

Money Matters: Talking about investing with a Charleston Chartered Financial Analyst



[David Slade](#) [Email](#) [Facebook](#) [@dsladenews](#)

Apr 20 2015 9:30 am **Apr 20 9:31 am**



At a glance

Mario Nardone

Position: President and owner, East Bay Financial Services. Also, president of the South Carolina chapter of the CFA Institute, a professional organization for Chartered Financial Analysts.

Education: Bachelor's degree in finance from Bloomsburg University in Pennsylvania, 1999.

Personal: 38 years old. Lives on James Island with his dog, Cady. He's an avid traveler and scuba diver. Grew up in Northeastern Pennsylvania near the city of Wilkes-Barre.

Mario Nardone, the 38-year-old president of South Carolina's chapter of the Chartered Financial Analyst Institute, worked for the world's largest mutual fund company for more than a decade before opting for a small business of his own in Charleston.

At investment giant Vanguard, in suburban Philadelphia, Nardone provided consulting services to institutions and financial advisers, and managed exchange-traded fund products, among other roles. At East Bay Financial Services, Nardone is a financial concierge, providing personal attention to his clients and serving as a consulting investment officer for advisory firms.



[Enlarge](#) Nardone worked for mutual fund giant Vanguard Group in his home state of Pennsylvania before relocating to Charleston. Grace Beahm/Staff

“Oh, man, my years at Vanguard were incredibly educational and rewarding, and not a day goes by that I am not thankful for the opportunity to work alongside and learn from some of the brightest minds in the industry,” he said. “John Bogle, Vanguard’s founder, has probably done more good for investors than any other individual in our industry.”

- [Register](#)
- |
- [Manage Newsletters](#)

Get more news delivered to your inbox.



He said, though, that entrepreneurship has been his most professionally rewarding and invigorating experience yet. Nardone relocated to Charleston in 2010 to serve as chief investment officer and chief compliance officer for Morris Financial Concepts, a financial planning and advisory firm in Mount Pleasant. He went into business for himself last year.

As a CFA, Nardone is among an elite group of investment professionals trained in analysis and portfolio management who have also passed a grueling 18-hour battery of three tests to receive the designation.

“Instead of looking at what the next hot stock will be in the tech sector, I spend time looking at asset classes that you can’t access through traditional mutual funds, like timber or commercial real estate,” he said. “You can’t just go to Morningstar and look at a rating.”

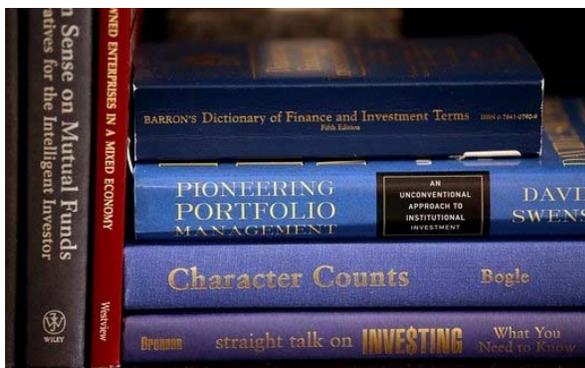
The Post and Courier sat down with him to get his thoughts on the current investment climate, financial literacy, and related subjects.

Q: This seems like a nervous time for investors. We’re sitting near record highs on the stock market after a years-long bull run, and interest rates have remained near historic lows, raising concerns about bonds. When you consider investment allocations going forward, what’s in your crystal ball?

A: One of the negative implications of using the S&P 500, Dow Jones and Nasdaq as our reference point is that it leads people to believe that large U.S.-based companies are the only game in town and your only two options are being in the game, or out. In reality, blue-chip stocks make up a surprisingly small portion of the “investable universe,” and to be honest, in my portfolio recommendations. Without giving away the recipe, let’s just say that there is always value somewhere. Building portfolios to take advantage of that, or more importantly not be overly exposed to a potential crash, is more important than trying to predict the future.

