

“It is change, continuing change, that is the dominant factor in society today. No sensible decision can be made any longer without taking into account not only the world as it is, but the world as it will be.”

~Isaac Asimov. author and biochemist

Five years ago a devastating tsunami pounded Japan, Osama bin Laden was killed by a team of U.S. Navy SEALs, Prince William swept Kate Middleton off her feet, and income inequality started its run among headlines with the “Occupy Wall Street” protests. Also five years ago we invested in a company a bit different than most we normally invest in; yet we hope you’ll agree the results have been fairly positive. In September, Naples Global Advisors (NGA) celebrated its 5<sup>th</sup> anniversary in this structure and location. From relatively modest beginnings, NGA today is entrusted with over \$400 million in client assets, and we have witnessed first-hand the independent investment advisor model resonating among an expanding collection of families. While our first five years would be difficult to classify as “tsunami-like”, and our existence may not be as comforting as the lack of bin Laden’s existence, we feel as though the company has distinguished itself with a unique approach in an otherwise commoditized business.

In five short years we have NOT come up with an answer to the issue of income inequality, but we have managed to log over 100,000 investment research travel miles. From Bogota to the Baltics, our time at 40,000 feet is proof that we really are willing to go just about anywhere to uncover a good value for our clients. What we’ve learned over those years of intelligence gathering has been further supported and enhanced by a significant financial commitment to Bloomberg technology. With an investment in excess of \$250,000 since our founding, our faithful “analyst in a box” has provided us real time access to invaluable data and information with no personality foibles, food allergies, or noticeable peculiarities.

During our five year run, we have added new staff to bolster our long term continuity and short term capacity. And, while no NGA professional scored an invite to the “wedding of the century”, we have individually and collectively spent countless hours in attendance at dozens of conferences, seminars, and educational events aiming to improve ourselves in more than capacity. NGA analyst and portfolio manager Greg Debski, for example, spent hundreds of hours preparing for and ultimately passing the exceedingly rigorous CFA course of study. While the designation as a Chartered Financial Analyst (CFA) may not sound particularly impressive to a layperson, and despite its wonkishness, it is evidence that our high expectations for Greg were warranted, and further serves as tangible proof of our steadfast desire to continue to improve for the ultimate benefit of our clients.

We have hosted 10 interns over the past five years from a variety of universities, providing valuable exposure, experience, and an intimate glimpse inside NGA to these eager and budding financial protégés. Of course we have also used that time, realizing that we are only as good as the people comprising our team, to evaluate the interns as candidates to potentially serve in meaningful roles for NGA five years from now. Or even five years after that... The point is that while we celebrate the past on our anniversary, we are doing so with an open eye to the future.

*Molson Coors* was selected to become part of many client portfolios within the past five years. The financial metrics of the company looked favorable at the time, and we have allowed this winner to run as growth in revenues, earnings, and dividends per share ultimately have led to consistent growth in price per share. Irrespective of our taste in, or for beer, *Molson Coors* has been an outstanding performer for many client portfolios. As the company continues to execute, we have resisted the temptation to sell. Proven performers are a source of comfort, and we like that *Molson Coors* has continued to prove itself. Similarly, we like the company that NGA has become over the past five years, and we look forward to performing for you for the next five years and beyond.

A new intern has recently started with us and a return research trip to Vietnam and China is on the docket as we look to the final quarter of the year. Training on maximizing social security benefits, avoiding identity theft, and cyber-security are all on-going, and we hope to announce yet another CFA charter holder before our next milestone anniversary. These are but a few of the preparations we are making in anticipation of changing conditions and circumstances. Most recently the Brexit vote, terror incidents, negative interest rates, a lackluster Federal Reserve, and a nasty presidential election campaign have all grabbed our attention, but failed to derail the capital markets. Over the past five years, the wall of worries reads like a scary history book. Who knows what's in store for the next five years? While we have never suggested an ownership in a grouping of crystal balls to try and answer this rhetorical question, we are quite confident in our philosophical foundation that valuation, earnings consistency, and fiscal discipline all ultimately matter in the financial markets. While many things have and most certainly will change, our reliance on these fundamentals to make sound investment decisions will not.

Our business is infinitely more interesting and rewarding because of the very real people we serve, and the very real changes to conditions and circumstances we, and you, face not every five years, but every single day. Thank you for allowing us to become a part of your lives, and entrusting us to help you prepare for the inevitable changes in conditions and circumstances sure to come.