

Why Write An Article On Shakespeare?

When it comes to communicating complicated financial information, Quantum has adopted what we refer to as 'Financial Communication Buffet Style'. By that we mean we try to adopt the same down-to-earth, conversational and witty approach used by the world's most successful investor, Warren Buffett (when it comes to 'witty' - we try, we really do try).

Besides, we do like to balance our passion for finance with our passion for good literature.

It's not you

Most financial communications are dry and boring at best, confusing and unreadable at worst. To keep finance topics interesting (which can otherwise be as dull as dishwater to many), we have adopted 4 Rules of Financial Communication Buffet Style when communicating with clients.

4 Rules of Financial Communication Buffet Style

1. We use numbers only to season the points we serve, they are never the main dish.
2. Where we can, we use analogies and metaphors that helps distil complicated topics into easy to understand situations.
3. We are honest and transparent.
4. We use interesting and relevant facts to put things in realistic context.

We believe these 4 rules are a great start to make numbers and financials clear, engaging and compelling. We hope you enjoy our 'Financial Communication Buffet Style' approach.



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EUREKA REPORT

Fortune's fools



By Tim and Claire Mackay

PORTFOLIO POINT: Even after 500 years, Shakespeare's works can help investors.

A little-known fact about Shakespeare is that he was a self-made man and quite an astute investor. He used his income from writing and performing plays to build a considerable portfolio of retirement investments, both in his native Stratford-upon-Avon and in London.

He knew well the benefits of investing – "Foul cankering rust the hidden treasure frets, But gold that's put to use more gold begets" [Venus and Adonis, poem]. He also knew well the benefits of prudence – "Have more than thou showest, speak less than thou knowest, lend less than thou owest" [King Lear].

In Shakespeare's plays great leaders place their trust in valued advisors, some of them honest and trustworthy, others deceptive and self-serving. Deception is a recurring theme in Shakespeare's works. Rosalind and Richard III deceive everyone, Claudius deceives Hamlet and Macbeth deceives King Duncan.

It is clear that a number of Shakespeare's "trusted" advisors should never have been trusted in the first place. The lesson for you in selecting a financial advisor is clear: you must be certain about your advisor's motives before you proceed. Are they concerned about simply selling you products from the get go or are they focused on your financial future?

The undoubted master of deception in Shakespeare's plays is Iago, Othello's trusted lieutenant. Iago serves his employer only to gain from him what he feels he justly deserves – "I follow him to serve my turn upon him". Likewise, if you employ an advisor whose interests diverge from yours this can wreak great havoc on your wealth and life.

Here are our seven tips to help you spot a potential Iago and avoid a financial tragedy.

Shakespeare's seven signs of a bad advisor

- 1. Avoid advisors who try to rush you.** Heed the sage advice of Friar Laurence to the star-crossed lovers, Romeo and Juliet. "Wisely and slow; they stumble that run fast" [Romeo and Juliet]. Any sense of rush you get from a potential advisor is a good indication that you are talking to a salesperson. There are NO advice or investment deadlines that you should rush for; be patient and take your time.
- 2. Avoid advisors who charge commissions, fee rebates and/or volume bonuses.** Stick to professional advisors who will quote you an upfront, fixed-cost fee for their advice. Avoid the Shylock types who pursue their pound of flesh by locking you into a complicated fee structure, which may also include kickbacks in the form of commissions and volume bonuses – they have a "lean and hungry look ... such men are dangerous [Julius Caesar]". Be wary, as these "advisors" can be highly convincing, after all they are trained salespeople!
- 3. Avoid s who put you into their company's investments.** The easiest way an advisor can "line their own coat" [Othello] is to advise you into their parent company's platform and/or products. Even if your advisor does not accept commissions, pushing you down this route can still do wonders for their personal remuneration. Sadly, the benefits for you are not so clear.

For example, if your Genesys advisor pushes you into AXA's Summit platform or AXA products, your Godfrey Pembroke advisor pushes you into MLC's Masterkey platform or MLC or NAB products; or your Count advisor pushes you into Count's wealth-e-account platform, then you know your advisor will be doing nicely out of it, thank you very much.

4. Avoid advisors who do not seek to include both you and your partner in all discussions. An advisor should include and unite a couple, not just deal with one person. "Let me not to the marriage of true minds admit impediments." [Sonnet]. All advice provided must take account of the views, concerns, goals and aspirations of both of you.

5. Avoid advisors who seem to have "answers" before they even inquire about your needs. A potential advisor should let you do most of the talking and actively listen to you what you say. "Men of few words are the best men" [King Henry V]. Chide them if they seek to dominate and control the conversation rather than you – "this cuff was but to knock at your ear, and beseech listening" [Taming of the Shrew]

6. Avoid advisors who over-complicate things. Advisors who complicate financial matters should not impress you. Instead, seek one who can explain complex issues in plain English. A great advisor should be able to explain clearly the typical products they recommend, especially the risks of those products – "He was wont to speak plain and to the purpose, like an honest man and a soldier" [Much Ado About Nothing]

7. Avoid advisors who promise you high returns. Don't select an advisor based on who "promises" you the highest return. If it sounds too good to be true, then it generally is: remember Westpoint and Storm Financial. For one thing there are no "promises" or sure things when it comes to investing; anyone who states otherwise is either lying or ignorant. Such ambition may sound seductive but it is merely "Vaulting ambition, which o'erleaps itself and falls on the other" [Macbeth]. The only way you can expect to potentially receive a higher return is by taking more risk. Investing is slow and relatively boring, especially when compared with gambling, which is fast and exciting.

Whereas in the Enlightenment power still lay in the hands of the monarchy and courtiers, today power lies in the hands of the captains of industry. Shakespeare would find rich content in the lives of the Gates, Buffetts, Rockefellers, Carnegies, Murdochs and Packers. The issues they face are the same and their ability to choose, hire and fire qualified advisors whom they can trust is central to their success.

We have no doubt that if Shakespeare were alive today he would have sensibly followed the lead of so many of his compatriots and migrated to sunny Australia. We think he would have closed his long, successful run at the Globe Theatre in London and teamed up with Cate Blanchett and Andrew Upton's theatre company.

Undoubtedly, he would have set himself and his family up pre-retirement with a tax-efficient SMSF. We like to think that Shakespeare would have sought out trusted advice from the Eureka Report and a fixed-cost, fee for service advisor who would have helped him strategically roll his income-producing property portfolio into his SMSF.

More likely, given he was a genius, he would have done it all himself!

In addition to our passion for finance we have a passion for great literature. We believe even 400 years after his death, Shakespeare has much to teach us about finance and indeed life. There were lots of characters in Shakespeare's plays who sought and were called upon to give advice. Likewise, there are many people today seeking advice they can trust. If you seeking a great financial planner who you can trust, why not heed the lessons of the bard?

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