Q: Most folks, about 85 percent, don’t own any stocks outside of retirement accounts. For those who are investing only for retirement, does it matter what’s happening on Wall Street this month or even this year? What should retirement-only investors focus upon?

A: Stocks provide their long-term expected return only because of their underlying risks, including their short-term volatility and occasional periods of extended losses. If your time horizon is measured in weeks or months, and you won’t meet your financial obligations if your account value decreases, then maybe you shouldn’t be in stocks. If you have a long time horizon, and have the intestinal fortitude to wait out the rough patches, then stocks can be appropriate for many long-term goals, not just retirement.



[Enlarge](#) Mario Nardones’ collection of financial books.

All investors should focus on factors they can control. Live within your means, insure yourself and your family against emergencies by having adequate cash on hand and insurance policies in place, and make wise investments with attention to costs like fees and taxes. Pay no attention to the noise of the financial media and the guy talking about stocks at the next backyard barbecue.

Q: Do you think most people should, at some point, seek assistance with financial planning?

A: With the disappearance of guaranteed pensions and the uncertainty of our Social Security programs, people are going to have to be a whole lot more self-reliant, and I don’t think financial planning is the do-it-yourself project that a lot of media outlets make it out to be.

It’s a dangerous proposition to think that people can make the right decisions when they are bombarded with so much information, and conflicting information. The unpredictability of each human being’s experience with aging makes this an area where it makes sense to engage with professionals who have helped many families through these life stages.

Q: People have seen plenty of stories about misdeeds in the financial and banking industries during the Great Recession, as well as investment scams and Ponzi schemes. How can people find advice that they can trust?

A: It's understandable that people are leery of the financial institutions that, some would argue, caused the recession and housing crisis and in many cases seemed to come out smelling like roses. It's important, though, to distinguish firms and individuals that are driven by profits and greed from those truly out to serve and protect their clients' best interests.

The best thing you can do to identify a trustworthy professional is to seek referrals from people you trust, know how the adviser and his or her firm are regulated and compensated, and look at the credentials of the adviser.

Registered Investment Advisers are legally bound to the fiduciary standard, which means every bit of advice they give has to be solely in their clients' best interest. Other types of brokers, agents, and firms may or may not be held to that standard.

It is also very important to see if your adviser holds the Chartered Financial Analyst or Certified Financial Planner designations. These professionals adhere to the highest standards of education, integrity and ethics, and typically make great stewards of financial resources.

Q: What would you say to those, the more than one-third of adults in the U.S., who have saved nothing for retirement?

A: The only thing I can say is that it is never too late. It can be a daunting task, but with the power of compounding returns, a sound plan and discipline, there's likely a way to achieve your goals.

Q: The CFA Institute works with colleges on a competition for students who conduct in-depth financial research of companies. At the same time, studies show many college students lack basic knowledge of personal finance, including the details of loans financing their studies. What needs to change, to close that gap, and what role might finance professionals play?

A: The Investment Research Challenge is a global competition sponsored by the CFA Institute to provide mentoring and intense training in financial analysis, mostly for students with aspirations of a career in finance. You're right, though, that it is possible that even those students may not have the skills necessary to manage their budget or properly handle debt or available resources at the personal level, and that is a sad state of affairs.

We are seeing more and more courses in personal finance in colleges and high schools, sometimes taught by my fellow practitioners serving as adjunct faculty, and there are countless brochures and articles available for free on the topic, but this is one area where I really think it takes a village.

I think it is up to parents to adopt sound practices and teach their children from a young age how to handle money in a way that's right for them.

Q: You spent 11 years working at Vanguard, the world's largest mutual fund company, in the suburbs of Philadelphia. What makes owning and operating a small firm of your own in Charleston a better situation for you?

A: Being an independent adviser means I can provide whatever type of customized advice and services are appropriate for my clients, and watching them achieve their goals and hearing that they are sleeping better at night makes me feel like I am in exactly the right place in the world, at least professionally. We already know I'm in the best city in the world, right?

Reach David Slade at 937-5552