



# Solari Portfolio Strategy

## Before & After

This document accompanies the Solari audio seminar [\*Beyond Socially Responsible Investing Part II – Solari Portfolio Strategy\*](#). In this seminar, Catherine walks you through two sample portfolios owned by the same hypothetical family – the first is a typical \$1mm portfolio before Solari Strategy, and the second is that same family’s \$1mm portfolio repositioned according to Solari Portfolio Strategy. Catherine concludes with a side-by-side summary comparison of the two.

### Contents

- [Portfolio A – Before Solari Strategy](#) page 2
- [Portfolio B – After Solari Strategy](#) page 4
- [Comparing Portfolios A & B](#) page 8

*To get the most out of your seminar, please have all three sections of this document on hand.*

This document was designed as both a listening aide and an ongoing learning aide as you explore how to use the Solari Portfolio Strategy to create a financially intimate world for you and your family.

### Disclaimer

Nothing said in a Solari seminar should be taken as individual investment advice. Anyone seeking investment advice for his or her personal financial situation is advised to seek out a qualified advisor and provide as much information as possible to the advisor in order that such advisor can take into account all relevant circumstances, objectives, and risks before rendering an opinion as to the appropriate investment strategy.

The successful application of any portfolio strategy requires sound business practices, including thorough due diligence, the application of good business and investment judgment as well as attention to ongoing performance, diversification and risk management and the patience to work through and learn from investments that are not successful.

# PORTFOLIO A

## Example of a Typical \$1MM "Conservative" Portfolio

### Characteristics

1. Investing in securities of large corporations and governments which – as a system – are financially dependent on a low/falling Popsicle Index;
2. Generating yield, as opposed to building financial equity;
3. Absence of knowledge and understanding of who and what our money is supporting;
4. No risk assessment or strategy for worst case scenarios; and
5. No diversification – entirely dependent on US federal credit and centralized “tapeworm” system.

### Home Base & Financial Profile

\$500,000 Home in suburbs/\$350,000 fixed rate mortgage, 30 year mortgage with 25 years to go.  
350,000 Shore condo/\$300,000 variable rate mortgage, \$50,000 2nd mortgage from seller, balloon in 5 years.

#### Net Home Equity:

\$150,000

#### Annual Income of spouses:

\$125,000 Full Time Consulting w/ health care  
50,000 Part Time Freelance

Note: Both work for large companies dependent on government credit, contracts and purchases

#### Annual Expenses:

\$160,000

#### Annual Savings:

\$15,000 plus reinvestment of portfolio yield

## PORTFOLIO A – DETAILS

### LOCAL INVESTMENTS

#### Homebase

\$150,000 (see above)

#### Liquid Assets

\$25,000 Local School District Notes

**Total \$175,000**

### GLOBAL INVESTMENTS

#### I. Fixed Income

##### A. US Govt Fixed Inc.

###### Full Faith & Credit:

\$100,000 US Treasury Bonds

25,000 US Treasury Notes

25,000 Ginnie Maes

###### Indirect Credit:

\$25,000 Fannie Maes

25,000 Freddie Mac

25,000 Sallie Mae Debentures

##### B. Global Govt. Fixed Inc.

\$150,000 World Bond Fund – High Credit Quality Foreign Sovereign Governments

##### C. Corporate Fixed Inc.

\$50,000 Bond Fund

##### D. Bank CDs

\$100,000 CD in NY Fed Member Bank

25,000 CD in NY Fed Member Bank

25,000 CD in NY Fed Member Bank

##### E. Short Term & Cash Equiv.

\$25,000 Fidelity Tax Exempt Fund

10,000 Citibank Checking Acct

**Subtotal \$610,000 Fixed Income**

#### II. Equity

\$75,000 in individual stocks in large government contractors and large NY Fed banks (for example, this might include AT&T, Bank of New York, Barrick, CACI, CCA, Citibank, Exxon, IBM, Novartis, Halliburton, Lockheed Martin, McDonalds, Monsanto, JP Morgan-Chase, Monsanto, RJR)

40,000 Energy Fund – oil, gas and coal

50,000 SRI Social Index Equity Fund

50,000 SRI Social Index Equity Fund

**Subtotal \$215,000 Equity**

**Total \$825,000**

Plus Annual Giving to Harvard University

# PORTFOLIO B

## Example of a \$1MM Financially Intimate Portfolio

### Characteristics

1. Using rising Popsicle Index of home base, family and friends as a navigation tool to find investment opportunities;
2. Decreasing dependency on US federal credit and centralized “tapeworm” system; and
3. Focus on building living and financial equity, rather than yield.

