

Third Quarter 2018

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Do we do a better job for you when the investment markets are trending up as opposed to when they are down? The answer, at least to us, is not as obvious as it might seem. I recall the relief and perhaps the most effusive client praise we have ever received came immediately following the Great Financial Crisis, when ALL asset classes and markets, much less individual client portfolios, were negative. What about when the markets are flat? In those periods, have we really done neither well nor badly by our clients?

It is human nature and a reasonable business practice to want to evaluate service providers in an attempt to assess value and worth. Absent any alternative criteria, the investment market indices, specifically the Dow Jones Industrial Average and the S&P 500, are the most popular, convenient, and obsessively reported scorecards of judgement for investment products and advisors. Regardless of the period of evaluation, be it one quarter, one year, or three, five or ten years, you either win or lose. Your worth is determined based on how you've performed relative to the chosen market index. But, is it really that black and white?

“The scoreboard has nothing to do with the process... if you can focus on the one possession at a time and wipe out the distractions... then you will be satisfied with the result.”

- Nick Saban
Head Football Coach,
University of Alabama

The results, indeed, are black and white and give you a broad swath institutional-like assessment. The question logically then becomes, how does that data relate to your individual circumstances? Many successful managers of investment portfolios, and coaches of sports at all levels, suggest that long term, consistent success comes less from a tabulation of your wins and losses and more from a focus on the process necessary to meet your life-centered goals. It is difficult to argue with the success Nick Saban has enjoyed as a college head football coach. He has had a hand in leading three different schools to a total of six national football championships during his

coaching career. Saban credits much of his and his teams' winning of championships to a laser like focus on “the process” as opposed to the scoreboard asserting, “if you don't get result-oriented with the kids, you can focus on the things in the process that are important to them being successful.”

Investment results, like wins and losses in sports, are important. After all, that is the purest measure of where you are relative to where you want to be. But, does the comparison of your investment results versus some index give you the complete and exclusive answer to the question of what you should be measuring? An index doesn't have a life story. No fears, no aspirations, no children or grandchildren. An index doesn't know how you earned your wealth; how that wealth is needed now or in the future; or why it may be important for that wealth to be in existence after you're gone. It is cut and dry in the institutional investment world. It's different for individuals and families like our clients, where one's life savings truly represents irreplaceable personal capital.

It is not an element of any investment market index, but there is value to the assistance we provide to clients in the making of non-investment related financial choices. It may not make our clients' money, and it won't show up on the bottom line, but when we demystify a complex financial matter through earnest discussion, or serve as a sounding board, we believe we are making a difference. There's meaning to trusting that your advisor is an advocate and will consistently act in your best interests. There is a confidence that grows as you see how a portfolio custom built from your input, history and perspective allows you to better weather uncertainty and volatility. There's comfort that comes from the fact your advisor knows your life story and what's truly important to you. The economic value of non-investment specific guidance, tasks, responsibilities and actions is nearly impossible to calculate, and is never factored in financial results versus an index, but in our view, this process contributes meaningfully to our being successful for you.

While in Atlanta recently visiting clients, I had the pleasure of attending an Atlanta Braves baseball game. The game was unremarkable and all but forgettable among the other 161 comprising a long season, but for the play of one rookie Braves outfielder. During the game, he made a spectacular defensive play to limit an advancing runner, followed by his at-bat in the very next half-inning which had him guide a two strike pitch to the right side of the infield, moving a teammate into scoring position. That teammate went on to score on a hit by another batter later in the inning. Neither play will show up in the box score or be featured on Sports Center. However, that seemingly innocuous contribution to the team's success was representative of the consistent, season-long process that resulted in the Braves winning their first National League East Division title in many years.

A baseball game box score is an inanimate reporting of numbers, much like an index. Yet, we are not suggesting that results are NOT important. In fact, most will read this as part of a quarterly report developed in part to provide a fully transparent view of year-to-date net results. But, results, especially relative to an arbitrary index, may not tell the whole story. We have built Naples Global Advisors with an emphasis on our clients, and with investment results a critical part of the equation, but not the exclusive objective. In our experience, there's just so much more to consider. As a baseball box score or an investment market index will not report how life's circumstances evolve or the subtleties of contribution, we'd suggest that it may be appropriate to view success with a wider lens.

Our "process" is defined in part as global value in its investment orientation, but it is also designed to be life-centered in its application. To us it is about conducting independent research and thoughtfully constructing portfolios using fundamental financial metrics that historically put the odds of success in your favor. But it is also about knowing you, understanding your perspective and meaningfully guiding you toward favorable outcomes over the course of many years. Sometimes it'll include index beating results. Sometimes it won't. Yet always know that despite changes in investment markets and indexes, and the inevitable changes to your life conditions and circumstances, we genuinely center our efforts on you.



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