Business Finance II – 40592 - Spring 2016

BOOK REVIEW

Participants (Group – 6)

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Book Title	**MONEY – MASTER THE GAME**
Author	**TONY ROBBINS**
Publisher &Publishing Year	**Simon & Schuster 2014**

About Author

Tony Robbins was born on 29 February 1960 in America. He is an entrepreneur, author, motivational speaker, personal finance instructor, and philanthropist. He had a troubled early life so didn't attend college and learned through life. He began his career by promoting seminars. After 37 years, he is America's number 1 life and business strategist. He was named in Forbes magazine's "Celebrity 100" list in 2007. He now owns or is partner in more than 14 international companies as diverse as a 5-star Fijian island resort to custom 3D-printed prosthetic limbs.

He has authored two books before writing the book under review namely Unlimited Power and Awaken the Giant Within. All the three books have been the best sellers. As a philanthropist, he in 1991, founded the Anthony Robbins Foundation, a charity organization which feeds 4 million people per year in 56 countries. He has also initiated programs in more than 1,500 schools, 700 prisons, and 50,000 service organizations and shelters. Independent charity watchdog Charity Navigator gives his foundation a rating of four out of four stars.

Synopsis of the Book

Tony starts his book with famous quote of SIR FRANCIS BACON

Money is a good servant but a bad master

In first section of the book, the author introduces us with the main aim of writing of this book. He is concerned with the fact that money is one of the few topics that people avoid to talk about, wealth is randomly discussed in groups to highlight the economies but "MONEY" is still a taboo. He shows his concern that few people have the idea how to make money. He, then, funnels down his focus to money market, his area of expertise, and promises his readers to master them in this art or game. Tonty says that whatever emotion you're after, whatever vehicle of excellence you pursue, building a business, getting married, raising a family, traveling the world, I have found it's only an attempt by your brain to meet one or more of six human needs. These six basic needs are: -

1) **CERTAINTY/COMFORT.** It's the need to feel in control and to know what's coming next so we can feel secure. It's the need for basic comfort, to avoid pain and stress, and also to create pleasure.

2) **UNCERTAINTY/VARIETY.** We need uncertainty and variety to put some muscle in your life. We can't grow muscle—or character—unless we have something to push back against.
3) **SIGNIFICANCE.** We all need to feel important, special, unique, or needed.
4) **LOVE AND CONNECTION.** Love is the oxygen of life. It's what we all want and need most. When we love completely, we feel alive, but when we lose love, the pain is so great that most people cannot bear it and develop negative traits.
5) **GROWTH.** Simply pit it if we are not growing in relationship, love, relations etc. we are dying.
6) **CONTRIBUTION.** The secret to living is giving. Life's not about me; it's about we.

In section 2, the author talks about different myths that people have about money. Few important are **1) Fee we pay is a small price**. Chances are that people always end up paying more than initially planned because companies use confusing terms to rob people off their money through hidden charges. **2) Returns are as advertised.** Returns are seldom as good as advertised**. 3) My Broker is my well-wisher.** The brokers are seldom reliable as they do not believe what they sell. As many as 96% of the investment funds fail to meet the S&P 500's performance. **4) Huge risk for huge return.** It is not necessary to risk the whole investment on a risky avenue to get very high return. However, he suggests that at most only 5% of the overall portfolio should be in high risk avenue to gain results that are disproportionate to the market. In case the investment goes bust, the investor lost only 5% of his value which is recoverable.

In part three, Tony draws the reader's attention towards their financial goals. What amount of money would make the feel financially secure, strong and satisfied? Once you have that financial goal, calculate the number of years it will take you to actually achieve that target through a conservative plan, a moderate plan and an aggressive plan. Then you begin achieving the target by implementing a few basic techniques:

- By saving more on items you can do without
- By earning more
- Saving in fees and reducing the amount of taxes you pay
- Getting better returns on investments that you choose
- Changing one's life by taking different decisions

Next section culminates on suggesting **six suitable ways** to make investments in context of safety. **1) Cash equivalents 2) Bond 3) Certificate of deposit 4) Home 5) Pension and 6) Annuity.** The writer has metaphorized ATM as ourselves, where we are the investors but may have not lined up our investments properly. We will get what we put in. Can get money nonstop if we continue to work but as soon as we stop working, the cash flow will stop.

Other way round, he has used ATM also as an acronym of anti-time machine, we get money against the thing (time) we value most. The objective of writer to use ATM as an analogy for a common man is to take the common man out of this equation and help him to build the money machine that will keep producing money even when he is not working.