### Home Base & Financial Profile

See supplemental document: [Criteria for Choosing Your Home Base](#)

- \$190,000 No debt – Moved to 30 Acre farm in rural farming community
- \$110,000 No debt – Improvements to Farm
  - Repairs, paint and insulation to house, clean up of and additions to farm buildings and equipment
  - Jacuzzi and bathroom and kitchen improvements
  - Well w/solar pump
  - Environmental survey and energy efficiency improvements
  - Wood stove, solar energy & back up generator
  - Greenhouse to extend growing season
  - Orchard trees, bushes and garden plantings – focus on edibles that lower food bill and health care costs permanently
  - Planting trees good for firewood or lumber
  - Cost of moving
  - Preliminary design work to create back up cottages for rent/sale to friends and family
  - Preliminary research on farm animals to breed and maintain
  - Declutter/simplify possessions so less things and space to take care of
  - Natural Beauty and comfort of home is significantly greater; carrying and maintenance costs are much lower/less need for weekend home – very close to parks, hunting, fishing, other recreation

#### Net Home Equity:

\$300,000 No Debt

#### Annual Income of Spouses:

\$75,000 Full time consulting w/health care  
25,000 Part time freelance  
Working for clients who are less dependent on government contracts and programs

#### Annual Expenses:

\$75,000 Could cut back quickly to \$50,000 if needed thanks to investments in homebase to increase self sufficiency  
Big new investment – having the time and resources to learn new skills as both income earners are working outside the home less hours

#### Annual Savings:

\$25,000 Now saving \$25,000 a year, rather than \$15,000

## Introducing the Four Quadrants of Solari Portfolio Strategy

- Liquid:** Assets you can sell or trade quickly at a known price (examples: stocks or currency)
- Nonliquid:** Assets that take longer to sell and/or at unknown price (example: real estate)
- Local:** Investing in your neighborhood or town (examples: your home, municipal bonds, or stock in a local company)
- Global:** Investing in people and places that you know elsewhere (example: stock in your cousin's local bank)

### PORTFOLIO B – DETAILS

Using the Solari Portfolio Strategy we now reposition our investments from Portfolio A into Portfolio B. We now organize our portfolio around our new home base and the people, the places, and the solution-oriented businesses we have come to know and trust. We now take responsibility for learning and researching, for building our networks, for understanding how to get our Popsicle Index to 100%. As we gain intellectual mastery of how the money works around us and the people we love, as well as how the tapeworm operates globally and in our neighborhoods, we begin to see the opportunities for building wealth on a rising Popsicle Index.

### LOCAL LIQUID

- \$5,000 Checking account/money market at well managed local community bank
- 20,000 CDs at well managed local community bank
- 10,000 Cash, silver and gold coins in deposit box
- 10,000 Cash, silver and gold coins at home
- 25,000 Publicly traded stocks for companies based in my area or region with leadership and products personally known to me or to people I trust
- 5,000 Local tax-exempt bonds of municipal agencies run by people we know and respect doing things that we believe raise our Popsicle Index

**Total \$75,000**

***Portfolio A had \$25,000 in this category***

### GLOBAL NON-LIQUID

- \$100,000 Gold and silver bullion in depository in Europe
- 90,000 Investment in land and cottage next to cousin's in-law's farm in Central America (High Popsicle Index, Low Cost)
- Expected* \$25,000 Reserve for improvements to land and cottage (Currently held and counted in interest bearing accounts under Global Liquid)
- Expected* \$25,000 Micro equity – Reserve to invest in cousin's in law's business and local businesses (Currently held and counted in interest bearing deposits at local bank in Central America under Global Liquid)
- 10,000 Angel investment in college roommate's wind farm company

