GFG CAPITAL
A FAMILY OFFICE

VIEWS FROM THE BRICK

5%

"If I gave you $X, what would you buy today?" This question was posed to us this week during a client conference call. A fairly straight forward question, but one that doesn't exactly have a straight forward answer. Also, the implications by simply posing the question are profound in and of themselves. We didn't answer it on the spot. Anybody who immediately answers that question on behalf of someone else isn't fully aware of their responsibilities. Spoiler alert: we're not about to give you our answer, but we will dive into the thought process behind asking that question, and the process of coming up with one.

FOMO

Let's start with what we think the subconscious thought process might be that leads to this particular question. While FOMO (fear of missing out) isn't a proper scientific term, it's one we think can be used as an umbrella to cover some of the more academically accepted phrases. Portfolio construction, management and investing in general isn't always the greatest thing for anyone's mental well-being. Investors are constantly reminded day in and day out what their investments are doing. Or even worse, what their not-investments are doing. For the normal person who tends to be loss averse this pinging reminder is detrimental. The louder that noise gets about what's hot and what's not in the market that day feeds into the FOMO investors continuously battle.

As time goes on, it seems regardless of how an investor is progressing along in their personal journey, a tempting question begins to be asked: *what if?* A question we think stems from the deep-rooted concept of benchmarking someone's portfolio to an arbitrary basket of securities instead of benchmarking someone's personal portfolio to what actually matters: themselves. Even worse for the investor's psyche is benchmarking against their constituents, a seemingly unavoidable pitfall of the investment industry.

Asking yourself "what if" depicts an interesting relationship with the market and wherever you turn to for assistance in making your investment decisions. Not in a purely cynical way, but offering an additional slice of your pie in exchange for something else is similar to having a freemium model relationship with your advisor. We'd hope that the best ideas to help you reach where you're trying to go haven't been set aside as bargaining chips for a later date.

Regret is a tough thing to live with. And a dangerous thing to invest with. We think one way to minimize the influence of these cerebral kamikazes is to not lose focus on what *your* game plan is. Which leads us to how you should start to answer this question.

5%

As for how to determine what someone should, or could, do with additional capital, we don't think it's a question that carries a one-size-fits-all answer. While the question was posed to us in dollar terms, the first thing we did was raise the question, "Okay, well what does $X mean to the big picture?" It turns out in this instance it was 5% of everything we were looking at.

From here, revisiting the plan of action you've taken until this point should be used as a starting block. Understanding what you currently carry exposures to, and to what extent is a natural second step. Were there specific investments that were passed on initially that now seem more affordable? Did the thesis evolve for the opportunity set you passed on at the start?

What does 5% more capital mean to the financial goals you're working towards? Were you on pace to reach the Promised Land without this inflow? Are you reaching a point in your journey where it makes sense to start to introduce safer, or riskier asset classes to the portfolio?

Can you afford to scratch your itch with this inflow to speculate? While that's not a decision we take lightly, its an option on the table. All of these are questions we need to answer as investors before we even begin to narrow down the investible universe that could potentially be answers to the initial question. You've been warned, if you ask us this question at a party, don't expect a three letter answer.

E=MC^2

As an exercise we had some fun with the question and asked everyone in the office what they'd do with an additional 5% of their portfolio. The answers didn't fail to prove the point that everything is relative. Einstein was on to something.

Our team's answers varied from a Singer Porsche, sit in cash to cryptocurrencies and everywhere in-between. We even had some people change their answers after hearing what their colleagues would do with the 5%. Never fails. The point? Everyone is different. We all have different ideas of risk, different goals, desires and constraints. What makes sense for one person's portfolio, doesn't always necessarily translate to someone else's. There's a good chance whatever answer you come up with to this question is one that only makes sense to you. We're here to tell you that's not a bad thing, and it certainly doesn't make you wrong.

LEGAL STUFF

THIS PRESENTATION (THE "PRESENTATION") HAS BEEN PREPARED SOLELY FOR INFORMATION PURPOSES AND IS NOT INTENDED TO BE AN OFFER OR SOLICITATION AND IS BEING FURNISHED SOLELY FOR USE BY PROSPECTIVE CLIENTS IN CONSIDERING GFG CAPITAL, LLC ("GFG CAPITAL" OR THE "COMPANY") AS THEIR INVESTMENT ADVISOR. THE OPINIONS CONTAINED HERIN ARE NOT RECOMMENDATIONS.

THE INFORMATION CONTAINED HEREIN HAS BEEN PREPARED TO ASSIST INTERESTED PARTIES IN MAKING THEIR OWN EVALUATION OF GFG CAPITAL AND DOES NOT PURPORT TO CONTAIN ALL OF THE INFORMATION THAT A PROSPECTIVE CLIENT MAY DESIRE. IN ALL CASES, INTERESTED PARTIES SHOULD CONDUCT THEIR OWN INVESTIGATION AND ANALYSIS OF GFG CAPITAL AND THE DATA SET FORTH IN THIS PRESENTATION. FOR A FULL DESCRIPTION OF GFG CAPITAL'S ADVISORY SERVICES AND FEES, PLEASE REFER TO OUR FORM ADV PART 2 DISCLOSURE BROCHURE AVAILABLE BY REQUEST OR AT THE FOLLOWING WEBSITE: HTTP://WWW.ADVISERINFO.SEC.GOV/.

ALL COMMUNICATIONS, INQUIRIES AND REQUESTS FOR INFORMATION RELATING TO THIS PRESENTATION SHOULD BE ADDRESSED TO GFG CAPITAL AT 305-810-6500.

SOURCE: This presentation is solely for informational purposes and should not be taken as investment advice. For further information, please contact one of our investment adviser representatives.