

# Answers To Four Frequently Asked Questions

## 1) I am busy and am not interested in finance. Why should I go through the hassle of learning about investing my IRA or 401k?

The decisions you make with your investments will cause you to make or lose **hundreds of thousands** if not **millions of dollars** over the course of your life.

Yr	12%	8%
0	\$ 50,000.00	\$ 50,000.00
1	72,800	70,200
2	98,840	92,502
3	128,524	117,089
4	162,305	144,158
5	200,690	173,924

30	6,637,426	2,977,001
31	7,474,695	3,254,482
32	8,413,660	3,555,342
33	9,466,560	3,881,486
34	10,647,107	4,234,973
35	\$ 11,970,655.64	\$ 4,618,027.33
<b>Difference</b>		<b>\$ 7,352,628.31</b>

\* See the *Compounding* section of the Investor's Guide for a description of the calculations used in this table.

## 2) Why should I invest with DPCM instead of a mutual fund?

There are **hundreds** of academic studies which show that the majority of mutual funds underperform the market over time. Investing your savings in these underperforming funds will likely cost you **hundreds of thousands** if not **millions of dollars** by the time you retire.

Rate of Return Fifteen Years Ended 6/30/1998	
S&P 500	15.00%
Avg Mutual Fund	10.80%
S&P 500 Outperformance	4.20%
Funds outpaced by index	97%

\*Bogle, John. Common Sense on Mutual Funds.

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## 3) If most mutual funds underperform the market, shouldn't I just invest in low-cost index funds?

Although index funds provide a better alternative than most mutual funds, they are far from optimal and can be quite risky. There are times when investing in a diversified equity index fund is akin to exchanging each dollar you invest for two quarters.

Years	S&P 500 Annual Total Real Return
1882-1897	3.90%
1898-1902	25.40%
1903-1921	0.60%
1922-1929	25.40%
1930-1949	3.20%
1950-1966	14.10%
1967-1982	0.20%
1983-1999	15.70%
2000-pres	-5.10%

\* Dudack, Gail. Sungard Institutional Brokerage

	1999	2002	March 2009
Vanguard 500 Index Fund (VFINX)	\$140	\$76	\$63

## 4) What advantage does DPCM have over the mutual fund industry?

Most mutual fund managers lack the power to protect their investors from the scenario described above because of constraints that are imposed to support short-term marketing and client retention. DPCM's advantage over mutual funds and index funds will continue to spring from the independence that the firm's system provides and the long-term discipline of our clients.