**Total \$200,000 (expected to increase to \$250,000)**

***Portfolio A had \$0 in this category.***

## GLOBAL LIQUID

- \$25,000 Digital Gold and Silver
- \$75,000 High Popsicle Index Places
  - Off shore money market accounts denominated in local currency, income generating stocks and bonds – \$25,000 in New Zealand and \$50,000 reserved for non liquid investments in Central America held in accounts and CDs in Central America
- \$25,000 Basket of Local Stocks and Local Bank CDs
  - Invest in what family and friends are investing in as well as a close friend's Solari Investor Circle; this includes \$12,500 in local community banks believed by people we trust to be well managed.
- \$50,000 Small and Mid-Cap Stocks
  - Consider companies that are on the Popsicle Index Up Team and Funds Specializing in this Area – focus on:
    - a. Decentralizing, sustainable solutions:**
      - new technology
      - ecovillage development
      - energy solutions
      - fresh food, small farm and wellness
      - anything which promotes sound currency, transparency of government and corporate money and privacy of individual money and information and reduction of debt/creation of equity and economic decentralization/distributing of knowledge, political and economic power:
    - b. Products and services that:**
      - I and/or the people I love and trust use, like and understand
      - lower household bills
      - increase home and neighborhood self sufficiency
      - save time
      - improve health without chemicals
      - make fresh food more available on affordable basis;
    - c. Operations that are excellent on a sustainable basis; and**
    - d. Stocks of above available on an economic basis.**
  - Note:** We are tracking simulated portfolio of old stocks at Yahoo Finance to map comparisons about how we are doing with Portfolio B vs. Portfolio A

**Total \$175,000**

***Portfolio A had \$825,000 in this category***

**Note:** Avoid companies and governments that are too big, too lacking in accessible transparency or too negative for financial intimacy to be possible, such as:

1. Large corporations
2. Government contractors or large corporations dependent on govt contracts or purchases
3. [Tapeworm Banking 20](#) (Catherine's pick of the 20 worst in the US banking industry)
4. Governments with a demonstrated financial dependency on warfare, economic warfare and arms trafficking

## LOCAL NON-LIQUID

- \$300,000 30 Acre farm in Tennessee with improvements – \$300,000 (no debt)
- \$95,000 Mortgages financing homes for my sister and a neighbor
- 5,000 Refinancing of cousin's credit card debt (warning/disclaimer)
- \$150,000 Reserved for Direct Local Investment and to pool with Solari Investor Circle:  
(*Technically it is currently in Local Liquid – however treating as non-liquid for purpose of aggregates*)

### a. Financial Investments

- Hand
- MAP/buying bullion coins
- Credit card pool
- Angel investing and Microequity pool focused on activities that would increase self sufficiency of me and my neighbors – where are the aggregation opportunities? Where are the disintermediation opportunities?
- Financing building of cottages on my Farm for rent or sale
- Looking for other Circles/local investment advisors interested in putting together a local venture fund using the Solari model
- Private Non liquid Stock in personal insurance company – e.g. a Farm Bureau Insurance Company – available to members only

### b. Networking

- Lobbying: e.g. Go Local Campaign to get neighbors and community businesses and organizations to [switch banks](#) from the Tapeworm Banking 20 to community banks where we can invest (make sure not insiders)
- Asset Mapping/Databank: Map people and financial flows in community looking for municipal privatizations, government reengineering, ways of increasing revenues to local businesses, particularly the ones we are invested in or run, promote greater support of local farmers, local fresh food

### c. Learning

- Much more time and expenditure on learning and making me smarter
- Subscriptions to Solari audio seminars and other trustworthy sources
- Build library of books on venture capital, agriculture, permaculture, alternative energy and healthcare, and local infrastructure and systems
- Learn about how to avoid risks of economic warfare and dirty tricks
- Working on developing community currency using gold and silver bullion in Switzerland, gold and silver coins onshore

### d. Donations/Tithes

- Switch to people and groups who are making our Popsicle Index go up in demonstrable ways

