THE BLACK WEALTH ISSUE

# EBONY

EXCLUSIVE INTERVIEW

AN INTIMATE CONVERSATION WITH

## Tyler Perry

The $350 Million Dollar Man on Anger, Business and Babies

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THE STATE OF BLACK WEALTH

# HOW TO GET

### KEY WEALTH-BUILDING STRATEGIES FROM BLACK AMERICA'S TOP

## JOHN ROGERS JR.: SLOW AND STEADY GROWTH

Investment legend? Yes.

Master wealth builder? Yes.

Risk taker? Never.

John W. Rogers Jr., 53, has received numerous accolades as one of the nation's most prominent Black investors. His investing acumen has helped to enrich millions of Americans in the nearly three decades he's spent at the helm of Ariel Investments, a $6 billion asset management firm and the first U.S. mutual fund company managed by an African-American.

But he does not take risks.

Rogers has ascribed to a creative, value-investing strategy from the start. When he launched Ariel Capital Management in 1983, he chose a turtle as a logo and an Aesop's fable's moral; indeed, slow and steady exemplifies his approach. As a young entrepreneur, he says, he thought it important "to let everyone know I'm a prudent, long-term investor." And he's maintained that view—whether stocks are booming or tumbling.

In the aftermath of the U.S. financial crisis, Rogers' knowing when to hold and when to fold has led to big gains over the last two years. His firm's flagship mutual fund, the Ariel Fund, skyrocketed more than 216 percent from the stock market bottom on March 9, 2011 to June 15, 2011, more than doubling the gains of the S&P 500 index in that time. (His other top fund, Ariel Appreciation Fund, rose nearly 178 percent in the same period.)

Rogers says the keys to successful investing and building wealth are threefold:

Stay within your circle of competence. "If you're going to invest on your own, invest in what you know and understand," Rogers says. Media companies (CBS, Viacom, Gannett) and real estate services firms (CB Richard Ellis, Jones Lang LaSalle) are among his funds' largest holdings.

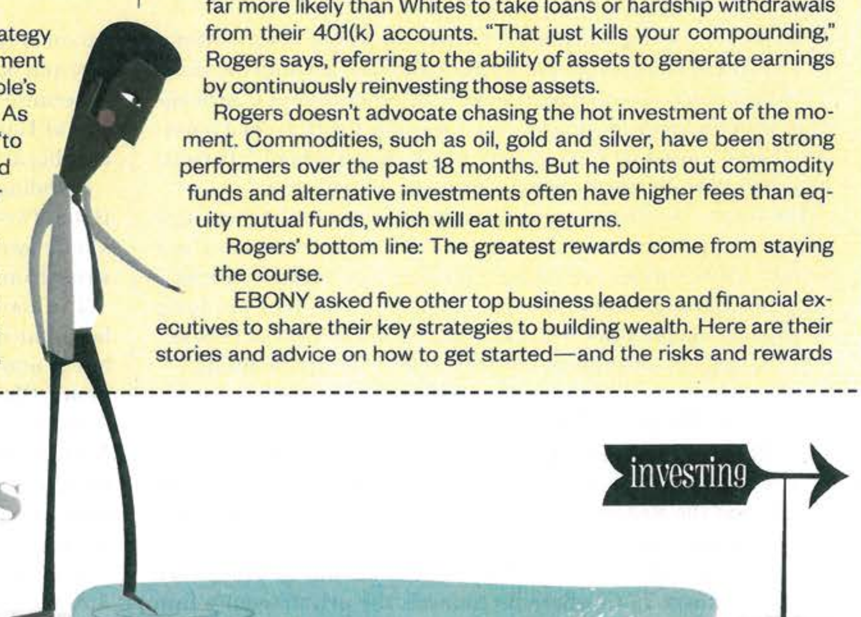
Stick with an investment advisor whom you trust. "Find an experienced money manager who has a long-term track record. Don't invest in the hot manager of the moment. Try to find that grizzled veteran."

Stay the course. "Put money to work every month like clockwork," Rogers says. "I believe in dollar-cost averaging" (or investing a certain amount every month through the market's ups and downs). And don't cash out of your investments. A 2009 survey by Ariel and Hewitt Associates, the benefits consulting firm, found that African-Americans are far more likely than Whites to take loans or hardship withdrawals from their 401(k) accounts. "That just kills your compounding," Rogers says, referring to the ability of assets to generate earnings by continuously reinvesting those assets.

Rogers doesn't advocate chasing the hot investment of the moment. Commodities, such as oil, gold and silver, have been strong performers over the past 18 months. But he points out commodity funds and alternative investments often have higher fees than equity mutual funds, which will eat into returns.

