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Sweet on Investing:
Sound advice and some life lessons from a New Haven Financial Advisor

Interview with Charles J. Noble, III
Executive Vice President/Wealth Management
Noble Wealth Advisory Group
of Janney Montgomery Scott LLC
By Kelly Hoffman

Trusted Advisors for Generations

What inspired you to become a financial advisor?

I grew up in Naugatuck, the then-home of the Peter Paul Candy Company (now a division of Hershey Foods). When I was 13, I asked my father to take me and my paltry savings from odd jobs I had worked to his stockbroker, where I bought 15 shares of the company. At the time, Peter Paul was running three shifts, and I distinctly remember noticing that the employee parking lot was always full. They were literally making candy around the clock. The debate of the day was not which brand of candy was the best, but rather which of the Peter Paul candy bars was better: Mounds or Almond Joy. These seemed like good reasons to invest, but what really got me hooked (apart from the sugar) were the dividends. I doubt it was more than a couple of dollars each quarter, but to me it was a revelation—all of those shifts, people everywhere enjoying the product, and me sharing in the company's success.

As I learned more about the process of investing, I became increasingly comfortable and confident with the subject of money generally—when and how to save, when to invest, and when to spend. My parents responded by including me in major financial decisions, even as a kid, and a few years later, friends and family began to come to me for advice regarding their financial decisions. I guess you could say I have been offering my services ever since.

What advice have you given your children?

Being able to afford something is more important than actually spending the money. You can derive 95% of the pleasure of buying something in just knowing you can afford to do so without actually spending the money. Too many people waste money, spending every penny they earn; then when something really important and worthwhile comes along, they don't have the resources.

Do you still invest in candy companies?

Everyone should own shares of the leading companies of their time. These big franchises tend to be highly profitable, have little or no debt, and endure much longer than is commonly believed. We focus on owning companies that generate earnings well in excess of that which is required to run the business. Then we look for honest management with a track record of successfully allocating those excess earnings to their best use—whether that be reducing debt, buying back shares, or increasing their dividends. In essence, cash machines.

Why did you choose Downtown New Haven to build your practice?

Starting early in my career, I've had many opportunities to relocate to larger cities. These options involved bigger markets but necessitated more administrative responsibilities and people management—which left less time for direct client interaction. Let's just say I've never had a sleepless night over an investment or client relationship.

One of my associates has made a game out of counting the number of people who greet me and whom I greet while walking on Church Street between Chapel and Trumbull. I don't remember what the highest count is, but it's a lot and that makes me very happy. I've been in Downtown New Haven for 30 years and I feel that New Haven can compete with larger cities in terms of culture and diversity, but provides the small town feel that is lacking in larger metropolitan areas. In addition, New Haven triangulates Boston and New York, benefiting from its proximity to both. We have made a commitment to Downtown geographically, but we are invested in the city financially as well and are quietly supportive of many organizations in and around New Haven. I am proud to say that we've increased that support along with our success.

How do you measure your success?

I measure my success by the notes of thanks we receive, our nearly 100% client retention, and the amount of money we manage for our clients. We have over 150 affluent families, businesses, and not-for-profits as clients, with a total of about $600 million of assets under management. We are careful to take on only as many relationships as we can fully service. It is also important for us to leave room for pro bono work.

Why did you form Noble Wealth Advisory Group?

I wanted a unified philosophy of client service—one where we actively listen to our clients' needs, provide comprehensive financial planning, and help them to clarify their objectives. We work together to provide a very high level of personalized service in a family office setting. It is a point of pride for us that unless it is a matter of legality or morality, we never tell a client that we cannot help them. My team of six goes way beyond full service, assisting clients with everything from trusts, estates, and charitable giving to negotiating the purchase of a new car or finding a contractor to repair a loose front step. I've even climbed up on a roof in the middle of a rainstorm to clear a clogged roof drain, when there was no one else around to get it done.

Pictured above: The Noble Wealth Advisory Group of Janney Montgomery Scott LLC. Front row left to right: Daria C. Fuller, Charles J. Noble, III, Alexandra G. Forte; Second row left to right: Melanie E. Kregling, CFP®, Dana L. Saldaris; Top row: Brian T. Obremski, CFP®

> *"We focus on owning companies that generate earnings well in excess of that which is required to run the business. Then we look for honest management with a track record of successfully allocating those excess earnings to their best use—whether that be reducing debt, buying back shares, or increasing their dividends. In essence, cash machines."*

What are some of the most common mistakes investors make?

The most common mistakes are holding too much cash or too little cash, focusing too much on current events and not enough on historical perspective, and listening to television personalities as if they were financial gurus, rather than entertainers. One common investing trap is to strive for easily memorable formulas or axiomatic answers to complex systems or problems. One of these so called "rules" is to subtract your age from 100 and that is the percentage you should have invested in equities. Really? This is supposed to be your guide to investing for retirement? Provided you have immediately foreseeable expenses covered with a cash reserve, I can make a far more compelling case for greater equity investment in retirement. Here's why: During your working years, you are "in the game." If you own a business, you can raise your prices. If you are an employee, you can enjoy career advancement and raises. Once you retire, all of that stops. Inflation has compounded at around 3% on average for the past 100 years, higher immediately following wars (think Iraq and Afghanistan). If you are retiring this year, in 10 years a new car will cost you 35% more. We are highly focused on maintaining our client's purchasing power and lifestyle throughout their retirement.

Retirement is an important topic to you.

The first question everyone asks when they retire is, "How am I going to pay the bills next month?" Business or professional income typically stops, so even if you have savings, investments and a retirement fund, it is important to know the most tax-efficient order in which to draw income from your accumulated resources. We are experts in preparing and guiding our clients through and beyond this important life transition. We help our clients get the mechanics right to continue their lifestyle, while positioning their investments to keep pace with an ever-evolving world. We have planning tools that allow clients to look into their future and "test drive" their retirement before they retire. This provides a great deal of comfort and security.

You've talked about stocks, but what about bonds?

There is a place for bonds and other fixed-income assets in portfolios, but you must get adequately compensated for both the credit and maturity risk. Historically, investors have captured 75–80% of the maximum return available, but only a third of the risk by investing in medium to high credit quality bonds with maturities of 3–10 years. Currently the risk/reward ratio for most fixed-income investments is horrific. Having said that, we currently are acquiring for our clients bond-type investments that will be insulated from rising interest rates. I would like to tell you more, but this is a competitive business.

Sweet Advice Indeed!–Kelly Hoffman, AVP, Marketing Manager, Private Client Group of Janney Montgomery Scott LLC