



BURNS INSIGHTS

STIFEL | Burns Investment Group

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A Decade Revisited

Ten years ago, we all were in the middle of the global financial crisis. It is considered by many economists to have been the worst financial crisis since the Great Depression. Real estate prices had dropped, wiping out many homeowners' equities. Banks, which had been very loose with lending, tightened up their lending practices. The government enforced more strict banking regulations, unemployment increased, and the stock markets plummeted. All of this led to big decreases in investors' net worth and confidence.

On December 3, 2008, my team and I made the fateful decision to join a very unknown firm called Stifel. Even though we had done our thorough due diligence, Stifel had very little presence west of Denver in 2008. Mind you, it was a decision that I didn't want to make. The way I thought of it at the time was that I didn't leave my prior company: My prior company left me.

Prior to Stifel, I had spent 17 years with a good – no a great company, A.G. Edwards (AGE). For most of my tenure it was led by Benjamin Edwards III, a great, great grandson of Albert Gallitan Edwards, the Secretary of Treasury under Lincoln. "Ben," which he preferred us to call him, was one of the most effective leaders I have ever known. He epitomized every good quality that I have come to believe a great leader should possess, namely: humility, selflessness, grace, knowledge, humor, generosity, frugality, and a commitment to excellence and to the truth. A lot of my leadership qualities are a direct reflection of who Ben Edwards was. I strive to come close to the example he set for me and everyone at AGE.

Unfortunately, in mid-2007, after Ben's well-deserved retirement, A.G. Edwards was acquired by a bank. In the 17 years at AGE, I had never taken a recruiting call. By the middle of 2008, I started taking lunches many lunches.

My team and I (it was May Jin and Anthony at the time) finally decided Stifel was the right match. It, too, was a St. Louis-based firm, and many of my AGE brethren had already moved there. Also, Stifel's values – putting the clients' interests first – aligned with the personal philosophy that I developed at AGE. The decision was made before the crisis.

A few weeks before I actually quit, the acquirer was acquired by another bank.

In the ten years I have been with Stifel, I have never, ever regretted my decision. Not only was it right for me and my family, it was right for my clients. Under the leadership of Ron Kruszewski, Stifel has gone from being a relative unknown, to one of the top and most respected financial firms in the industry. Since 2008, Stifel has improved in every aspect of its business, always with our clients in mind. Our company has steadily acquired companies that were good fits with Stifel. We have become leaders in many areas of investments, which has enabled us to offer our clients a wide breadth of products and services. We are continually investing in technology and tools to help our clients become better investors. Also, while many of the major firms have lost advisors, Stifel has been steadily attracting top-quality advisors. Stifel is one of the places where many advisors want to come to for the rest of their careers.

Where are we today? It's deja-vu all over again! 2018 is the worst performing year since the financial crisis of 2008. (Note: There have been other corrections in the past ten years, namely 2011 and 2015). The increase in volatility always comes with a lot of apparent threats that can negatively affect investors' psyches. This past quarter's market decline is no exception. We are in the middle of a correction, and it leaves investors with many questions: The most pressing being "Is this the beginning of a bear market?" We don't know. None of the four crystal balls in my office are giving me clear signals.

These past several quarters, in our newsletters, our portfolio review meetings, and phone conversations, we have urged our clients to "play a good defense." We have felt this year has not been a time to get cute with risk. We continue to urge approaching investment and financial planning decisions in a measured and thoughtful manner. Our over-riding philosophy, the Successful Investor Mindset, encourages logic over emotion and structure over prediction. Everyone is different. But all decisions should be made based on one's own financial

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STIFEL

A Decade Revisited *(continued)*

planning needs, experiences, and temperament.

It's also important to not get overly focused on the short term. The short term tends to cause investors to act emotionally out of fear or greed. The energy expelled on worrying about the "worry du jour" comes at the expense of seeing the big picture. Having a long-term perspective makes it more likely for investors to make sound decisions.

John Templeton, one of the greatest investors of all time, never let negativity get too strong of a foothold on how he approached investing. I encourage you to do an internet search for "16 Rules for Investment Success." He wrote the article in 1993, and it is still valid today. It's funny to revisit it. In the end he writes, "By the time the 21st century begins – it's just around the corner, you know – I think there is at least an even chance that the Dow Jones Industrials may have reached 6,000, perhaps more." This year, the Dow almost reached 27,000. Even Mr. Templeton would be amazed. Maybe he wouldn't.

My advice: Be like John Templeton and don't get too negative. Life is too short. 2018 had its share of blessings – Noah's wedding being at the top. On the other hand, many of you may know that the last half of 2018 has posed a few challenges for me personally (the passing of my step-sister and my mom, as well as two surgeries). Truth be told, I am not sorry to see 2018 be done. I look forward with positive anticipation to what 2019 holds. One of our over-riding tenets of the Burns Investment Group is "Life is about relationships and experiences." We want you to be able to spend more time with friends and family doing what brings you joy. We promise to be available to you and your family no matter what the markets and life serve up. Please never hesitate to reach out to us if we can be of service in addressing the issues you are facing. Even if we can't help, we may be able to refer to other professionals who can. We are there for you – always!

Lastly, I came across this Irving Berlin song that I felt would serve as a thoughtful reminder to us all. I hope you enjoy it as well.

Count Your Blessings

*When I'm worried and I can't sleep
I count my blessings instead of sheep
And I fall asleep counting my blessings
When my bankroll is getting small
I think of when I had none at all
And I fall asleep counting my blessings
I think about a nursery and I picture curly heads
And one by one I count them as they slumber in their beds
So if you're worried and you can't sleep
Count your blessings instead of sheep
And you'll fall asleep counting your blessings*

Here's to the next decade at Stifel!

(I would be remiss if I didn't mention that this past ten years would be nothing without having May Jin as my assistant. She is the Yin to my Yang. Thank you, May, for being you. You are the best!)

Noah's Corner



Investor Myopia

In 2017, investors were treated to one of the least volatile years the stock market has ever had. Throughout the end of that year and beginning of 2018, investors were content, and many of them called us looking to increase their risk. We cautioned them and implored them to use their heads and not their hearts or their stomachs. Happy investors paired with higher than normal valuations were signs more consistent with a market top (high prices) than a market bottom (low prices). In 2018, the stock market completed its "rope-a-dope" as volatility returned to normal. We saw two market corrections and the worst performing year since the great recession.

Now the script has flipped. Many investors aren't excited to open up their statements, and we've received many calls since the correction hit about decreasing risk in portfolios. Investments, particularly retirement assets, are so important and emotionally entangled that it's tough to keep a clear head and concentrate on long-term results. Much like I did as a third grader when an optometrist first fitted me with a pair of glasses, investors are having trouble seeing what's in the distance. In financial planning, we have found it beneficial to be farsighted and look at long-term goals and market metrics. By focusing on what has happened in the recent past, you'll lose focus on what we're helping you build for the future.

When I couldn't see the forest through the trees, my parents brought me to the optometrist. If you or your family would like help seeing the forest of investments and financial planning through the trees of market corrections and political volatility, then it may be time to reach out to us. Contact us for an updated financial plan, risk review, or complimentary consultation.

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