Bennet Thonakkara, CFA, CPA comes from a family that spent years teaching in India, Kenya and South Africa. Eventually, after Bennet graduated from college, the whole family moved to Connecticut. He began his career with PricewaterhouseCoopers, got his CPA and, later, his CFA designation so he could pursue his interest in the financial advisory profession. "One of the things I enjoy most about my work with Regent clients is educating people and telling them what we're doing for them and, most importantly, why. It's very rewarding. Perhaps I have a little bit of my family's teaching genes." Read Bennet's full bio in the Regent Team section of our website: regentwealth.com.

Q. How has your thinking on investment management and wealth management changed over the years?

When I started many years ago, the focus was almost totally on investment products, and most of the time the focus was on the product's performance. However, that doesn't tell people much because it has no relevance to the context of their lives. We strive to help clients focus on the big picture, the framework, process, plan, and ways to make the right decisions with the best possible outcomes. We don't back in to your goals by showing you a "number." And, of course, the danger of a number is that we can only deal with what the world and the markets give us. There's certainly a lot of science in investment management but the art is equally important – really understanding, at a *very* deep level, who our clients are and what they envision for their lives.

Q. You work with educated and sophisticated clients, but we're all human beings who aren't necessarily wired for disciplined investing. What are some of the mental errors about investing that we all make?

We're emotional beings and that means that we're not always rational beings. We are wired to react a certain way. For the most part, these instincts are helpful, because they let us adapt to changing circumstances, but they can conflict with our rational, long-term decision making. We're lured to a big crowd when we see them celebrating. We're wired to flee when we sense danger. Some of the most common mental errors about investing based on our instincts are illustrated by these types of thoughts: *The market tanked and I should have seen it coming. I knew this stock was going up. The trend looks good and should continue for a long time. I work in that industry, so I know where it's going. I wasn't wrong about that stock – just unlucky.* . The key to successful long term investing is to work with a professional, who can process what world and market events mean in a way that removes that emotion, and can help you avoid the mistakes we're all susceptible to.

Q. When a new client comes on board with Regent, what are some of the common "mistakes" in portfolios they bring with them?

Very often it's that there's no discernible investment strategy – more of a portfolio with arbitrary holdings. Many portfolios lack certain very important characteristics, the best example being true diversifiers. That's a very important part of how we build the framework for asset allocation – every component of the portfolio needs to have a meaningful purpose and must be viewed through the lens of risk and return. In addition to arbitrary holdings, sometimes we find that people will have highly concentrated positions in one stock – perhaps it's the stock of a former employer or a legacy stock from a family member – and we have to develop a plan for transition to better diversification. And sometimes there's too much exposure to a certain asset class or sector and we need to de-risk the portfolio and thoughtfully transition it to a suitable asset allocation framework.

We also spend a lot of time talking with clients about risk, as revealed in their portfolio, partly because so many people don't truly understand risk. That's understandable and the reason is because there's no *one* true measure of risk. It's a combination of many different factors – market risk, inflation risk, credit risk, currency risk, liquidity risk, geopolitical risk. It's hard to ask yourself, "How much risk can I take?" unless you embrace the fact that while we're factoring in all the types of risk, we're also dealing with probabilities, possibilities, and historical measures and patterns. The most common way to measure risk with investments is by using various measures of dispersion like standard deviation, but that's just a measure of volatility within a portfolio. It doesn't tell you what the chances are that you'll lose your capital.

Q. You've said that the four most dangerous words in investing are, "This time it's different." Why do you think that?

One of the big thinkers I follow closely maintains that the passions of humans never change – be they fear, anger, joy, greed, or many others. So even though the facts on the ground may seem different, some of the underlying drivers of human behavior don't change. It's important to recognize that history does provide important lessons and critical warning flags. One reason we believe our investment philosophy at Regent is unique is that we focus on looking at the world through long term cycles and, specifically, where we are in a cycle. For example, if we're in a deleveraging cycle that is deflationary, we don't want to allocate to commodities. Does that mean you shouldn't invest at all in commodities during this point of a cycle? No, but it does mean that you should be very cautious if you do and you may not want to invest with a "buy and hold" strategy for commodities during this period. We also examine other cyclical factors – Are we in an environment where confidence is shifting from one regime to another? Where are we in the business cycle? Is monetary policy shifting? What are the underlying long term trends in prices for different markets? So the truth is that it *isn't* different this time; it's just that people don't always distinguish where we are in the current cycle.

Q. You mention big thinkers – who are some of the other big thinkers you follow?

I follow many fascinating and brilliant individuals using a wide variety of sources including podcasts, investment research blogs, social media etc. One of the best things about being an RIA is that we can track the best minds wherever they are and regardless of whom they work for. For example, I follow Dan Kahneman, a Nobel Prize winner, and highly suggest his books on behavioral finance to investors. I follow Real Vision TV a very innovative media platform focused on sharing knowledge from some of the most successful investors in the world. I also listen to multiple podcasts like Eric's Townsend's Macro voices. The key is identifying people, networks and organizations that are exploring beyond the current status quo.