

Nickel Investment Advisors, Inc.

Connecting Money to Life

By Jim Brumm

Sonoma County investment advisor Nace Nickel sits at his computer early each morning, investigating trends in the investments he manages for his clients, checking in with his back office team, and consulting with his trading desk. Large, red curtains hang behind his desk. On a coffee table next to a comfortable couch sit two books. *100 Years of Wall Street*, by Charles R. Geisst, and *The Ascent of Money: A Financial History of the World*, by Niall Ferguson. Several money management awards and investment excellence certificates are displayed in frames on shelves throughout the room.

Nace is a man who understands money. Growing up in Denver, Colorado, he became interested in the world of finance in his early teens. On his sixteenth birthday his father asked Nace what gift he would like. “Stock,” said Nace. His father opened a brokerage account for him and Nace began choosing stock investments. By age eighteen, he began opening and managing different investment accounts on his own, and found himself earning money.

Through high school Nace continued his stock investments. Later, he attended the University of Denver, earning degrees in Finance and Marketing while working on a loading dock. During this time he met and married his wife, JoAnn. While his fellow Teamsters spent their money on cars and other short-term pleasures, Nace “found ways to increase my investments, learning how to take advantage of opportunities.”

After college Nace and his wife moved to San Francisco where he worked as a teller at a bank, and then as a loan officer. After that, he secured a job as a broker in options trading at the San Francisco offices of Charles Schwab. Later, Nace managed the offices of New York Stock Exchange member firm Quick & Reilly Inc. In 1988 Nace and his family (they had a daughter in 1983) moved to Windsor, California, where they live today.

During all this time, Nace remained a serious student of the stock market. “My investments were growing,” he said. But still he faced one age-old investment conundrum. “I had no problem finding stocks that were going up, but I had a problem knowing when to sell.” After much study and research on ways to solve that problem, Nace developed his own, proprietary long-term investment strategy, a system he calls “Adaptive Portfolio Enhancement.” In 2005 Nace founded



Nickel Investment Advisors, Inc., in order to help others benefit from his knowledge and understanding of money and markets.

Adaptive Portfolio Enhancement is a system for wisely choosing no-load mutual funds. As Nace’s literature explains: *The market moves in trends, and as a result different investment styles and sectors move in and out of favor over time. Adaptive Portfolio Enhancement looks at short-term past performance to identify funds that are participating in the current upward trends. Because these trends can last for years at a time, Adaptive Portfolio Enhancement is able to take advantage of the excess*



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returns these top-performing no-load mutual funds provide. More importantly, Adaptive Portfolio Enhancement avoids the troubled areas of the market.

“I actively manage no-load or no transaction fee mutual funds based on their one-month, three-month, six-month, and one-year performance,” said Nace. “As long as they continue to perform well, we own them. When they stop performing, I sell. This system has a built-in discipline regarding selling; it takes away the emotion. It lets you get in early on a trend, and get out when the rankings fall.” He paused and added, “We are traditionally taught to buy and hold forever, that investments will go up and down, and probably go up over time. I make adjustments as we go. My goal is to hold funds for at least a year. The six- and twelve-month scores add stability; they keep me from getting whip-sawed. When something changes—up or down—I ask, why did that happen, is it an anomaly? I put it on a watch list.” This is why Nace is on that computer early each morning, and throughout the day.

After managing his own portfolio, and learning the dangers of investing from excitement or fear, Nace now helps his clients navigate the world of investing with a calm hand and a pragmatic mindset. “People get excited when stocks are high, and they tend to panic when they get low. Managing emotion is a large part of my job. My system helps dampen the emotional volatility. I help my clients avoid the pitfalls of both fear and greed.”

When meeting new clients, Nace wants to know more than just how much money they have to invest. He sits with them and gets to know them. “I learn their dreams, their fears, and their goals—their definition of the good life,” he said. “I also ask about their past investment experience, what motivates and excites them, what comforts them and makes them feel safe.” Nace gestured to his computer. “I am conservatively aggressive,” he explained. “I’m not trying to ‘out-guess’ the market, I’m observing it. I own the same funds as my clients. I move my money at the same time and with the same philosophy as my clients’ money.

“Most brokers operate under what is called in the business a ‘suitability requirement.’ This simply means that what they advise is ‘suitable’ in that moment. I have a higher standard. The relationship I have with my clients is a fiduciary relationship, which means I have to put their interests first.”

Nace is a soft-spoken, easy-going man with an active, hands-on money management style. He keeps in frequent contact with his clients, and only works with a limited number of families—families that have come to trust his integrity and admire his results. “I have families in which I am working with the dad, the son, and now the grandkids!” he said. Today, Nace has over 20 million dollars under management.

Nace is a volunteer chaplain for the Sonoma County Sheriff’s Chaplaincy Service, and regularly donates to his church, The Redwood Gospel Mission, and Healdsburg Shared Ministries. He also cooks at a local food bank from time to time.

Nace has faced many challenges in his life, and has overcome them all with faith,



and a commitment to integrity and helping others

“I know that money is not the most important thing,” he said, smiling broadly. “It’s family, friends, relationships. But the work I do enables my clients to have more time for those important things.”

To learn more, contact Nace Nickel at 707- 836- FUND, or visit his Web site: NickelInvest.com