

DID YOU KNOW?

In investing, like life, the understated and overlooked often surprise us. A look back at the summer of 2004 offers a striking example of this, when two companies went public with completely different expectations.

Domino's Pizza (DPZ) went public with modest interest and little fanfare. The company, started by Tom Monaghan in Michigan in 1960, is synonymous with home pizza delivery. Monaghan sold majority control in the company to private equity firm Bain Capital in 1998. As is often the case with private equity, Bain looked to an initial public offering to make money on their investment—and took it public in July 2004.

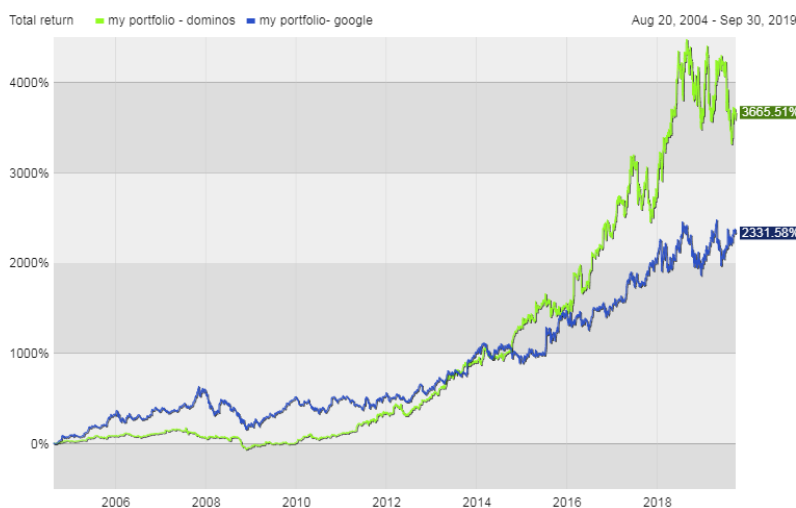
Google (GOOGL) was a different story. The company began in 1996, the brainchild of two Stanford students, Larry Page and Sergey Brin, and quickly became the dominant player in online

search and digital advertising. The company's investors included some of the top Silicon Valley venture capital firms including Kleiner Perkins and Sequoia Capital.

Google had a somewhat rocky public offering process, offending some Wall Street bankers, using a modified Dutch auction and effectively maintaining founder control via a super-voting share class. Yet, early investors realized large returns and Google became a Wall Street darling and one of the high-performing "FANG" tech stocks.

Ask nearly anyone you meet if they'd rather have owned Google or Domino's when they went public and the answer is almost always Google. Often the mundane trumps the widely acclaimed, and that's exactly what happened with Domino's and Google. Over the 15+ years since the respective IPO's, the Domino's investor realized a substantially superior return, 27.1% annualized for DPZ versus 23.4% annualized for GOOGL.

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YOGA AND THE ART OF FINANCIAL ADVICE

I started taking yoga classes about eight years ago. Over the last three years, I've become a more serious yoga practitioner.

There are numerous benefits to yoga—it makes me feel better both mentally and physically, and I find interesting parallels between yoga and my work as an advisor.

PROGRESS NOT PERFECTION • When I first started yoga there were some poses that I couldn't do. My instructor offered modifications that allowed me to get immediate benefits while gradually progressing to more challenging poses. The same is true for financial planning. No financial plan is perfect. The important thing is to have a plan, revisit it periodically and make course corrections as necessary. That's why we aren't fans of "one off" financial plans.

EVERYTHING'S CONNECTED • Yoga teaches that all parts of the body work together. A weak ankle may quickly lead to an overworked hip or knee. A solid financial plan must address all the areas of one's financial picture. A focus solely on investments ignores the critical connective tissue of retirement planning, risk management, legacy planning, etc. that provide true peace of mind.

THE INSTRUCTOR MATTERS • Not all yoga instructors are created equal. Yes, there's a standardized certification process, but I get more enjoyment and benefit from some instructors more than others. The same goes for working with a financial advisor. I know I do good work for clients, but the reality is I connect with some people more than others. I know I'm not the right advisor for everyone. If you don't feel a connection with an advisor, don't give up on the benefits of finding one that's the right fit for you.

ALIGNING MIND, BODY AND SPIRIT • There's no doubt I experience a sense of physical, mental and emotional satisfaction from my yoga practice. Senator Bill Bradley spoke at a conference I attended this month and said, "a meaningful life is one where you deploy your unique strengths for something beyond yourself." That's what I feel my work as an advisor does, and hopefully the deep relationships we enjoy with our clients provides them with a similar feeling.

“A meaningful life is one where you deploy your unique strengths for something beyond yourself.”



Client Appreciation Event

Many thanks to Michael & Jill Highsmith (*Highsmith Wine & Wanderings*) & Joe Lumbrazo (*Backyard Bistro*) for an outstanding client appreciation event. We are privileged to serve such interesting & wonderful clients!



DO TARGET DATE FUNDS MISS THE MARK?

The premise behind target date funds seems easy enough. Investors pick a fund that corresponds with their anticipated retirement date and the fund manager gradually dials back the equity allocation of the fund as one nears retirement.

It's supposed to be a "set it and forget" solution that relieves the investor from having to monitor and make changes to their asset allocation.

We're not fans of target date funds for several reasons; they tend to skew too conservative in retirement, they don't account for an individual's specific circumstances (does the person also have a company pension that would allow for more equity exposure in their 401-k?), and the fees can be on the high side. But even beyond these issues, target date funds with the same target retirement date can vary dramatically.

