

Can the Average Investor Invest Like Penny Pritzker?

By

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It is often felt that wealthy individuals have access to investments and opportunities that others of lesser means do not have. In my years of practice, I can agree on some levels but also disagree on others.

Let's take the case of Penny Pritzker. A recent [Chicago Tribune article](#) outlines some of Ms. Pritzker's investments. It turns out many of the investments cited in the article are available to the average investor.

These include two fixed-income mutual funds run by the legendary Jeffrey Gundlach called the DoubleLine Total Return Bond Fund and the DoubleLine Low Duration Bond Fund. Both have excellent performance records. These funds have two 'classes' of shares, which depend on how you buy the funds and how much you invest. For Pritzker, she paid just pennies in management fees: 0.49 percent and 0.48 percent of assets, respectively. For someone coming into the funds with \$35,000, however, the management fee would be approximately 50 percent higher.

The Templeton Global Bond Advantage Fund is also available and carries a five-star rating from Morningstar. (Note: I am not affiliated with Templeton.)

The only fund in which Ms. Pritzker invests that is not accessible to the average investor is the GMO Quality Fund because of its minimum investment requirement of \$300 million. However, if it makes you feel any better, for the last year (ending June 5, 2013), you would have been better off investing in the Standard and Poor's (S&P) 500 index, which has returned 26.19 percent versus the GMO Quality Fund at 23.01 percent.

The wealthy do have the ability to access investments that the average investor cannot in real estate. Average investors can also invest in individual real estate holdings, but the downside involves a lack of diversification, lack of market knowledge, and the extensive amount of time required for management. Individual investors do have access to REITs (real estate investment trusts), and REITs have certainly performed well, but the fees and expenses can inhibit the returns, so someone like Ms. Pritzker may choose to do it on her own.

Disclaimer: The views expressed in this article are the opinions of the author and should not be interpreted as individualized investment advice. Investment objectives, risk tolerances and the financial situation of individual investors may vary. Please consult your financial and tax advisors before investing.



About Susan Carr-Templeton

Susan Templeton is the founder of Stafford Wells Advisors, a wealth management firm serving individuals, families and businesses and advising workplace retirement plans. Stafford Wells was founded in 2008 with the mission of delivering independent, complete, unbiased investment and planning advice, free of any conflicts of interest. Susan Templeton has more than 20 years experience in investment management. She received her B.S.B.A. degree in marketing from the University of Denver and her M.B.A. from the University of Chicago. Susan is a trustee for the Advocate Foundation where she chair's the Planned Giving Committee and is a member of the Investment Committee. Susan serves on the investment committee for the Visiting Nurse Association (Chicago) and is a former trustee of the Village of Oak Brook Police Pension Plan.