The Perfect Investment Strategy

BY JOE PULIZZI

Last year I was asked to write an article about how to invest your proceeds after selling your company.

Here is the full article, but I thought I'd share a portion of how I think about investing for the long term.

Because it must be stated, this is NOT investment advice of any kind.

Think of all the money you have in the world. Consider that mound of money 100 percent. Now let's talk about how to split that up so you can get the most out of your investment strategy.

The first 25 percent could look like this:

- 10 percent in cash
- 10 percent in real estate
- five percent for charity

Before we get to the remaining 75 percent (this is the amount of money we are looking to grow over time), there are a few things to consider.

First, you should allocate this money so that you can sleep at night. If you are constantly worried about this pot or checking stock prices all the time, there is a problem.

Second, I have a good handle on investments, but I know enough to know that I don't know everything.

So, I decided to take half of this pot and manage it myself (through a self-service broker like Fidelity or Schwab) and take the other half and have it professionally managed.

For the professionally managed part, I decided on a firm that charged an annual management fee on the total amount managed (say 1 percent), rather than choosing an advisor that gets paid from what they invest in for you (loaded mutual funds or other investments).

This way, I know exactly what I'm paying, and, if at any time I want to remove the investment advisor, it's already in an account that I can see and manage.

If you go with a traditional investment advisor, often they hold the money/assets in their own accounts and make all the trades.

I like it better when the advisor does not own or control the trading platform.

My Investing Formula

Now, of the 75 percent cash you have remaining, I like this formula:

45 percent US stocks with an equal distribution of small-cap, mid-cap, and large-cap stocks, as well as a division by sector (technology, healthcare, etc.). If you are more aggressive, you can lean toward the tech and healthcare sectors rather than energy or consumer staples. If you feel comfortable owning particular stocks that you understand, that's great, but ETFs make it simple and can get you the diversification you need.

The remaining 30 percent looks like this:

• 10 percent international stock holdings

• 15 percent bonds; a mixture of US, international, and corporate bonds

• Five percent alternative assets

For the five percent alternative, I like to see a mixture of hedge funds and cryptocurrencies.

For crypto, I like Bitcoin, followed by ETH, as well as several NFT holdings (I would put this into the art/collectibles category).

Most people don't realize that the best-performing sector over the last 50 years is high-end art. I believe the future of this is digital, thus non-fungible tokens.

This is a bit more advanced than most, so if you are a little skittish stick with Bitcoin and ETH and you can skip the NFTs. Even though crypto has been HIGHLY volatile, I am still a fan of this strategy.

In This Case, Diversity Wins

If you execute this correctly, you should have created a remarkably diverse portfolio.

And that's what we want…diversification.

Diversification might not necessarily give you huge returns, but it does ensure that you can sleep at night and it will grow your hard-earned dollars over time.

In closing, let's review:

• **US Stock Holdings.** Cap and sector diversified – 45 percent

• **Bonds, diversified by location and structure** – 15 percent

• **International Stock Holdings, diversified by country/region** – 10 percent

• **Cash/cash equivalents** – 10 percent

• **Real estate** – 10 percent

• **Charity** – 5 percent

• **Hedge Funds** – 2.5 percent

• **Crypto/NFTs** – 2.5 percent

Again, as a final note; I am not a qualified investment advisor. I am speaking only from my personal experience. Please seek out qualified help when you are ready.

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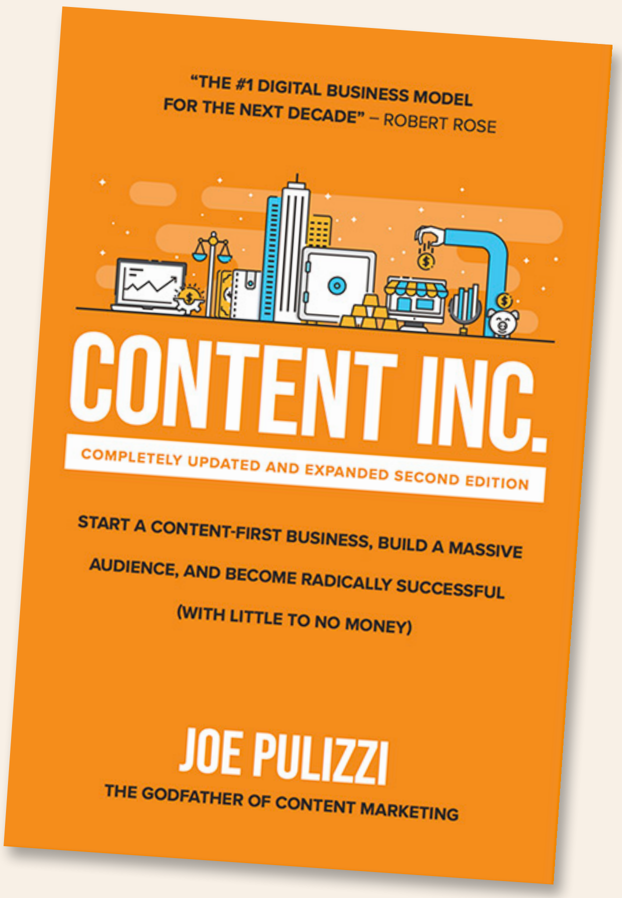

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