Take two 2020 target date funds for example—the Fidelity Freedom 2020 fund and the American Funds Target Date 2020 fund. One would think two funds with the same target date

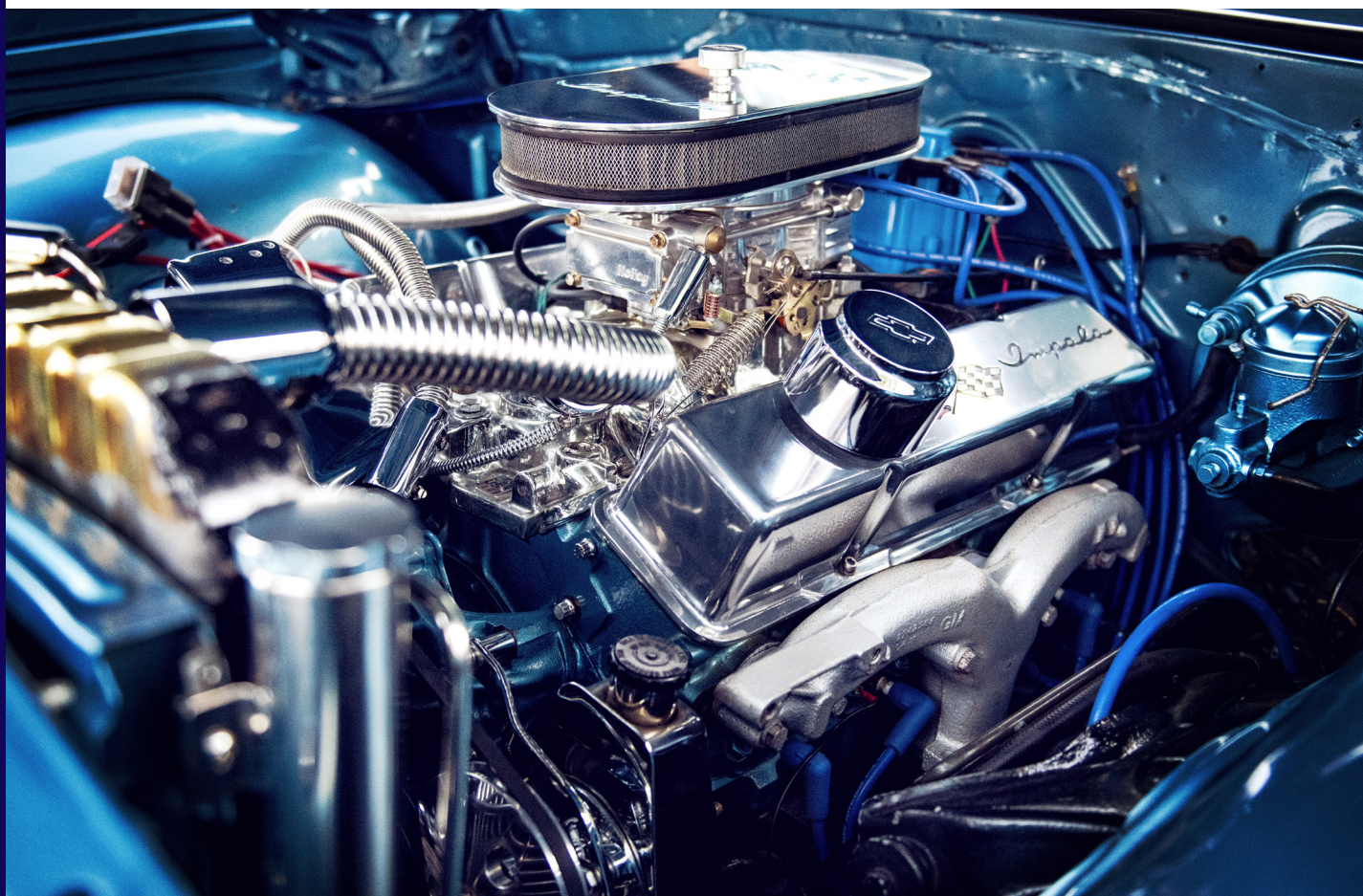
would have similar investment approaches. However, the Fidelity fund has nearly 50% in equities, while the American fund has 43%. Neither fund has more than 2% in small cap equities, essentially ignoring an asset class that has historically outperformed large cap stocks. In addition, the Fidelity fund has almost twice the exposure to foreign stocks (23%) as the American fund (13%). For investors who are presumably less than a year from their targeted retirement date, these funds have larger differences than one might expect.

While target date funds seem appealing in theory, investors need to look under the hood, and as the above comparison illustrates, a one size fits all investment approach probably isn't the best route to go.

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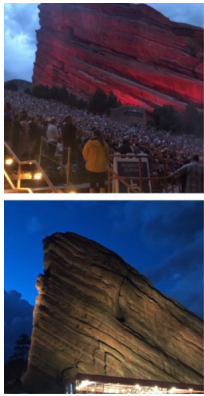
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BEHIND THE SCENES

Mike Palmer recently attended the DFA Advanced Conference in Charlotte, NC.

Tyler Palmer, a sophomore at UNC, is a member of the 2019–2020 UNC JV basketball team. Congrats Tyler!

Lisa Shirley had a “bucket list” summer traveling to Red Rocks to see the Avett Brothers and to Montreal for the Roger’s Cup tennis tournament—even meeting Rafa Nadal!

“No significant learning happens without significant relationships”

BUZZ WILLIAMS—HEAD COACH FOR
MEN’S BASKETBALL AT TEXAS A&M
UNIVERSITY



The CORNERSTONES *of* ARK ROYAL WEALTH MANAGEMENT



To nurture a culture that puts our client’s interest first—always



To be truthful at all times, to be intellectually honest with ourselves
and with our clients, even if it isn’t what they want to hear



A commitment to lifelong learning, and a passion for applying
our wisdom efficiently and effectively every single day



Align what you say, what you do and what you think to honor
yourself, your family and our firm

