VANSANT MEWSHAW

Our Philosophy of Advice

Generally speaking, our experience has been that successful investing is goal-focused and planning-driven, while most of the failed investing we've observed was market-timing and performance-driven. Another way of making the same point is to tell you that the really successful investors we have known were acting continuously on a plan, tuning out the fads and fears of the moment while the failing investors we have encountered were continually and randomly reacting to economic and market "news". Most of our clients are working on multi-decade and even multigenerational plans, for such great goals as education, retirement and legacy. Current events in the economy and the markets are in the sense distractions of one sort or another. For this reason, we make no attempt to infer an investment policy from today's or tomorrow's headlines, but rather align clients' portfolios with their most cherished long-term goals.

We don't forecast the economy; we make no attempt to time markets; and we cannot, nor can anyone else consistently predict future relative performance of specific investments based on past performance. We hold that our highest-value services are planning and behavioral counseling. That is to say helping our clients avoid overreacting to market events, both negative and positive.

Our essential core beliefs in pursuit of our clients' most import goals are fivefold.

(1) Wealth Management should be goal-focused and planning-driven.
(2) Investment decisions should be based on the science of capital markets and its application.
(3) Your advisor should have the obligation to put your interest first and act out of fiduciary duty.
(4) Your advisor should always have the courage to tell you the truth, even when you don't especially wish to hear it.
(5) We believe these principles and practices are most families best chance to achieve and preserve wealth.

Once we have put a long-term plan in place for our client and implement that plan with a portfolio that is best suited to achieve their desired outcome, we very rarely recommend changing the portfolio beyond its regular annual rebalancing. In brief, if your goals haven't changed, don't change the portfolio. Our observation has been the more often people change their portfolios, the worse their results become. We are in agreement with the Nobel-Prize-winning behavioral economist Daniel Kahneman, when he said "All of us would be better investors if we just made fewer decisions."

Going back to 1980, the average annual intra-year decline in the S&P 500 has exceeded fourteen percent. Yet even without counting dividends, annual returns have been positive in 30 of these 40 years. That is to say; the market has delivered positive returns seventy-five percent of the time during this period. We believe the great lessons to be drawn from this data are that historically, at least, temporary market declines have been very different from permanent loss of capital and <u>the most effective antidote to volatility has simply been the passage of time.</u>

The nature of successful investing, as we see it, is the practice of rationality under uncertainty. We will never have all of the information we want, in terms of what's about to happen, because we invest in and for an essentially unknowable future. Therefore, we practice the principles of long-term investing that have most reliably yielded favorable long-term results over time: effective planning, a rational optimism based on experience, patience and discipline. These will continue to be the fundamental building blocks of our investment advice in 2020 and beyond.