**Total: \$550,000**

***Portfolio A had \$150,000 in this category***

## Comparing Portfolios A & B

	PORTFOLIO A Before Solari Portfolio Strategy		PORTFOLIO B After Solari Portfolio Strategy		Shifting Toward
<b>Financial Profile</b>	\$170,000 \$160,000 \$15,000 <b>\$700,000</b>	Income (tapeworm) Annual Expenses Annual Savings Mortgage Debt	\$100,000 \$75,000 \$25,000 <b>\$ 0</b>	Income (self-empl) Annual Expenses Annual Savings Mortgage Debt	<ul style="list-style-type: none"> <li>Greater financial freedom: self employed, debt free, saving more, continuously reducing overhead</li> <li>More focus on wealth building activities &amp; networking.</li> </ul>
<b>Local Non-Liquid</b>	<b>\$150,000</b> \$150,000	<b>TOTAL</b> Home Base Equity	<b>\$550,000</b> \$300,000 95,000 5,000 150,000	<b>TOTAL</b> Home Base Equity Finance Home Mortg. Finance Credit Card Direct Local Invest & Solari Investor Circle	<ul style="list-style-type: none"> <li>More equity in home with no debt</li> <li>Reducing expenses, increasing self-sufficiency and amenities.</li> <li>Building wealth locally thru disintermediation, emphasis on Popsicle Index and networking.</li> </ul>
<b>Local Liquid</b>	<b>\$25,000</b> \$25,000	<b>TOTAL</b> Local Schools	<b>\$75,000</b> \$45,000 25,000 5,000	<b>TOTAL</b> Cash, CDs, bank accts, silver & gold coins Stocks local companies Local Municipal Bonds	<ul style="list-style-type: none"> <li>Keeps money in the community, supporting local independent banks.</li> <li>Builds wealth locally by supporting local businesses and services.</li> </ul>
<b>Global Non-Liquid</b>	<b>\$ 0</b> \$ 0	<b>TOTAL</b> None	<b>\$200,000</b> \$100,000 90,000 10,000	<b>TOTAL</b> Bullion in Europe Land/cottage C.Amer. Angel investments	<ul style="list-style-type: none"> <li>Diversifying into more places with high Popsicle Index</li> <li>Working through family and networks of trust</li> </ul>
<b>Global Liquid</b>	<b>\$825,000</b> \$225,000 150,000 50,000 150,000 35,000	<b>TOTAL</b> I-FIXED INCOME A. US Govt B. Global Govt C. Corporate D. Bank CDs E. Short Term & Cash II-EQUITY \$75,000 40,000 100,000	<b>\$175,000</b> \$25,000 75,000 25,000 50,000	<b>TOTAL</b> Digital Gold & Silver Money Market in high Popsicle Index places Local Baskets Stocks that increase Popsicle Index	<ul style="list-style-type: none"> <li>Pulling out of the Tapeworm Economy</li> <li>Liquidity in sound currency.</li> <li>Expanding networks of trust</li> <li>Diversifying into more places and their local businesses</li> <li>Investing in more business leaders whose products and services are designed to raise the Popsicle Index.</li> </ul>

Notes: \*Money Market funds reserved for Expected improvements and Micro Equity in Central America

## Comparing Portfolios A & B (cont)

	PORTFOLIO A Before Solari Portfolio Strategy	PORTFOLIO B After Solari Portfolio Strategy
<b>Additional Analysis</b>	<p><b>SUMMARY:</b> Focus on yield, debt based, higher liquidity ratio, appearance of diversity gives false sense of security, <u>dependence on tapeworm and a falling Popsicle Index</u> (increased risk); you are a remote investor -- not building networks of trust or knowledge about solutions</p> <ul style="list-style-type: none"> <li>Investing in securities of large corporations and governments which -- as a system -- are financially dependent on a low/falling Popsicle Index;</li> <li>Generating yield, as opposed to building financial equity;</li> <li>Absence of knowledge and understanding of who and what our money is supporting;</li> <li>No risk assessment or strategy for worst case scenarios.</li> <li>No diversification – entirely dependent on US federal credit and centralized “tapeworm” systems</li> </ul>	<p><b>SUMMARY:</b> Focus on concrete assets, long term capital gains and a rising Popsicle Index, equity based (no personal debt), lower liquidity ratio (much stronger liquidity in worst case), true diversity, more protected on the downside (reduced risk); you are a financially intimate investor -- you know and are known by the people you invest in, building networks and knowledge lays foundation for growing much more significant wealth (greater upside potential); greatest risk is choosing wrong home base</p> <ul style="list-style-type: none"> <li>Using rising Popsicle Index of home base, family and friends as a navigation tool to find investment opportunities;</li> <li>Decreasing dependency on US federal credit and centralized “tapeworm” systems; and</li> <li>Focus on building living and financial equity, rather than yield</li> </ul>
<b>In Terms of The Five Legs of the Solari Model</b>	<p><b>Puts Our Wealth at Risk by Financing:</b></p> <ol style="list-style-type: none"> <li>I. Fiat currency</li> <li>II. No privacy of our personal finances; no transparency of govt or non-profit finances</li> <li>II. Debt based</li> <li>IV. Centralization of economic and political power</li> <li>V. Yields reaped from a falling Popsicle Index</li> </ol>	<p><b>Secures Our Wealth by Financing:</b></p> <ol style="list-style-type: none"> <li>I. Sound currency</li> <li>II. Privacy of our personal finances; transparency of govt and non-profit finances</li> <li>II. Equity based</li> <li>IV. Decentralization of economic and political power</li> <li>V. Personal responsibility for a rising Popsicle Index</li> </ol>