Rogers' bottom line: The greatest rewards come from staying the course.

EBONY asked five other top business leaders and financial executives to share their key strategies to building wealth. Here are their stories and advice on how to get started—and the risks and rewards




## MONICA WALKER: BUILDING BLOCKS OF INVESTING

Monica Walker credits her mother and father with inspiring her to start investing as soon as she landed her first job after college.

"Being people of modest means, they preached living within our means and encouraged us to work and save when we wanted the 'nice-to-haves' versus the 'must-haves,'" Walker says. "My parents emphasized saving to me and my four brothers. That concept ... inspired me to begin investing."

Fast-forward three decades as Walker, 52, now invests billions of dollars for corporations, endowments and foundations. As chief executive officer of Holland Capital Management, a Chicago-based investment firm with more than $2 billion in assets under management, she is the company's first female CEO. She's been a partner with the firm, founded by legendary business leader Louis Holland, since its inception in 1991. She also serves as the company's chief investment officer, overseeing strategies for managing the equity assets of its institutional clients.

# RICH TODAY

**FINANCIAL MINDS** BY SHARON EPPERSON / ILLUSTRATIONS BY ANDREW BANNECKER

## DON PEEBLES: REAL ESTATE AS A PATH TO WEALTH

**DON PEEBLES** dropped out of Rutgers University after his freshman year to pursue his first real estate opportunity. Along with three other investors, he built a 100,000-square-foot-office building in Washington, D.C., in the mid-1980s. That investment enabled him to launch the Peebles Corporation, which he still owns and manages today. One of the largest real estate companies in the country, the Peebles Corporation has a $4 billion development portfolio of luxury hotels, residential and commercial properties in the United States and Caribbean.

Raised by his single teenage mother, Peebles says he was encouraged at a young age to think as an entrepreneur, not as an employee. "She told me there were no limitations to what I could accomplish," Peebles says.

He became a multimillionaire at age 26. Today, Peebles, 51, one of the world's wealthiest African-Americans, continues to set his sights on new ventures that will create jobs and economic opportunity.

### GETTING STARTED

The best way to get started in real estate investing is to buy a residential property in a major city, Peebles says. "The best time to invest in real estate is when prices are down. There are great opportunities and the barriers to entry are much lower. Sellers are much more creative in terms of financing." He encourages novice investors to learn about the market and the industry. "Go into environments where there is good job growth and some volatility," he says. For example, in Las Vegas or Miami, Peebles says, you may be able to to buy a home that will allow you to make a profit after mortgage and loan payments by renting it out. "Normally, you won't be able to carry a profit based on rent," he says. "In this market, values are so low, you can make a profit."

### RISKS VS. REWARDS

Some potential investors may be wary of the stark real estate outlook by some economists, who say the market signals a "double-dip," since it's fallen below the post-housing-bubble lows of April 2009. U.S. home prices plunged more than 30 percent from their 2006 peak in 20 cities through March, reaching their lowest level since 2003. But prices had more than doubled from 2000 to 2006. Peebles says that creates a great buying opportunity for investors.

Peebles' bottom line: To invest in real estate, you must be willing to take risks and not be afraid to fail. "If you fail, so what?" he says. "Try again."

### GETTING STARTED

Walker, a Houston native, began investing when she started her first job at Texas Utilities (now Energy Future Holdings) in the early 1980s. "Starting early and investing regularly over a long period can put you on a path toward growth," she says. "The easiest way to get started is through an employer-sponsored retirement plan, such as a 401(k), especially if the company offers to match your contributions. If your firm doesn't have a 401(k) plan, individual retirement accounts (IRAs) also offer tax-deferred growth." Walker recalls that Holland Capital had no formal retirement plan when it started, so she began investing directly in stocks and mutual funds. "I also invested in myself and my long-term financial future by purchasing ownership in my firm," says Walker.

If you're a novice investor, she suggests picking a few stock mutual funds. "With a small investment (in a fund), you have ownership in a diversified portfolio of underlying securities, not just ownership in a few shares of one stock."

When researching a fund, here is what Walker says you should look for:

- The fund's goals and strategy
- Fees
- The fund manager and his or her track record
- The type of risk and returns you can expect over time.

### RISKS VS. REWARDS

Choose your goals, whether it's securing your retirement, buying a vacation home or saving for a child's education, then figure out how long you have to get there and how much risk you can take, Walker says. The answers to those questions can help you pick your investments. Remember, there are always risks that the assets you invest in will lose value or the value will rise and fall more than expected. "The key is to understand risks associated with an investment *prior* to investing. If you don't understand it or its associated risk, don't invest in it," she says.

Walker's bottom line: "Never invest more than you can stand to lose."