

## Asset Class Returns

January 31, 2014

	YTD 2014	2013	2012	2011	Past 10 yrs.*
<b>Bonds (%)</b>					
One-Year	0.1	0.3	0.9	0.6	2.2
Five-Year	1.1	-0.4	4.8	4.5	3.6
Intermediate	1.7	-3.5	3.7	9.4	4.7
Long-Term	6.3	-13.0	3.5	29.3	5.7
<b>U.S. stocks (%)</b>					
Large Market	-3.5	32.3	15.8	2.1	7.4
Large Value	-4.0	40.3	22.1	-3.1	8.9
Small Market	-4.1	42.2	18.4	-3.2	10.2
Small Micro	-4.4	45.1	18.2	-3.3	9.3
Small Value	-5.1	42.4	21.7	-7.6	10.0
Real Estate	4.2	1.4	17.5	9.0	8.2
<b>International stocks (%)</b>					
Large Market	-4.5	20.7	17.8	-12.3	7.0
Large Value	-3.7	23.1	16.6	-16.9	8.1
Small Market	-1.8	27.4	18.9	-15.4	10.3
Small Value	-1.4	32.4	22.3	-17.5	10.9
Emerg. Mkts.	-7.0	-3.1	19.2	-17.4	11.6

All returns except "YTD" (Year to Date) are annualized.

## Descriptions of Indexes

One-Year bonds	DFA One-Year Fixed Income fund
Five-Year bonds	DFA Five-Year Global Fixed
Intermediate bonds	DFA Intermed. Gov't Bond fund
Long-Term bonds	Vanguard Long-term U.S. Treas.
U.S. Large Market	DFA U.S. Large Co. fund
U.S. Large Value	DFA Large Cap Value fund
U.S. Small Market	DFA U.S. Small Cap fund
U.S. Small Micro	DFA U.S. Micro Cap fund
U.S. Small Value	DFA U.S. Small Value fund
Real Estate	DFA Real Estate Securities fund
Int'l Large Market	DFA Large Cap Int'l fund
Int'l Large Value	DFA Int'l Value fund
Int'l Small Market	DFA Int'l Small Company fund
Int'l Small Value	DFA Int'l Small Cap Value fund
Emerging Markets	DFA Emerging Markets fund

"Past 10 yrs." returns are ended 12/31/13.

Equius Partners is an investment advisor registered with the Securities and Exchange Commission. Consider the investment objectives, risks, and charges and expenses of any mutual fund and read the prospectus carefully before investing. Indexes are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio.

Past performance is not a guarantee of future results.

Equius Partners, Inc.  
3 Hamilton Landing, Suite 130  
Novato, CA 94949  
Phone: 415-382-2500  
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## Social Capital: Adding Years and Value to Your Life

Phil Jonckheer, Equius Partners

*Friendship is one of those things that give value to survival.*

C.S. Lewis

Ah, the afterglow of Valentine's Day: a time when we celebrate love and honor those nearest and dearest to our hearts. Keep celebrating those unions, folks, for it's our connections with our communities that extend the amount of years and enhance the quality of time we spend on this planet.

From our first breath as a company, Equius Partners has maintained an unwavering commitment to doing what's best for you, our client, through a customized Investment Plan. The architecture of your Plan is based on what's important about money to you. With that structure, we manage your material wealth to ensure it supports all that is meaningful to you.

Jeff Troutner's *Asset Class* [last month](#) affirmed how our consistent approach to managing money has produced outstanding performance for our clients. Our philosophy is informed by evidence-based, peer-reviewed research from leading academics, including several Nobel laureates. In last [November's Asset Class](#), I wrote about transitioning your abundance through dimensions of capital that define your wealth's landscape. In this *Asset Class*, I offer thoughts on social capital, a dimension of your wealth that research indicates significantly contributes to the length and quality of our lives.

### It's Your Party, Not Your Genes

One of the most meaningful dividends we receive from you, our client, is helping you manifest your dreams. A wish we all share is to live long and healthy lives. Most of us would be willing to spend a significant amount of our material wealth to support that fundamental objective. Good news: It appears it doesn't take much cash to make us feel really wealthy. And we can trek on our rich journeys without blaming our ancestors for the genes we inherit.

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A study of six hundred Danish twins over the course of their lives revealed that only about 20% of how long they lived could be attributed to their heritage. A trove of other research indicates that a significant factor in explaining the rest of living a long and healthy life is our social capital.

