

Welcome to 2020!

First of all, I would like to express my gratitude to all of you for your continued confidence in the ability of the Frost Wealth Management Team to be the steward of your capital.

Our overall principal of investment advice is always goal-focused and planning-driven. This is in contrast to common approaches that are market-focused and driven by current events.

Long-term investment success comes from continually acting on a plan. Investment failure often results from reacting to current events in the economy and the markets.

You and I are long-term equity investors, working steadily toward the achievement of most cherished lifetime goals. We make no attempt to forecast-- much less time-- the equity market. Indeed, we believe this to be a fool's errand.

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Since we accept that the equity market cannot be consistently timed by us—or anyone—we believe that the only way to be sure of capturing the full, premium return of equities is to ride out the frequent-- but ultimately temporary-- declines.

Historically, we have had 15 “bear markets” in equities since the end of World War II. That’s an average of one every 5 years. The typical depth of the decline was something in the order of 30%. **In September 1945 the forerunner of the S&P 500 stock index was about 16<sup>1</sup>. The index ended the past year at 3234.**

Thus—at least historically—the permanent advance has triumphed over the temporary declines.

My essential principals of goal-focused investment approach remain unchanged:

- a) **The performance of a portfolio, relative to a benchmark, is largely irrelevant to long-term financial success.**
- b) **The only benchmark we should care about is the one that indicates whether we are on track to accomplish our financial goals.**
- c) **Risk should be measured as the probability that we won't reach our goals.**
- d) **Investing should have the exclusive goal of minimizing that risk.**

<sup>1</sup>Source- S&P 500 Historical prices by month:

<https://www.multpl.com/s-p-500-historical-prices/table/by-month>