ended up on Wall Street. Did those early experiences shape your perspective on risk and investing? If so, how?"
- "What inspired you to create the Behavioral Investing Institute and write *The Behavioral Portfolio*? What problem are you trying to solve for advisors and investors?"

The Problem

- "In your book, you mention that conventional portfolios can be 'obliterated' by extended stock market drops or hyperinflation. Can you explain what you mean by this, and why the traditional 60/40 portfolio might not be sufficient for today's markets?"
- "You've stated that the investment advisory industry is beset by two largely unacknowledged problems. What are they, and why are they so important for advisors and investors to understand?"
- "You talk about a disconnect between what advisors think investors believe, versus the reality. What are some of the key differences you've observed, and what impact do they have on investment outcomes?"
- "Your research at the Behavioral Investing Institute has shown that many investors don't understand the severity of past market crises, how their portfolios are prepared to address crises, and what the plan is when crises occur. How does this lack of understanding contribute to poor investment decisions?"
- "You've noted that investors often trail the funds they invest in by an average of 1.7% per year. What's behind this performance gap?"
- "You state that advisors are often powerless to help investors avoid the pitfall of buying high and selling low. Can you explain what you mean by that?"

The Solution

- "You conceived a framework for investing that you refer to as a Behavioral Portfolio that is 'an all-seasons approach' to portfolio construction. How does this approach address extreme market duress, and how can it help provide a smoother glide path for investors?"
- "You've stated that behavioral portfolios assume that the very worst markets may occur, but are also built to attempt to prosper under optimistic scenarios. How is that possible?"
- "The book challenges the traditional idea of risk, and asks readers to consider the 'existential risks' that could destroy a portfolio. Can you explain what hidden or misunderstood risks are out there, and how they should be addressed in portfolio construction?"
- "You discuss the importance of reframing the role of financial advisors from technical experts to 'behavioral coaches'. Why is this so important, and how can advisors make this shift?"
- "The book offers specific strategies to train investors to embrace sometimes contrarian decision-making. Can you give us an example of what a contrarian strategy might be, and how investors can learn to embrace it?"
- "You talk about 'investor pre-commitments,' and automating good behavior in your practice by setting 'defaults'. Can you explain these concepts, and how they help investors avoid poor decision-making?"

- "You've created an 'Investment Owner's Manual' as a tool for investors. Can you explain what it is and how it helps investors and their advisors?"

Practical Application and Key Takeaways

- "What are some practical steps that advisors can take to start implementing the behavioral portfolio approach in their practices?"
- "What are some common mistakes advisors make in client communications that can be easily avoided?"
- "What are the three broad categories that the behavioral portfolio is made up of, and how do these categories help address risks and manage investor behavior?"
- "You explain that the behavioral portfolio can improve the probability of success for retired investors, but it can also be effective for young investors just starting out. What are the similarities and differences in the behavioral portfolio recommendations for each group?"
- "What are the most important takeaways you hope advisors and investors will get from your book?"

Concluding Questions

- "What is the best way for our listeners to get a copy of your book, *The Behavioral Portfolio*, and learn more about your approach?"
- "Where can people go to learn more about your work at the Behavioral Investing Institute?"
- "What is the most important thing that you want listeners to remember from our conversation today?"