In sociology, social capital is defined as the expected benefits from our interactions with each other. All definitions share the fundamental tenet that social networks have value and can affect our productivity. I've come to appreciate that your social capital can also be defined by wherever you feel you belong.

It's also become clear to me that our social capital can and sometimes must change as we navigate life's transitions. It also does not have to depend on any one particular community.

### **100: The New 78**

The generally accepted capacity of the human body is 90 years. Life expectancy for women living in this country is about 80 years; for men it's 76 years. To understand how we might extend the length and quality of our lives, Dan Buettner<sup>1</sup> studied cultures throughout the globe and focused on those where people live healthy lives beyond 100 years at rates 10 times greater than what we experience in this country. His research offers refreshing and encouraging insights into how we all might live fully and richly in that gap of precious years between our average life expectancy and our body's full potential.

We humans are not programmed for longevity; we've been created to procreate. Although that practice can be a lot of fun, the reality is that no matter what we do, our bodies age. The reason is that about every eight years the 35 trillion cells that make up our physical being are replaced, and with each cycle, a swath of our youth lands on the cutting floor. No treatments can reverse that certainty. But there are ways to increase the odds of living a longer and healthier life. The bedrock of how to increase those odds lies in the communities you create, i.e., your social capital.

### **Pick Your Party Carefully**

Buettner's study highlights three regions of our world that dramatically underline the importance of social capital in enhancing the quality and quantity of life. Two of those regions share the gold medal for the highest rate of centenarians in the world: Sardinia, Italy, and Okinawa, Japan. The other, Loma Linda, California, is a community of Seventh-day Adventists where women live an average of 89 years and the men's life expectancy averages 87 years.

Sardinia has a proportionally greater number of centenarians than anywhere else in the world and more than 30 times the relative number in this country. Equally impressive is that its ratio of women to men in that upper echelon is one to one; in other parts of the world, women outnumber male centenarians by four to one. The primary life purpose of Sardinian centenarians is their connections to their community, specifically, their families. The elderly are revered for their wisdom. Sardinian men also offer healthy models of low stress, high self-esteem, stubbornness, and a penchant for poking fun at one another (and now we know the source of "sardonic"). Apparently groups that laugh together do get the last laughs.

Okinawa is ground zero for the longest disability-free life expectancy in the world. Social capital there is built by maintaining close groups of friends that are honored and acknowledged with the word "moais." Moais provide emotional and financial support to their members and are significant contributors to shedding stress and enhancing Okinawans' quality of life. Buettner found that Okinawans experience one-fifth our country's rate of cardiovascular disease, one-fourth our rate of breast and colon cancer, and one-third our rate of dementia.

Seventh-day Adventists in Loma Linda, California, live on average as many as 11 years longer than the rest of their fellow Americans. Research on 70,000 members of this community over the course of 30 years highlights the importance they place on deliberate bonding in a fellowship of

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heterogeneous but like-minded members devoted to helping others. They also share a ritual of finding time to rest. The Adventist culture highly values volunteering. This type of activity may help stave off depression because, through a common sense of purpose, similarly motivated people contribute to an expanded and meaningful social network. Adventists also religiously observe the Sabbath every week from Friday's dusk through Saturday night. As clocks are ignored, their attention turns to their timeless and ethereal connections with family, friends, God, and nature.

In thinking about the value of communing with nature, I'm struck by how such interactions invite us into both the pristine beauty and eternal permanence of our natural surroundings. My time in open water swims with teammates and trekking the Himalayas with my son, Will, are priceless experiences that fill me with memories of the majesty and willingness of nature as a magnanimous partner and great friend who accepts me precisely as I am. And vice versa. Having people I love join me while connecting with nature adds extraordinary and unforgettable dimensions of meaning to that fellowship.

Malcolm Gladwell, in his book *Outliers*, presents compelling evidence that the values of our communities and the people who make up those alliances contribute more to who and what we are than the actions or choices we make alone. One example of this phenomenon is the town of Roseto, Pennsylvania, a community rich in cholesterol-packed diets and bereft of gyms. It also is lacking in suicides, addictions, and welfare recipients and has remarkably low incidents of heart disease. Roseto's health and real wealth source from its powerful familial heritage, culture of deep respect for its members, and unflagging commitment to its social capital.