In section 5, author has highlighted that there are three buckets of asset allocation. **1) Security Bucket.** Also named as the Peace of Mind Bucket, represents the tortoise mentality – slow and steady wins the race. This bucket includes investing in assets with low volatility, such as, Cash/Cash Equivalents, Bonds, your home, Pension accounts and life insurance policy. **2) Risk/Growth Bucket.** Investing in assets that can get an investor very high returns, but on the downside, one can also end up losing everything one has saved and invested. This bucket includes Equities, High-Yield Bonds, Real Estate, Commodities, and Currencies. **And 3) Dream Bucket.** To have fun, setting aside something for yourself and people who are close to you, so that all of you can enjoy life while you're building your wealth. But to achieve this dream bucket, one either needs good luck like either hitting a jackpot or getting high positive results from the risk/growth bucket.

In section 6, he has included interviews of top 11 financial gurus of American origin which includes names like Warren Buffet, Carl Icahn, and John C. Bogle. After conducting interviews of more than 5oo financial giants, Tony concludes that all these big names had four financial principles in common. **1) Don't lose money.** Simply be very careful. If you don't lose, you live to fight for another day. Even the world's greatest fund managers, who you'd think would be comfortable taking huge risks, are actually laser focused on protecting their downside. **2) Risk a little to make a lot.** It is called asymmetric risk/reward. He further elaborates that different successful investors does it differently. Some wait for the opportune moment when everyone is eager to sell and that is the moment when you pick your best bet. Others keep a laser focus on market trends and only invest when they are sure of considerable returns. **3) Anticipate and diversify.** Good investor is good anticipator. A lot of brilliant people are terrible investors. The reason is that they don't have the ability to make decisions with limited information. By the time you get all the information, everyone else knows it, and you no longer have the edge. **4) You're never done.** The author explains that best achievers are never satisfied with their success. They do it as a passion and always hungry for more. At the same time they consider it their duty to return it to society in different ways.

Section 7 is last one and about Tony's core message of the book. It says that one should be generous and give some proportion of his/her wealth to the needy and that happiness is not just about fancy numbers. On average people spend / waste money, which, with little commonsense can be used to feed hundreds and thousands of people across the planet. Helping others is always a satisfying experience. Although it might not be possible for everyone to achieve in his or her lifetime, but one should strive and try to create a legacy that future generations would look up to. People should also appreciate what they have in hand rather than just hoping that future would make them better than their present.

Key Learning

- **Two key misconceptions of the knowledge area.** One that most of the people don't know how much money is needed to fulfil their desires and/or requirements. It is actually much less than what almost all of us think it is. The reason is that we don't have sufficient knowledge required for financial decisions. So knowing inside out of all financial procedure is a must. Secondly most of us believe that wealth means having a lot of high end material possessions which is entirely a false concept. Wealth actually means improving the quality of one's life and focusing on your lifestyle. I need not to be expensive but should develop your personality and your surroundings.

- **Learn to save fees and taxes.** In order to achieve your financial goals and dreams, you cannot rely on just one strategy for creating wealth. You need to think on a number of fronts so that it all accumulates together. Among other things, one should be aware of the fees and taxes that reduce the amount of his/ her savings and the ways in which taxes can be saved; by holding investments for a certain period, by choosing a mutual fund with the lowest fees and expenses, etc. As long as you legally pay the taxes, there are provisions in the law that allow you to reduce the amount of tax you pay, and those should be fully availed.

- **One of the core mantra is to diversify.** This diversification of assets should be based on the following criteria:

  1. Diversify between assets within different classes (e.g., real estate, stocks, bonds, commodities, private equity)
  2. Diversify your holdings within asset classes
  3. Diversify globally
  4. Diversify timelines

- T**he key to true happiness is to give.** It is not how much money have we made, how well have we diversified our portfolios, or how many times have we beaten the market. What matters is how you have improved the world around you. In the end, it does not matter being the richest man in the graveyard. Instead, the goal should be to live a life of meaning that means giving your time, energy, and money to others. Giving to others puts things in perspective. When you give to others you realize that your life really isn't that bad and you feel the true happiness.

Application

Concept of Reducing the Fees and Taxes. In the Pakistani market, the concept of reducing the fees and taxes can be applied and practiced as well. Taking the example of mutual funds, the investor has access to the financial statements and overall fund returns which can be easily used to determine which funds have the highest expenses and fees that could reduce the amount invested. During investments in a mutual fund, certain asset management companies (AMCs) charge a 'sales load' on the amount of investment made. This sales load is waivable if a request is made to the entity, however, due to lack of investor awareness on the matter, the said waiver is not requested. In addition, recent regulatory changes state that if the investor approaches the entity himself/ herself, the entity cannot charge this load. So an investor should have the awareness to approach the entity directly to avoid this fee completely. Further, by investing in a mutual fund, the investor can claim a rebate of up to 20% of the tax paid during the year (given that the investment is held for more than a time period specified by law). Additionally, under the current laws, by investing in the voluntary pension schemes (being operated by different asset management companies in Pakistan), an investor can obtain a further rebate of 20% of the tax paid, again, subject to conditions specified by law. These, and other such opportunities available to the individual, show that investors in Pakistan can also apply Tony Robbins' suggestion regarding saving on fees and taxes.