Underlining the importance of communities in promoting our health is an extensive review by professors from Brigham Young University and the University of North Carolina at Chapel Hill. One hundred forty-eight studies on correlations between people's health and their social relationships canvassing over 308,000 men and women in the developed

world were analyzed. That research indicates that individuals with low or meaningless social connections had on average 50% higher odds of death in the seven and a half years of a study's follow-up period than those who were part of robust communities. Individuals without meaningful social connections had their health as negatively affected as if they smoked 15 cigarettes a day, were alcoholics, or did not exercise. The lack of a meaningful community was twice as harmful to one's health as being obese. These conclusions did not vary by gender or age.

What these studies highlight is how meaningful and healthy fellowships beget healthy and happy members. Professor Julianne Holt-Lunstad of Brigham Young University explains: "When someone is connected to a group and feels responsibility for other people, that sense of purpose and meaning translates to taking better care of oneself and taking fewer risks."

In emphasizing the importance of meaningful connections, Professor Timothy Smith, also of Brigham Young University, suggests it's a mistake to take relationships for granted and dismiss face-to-face social networks believing that modern conveniences and technology can act as substitutes for more personal gatherings. It's those personal interactions that promote our psychological and physical health. Years before this research was published, Albert Einstein feared the day when "technology surpasses our human interaction. The world then will have a generation of idiots." And unhealthy fools to boot...

### **Moor Yourself: America's Social Tide Is Ebbing**

Robert Putnam, in his seminal work on the evolution of social capital in this country, has tracked how Americans' tendency to gather has been waning since the '70s. Putnam's research indicates that low levels of social capital can lead to increases in crime, early death, illness, feelings of despair, and economic and social inequality.

What can we do as we find ourselves swimming in this ebbing tide of social capital?

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How can we find a mooring as we work through our own transitions? We recommend these three steps:

**1) Take stock of your social capital, appreciating and ensuring that it is a reflection of what is uniquely you.**

Does your social capital reflect what's important to you, and do the members of your communities hold those values as passionately as you? My path from an infant to writing this *Asset Class* has taken me through 25 moves. In every case, I developed a community based on the sports I love, work that challenges and excites me, and hobbies that captivate my imagination. Although my communities have changed, the values that define my authentic wealth have not. My values of passion, intellectual curiosity, and integrity are ones that also form the Equius foundation.

**2) Recognize that the members of your social capital can change as you transition through cycles of your abundance.**

As my interests shifted, I drifted apart from friends that once defined my social capital. Even more poignant, some have died. As I've matured, I'm more inclined to dig deeper into my psyche, and as that work evolves, the people with whom I associate are not those who defined my past communities. I now find myself more drawn to gatherings of poets, mens' groups, and fellowships in search of deeper, more soulful connections.

**3) Learn from those with the wisdom that comes from facing the ultimate deadline.**

Bronnie Ware, a palliative nurse caring for patients through the last weeks of their lives, learned not to underestimate a person's capacity for growth. Although all her patients experienced a wide range of emotions, each one found peace before departing. Here are the most common regrets shared by those with the deep wisdom that comes when faced with mortality:

- I wish I'd had the courage to live a life true to myself, not the life others expected of me.
- I wish I hadn't worked so hard.

- I wish I'd had the courage to express my feelings.
- I wish I had stayed in touch with my friends.
- I wish that I had let myself be happier.

It strikes me that each one of those regrets can be mitigated through a supportive group of cheerleaders, i.e., communities of like-minded caring friends and/or family. And the more groups you join, the greater your chances of living a longer, healthier life. Diversification benefits also apply to your social capital!

**Let's Get Together**

There's no word for retirement in Okinawa, land of some of the healthiest centenarians in the world. They do have a word for why someone wakes up in the morning. It's called *ikigai*, and it is the reason that makes life worth living.

As your investment counselor, we at Equius are committed to managing your financial capital to support your *ikigai*. Although it doesn't take much financial capital to promote your social capital, allocating more of your energy and time to getting together with people who share your values can extend the length and quality of your life.

Let's make sure we're doing all we can to increase your comfort in how our investment approach can increase the odds of supporting you, and all who are meaningful to you, to live a long and healthy life worth living.

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<sup>1</sup> Dan Buettner is a *New York Times* best-selling author and speaks on issues of health, longevity, and happiness. His talk on "[How to live to be 100+](#)" has been viewed almost 2 million times on TED.com.