FIRST CAPITAL FINANCIAL

WORLDSOURCE FINANCIAL MANAGEMENT INC.
Sponsoring Mutual Fund Dealer

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It can be challenging to start a conversation about investing. What I've found though is that connecting life principles to investment principles is a powerful way to ground abstract ideas and to connect over universal experiences and feelings.

Our lives are the cumulative result of the decision we make every day. Just as in investing, the power of these decisions compounds over time. That's why it's so important to find a decision-making process that works for you -both in life and in investing. In my mind, this involves acknowledging that uncertainty can create both stress and opportunity, so planning for what might happen is advisable versus trying to accurately predict what might happen and when. Embracing uncertainty by planning for the future ensures that your portfolio will be invested long enough to harness the power of compounding.

"Just so you know, I'm taking all this with me into the afterlife."

With Markets down by one-quarter since the start of the year, it's difficult to remain optimistic. Yet history has shown that markets recover from their declines and over time move higher to new levels. So you can can have a good investment experience without forecasting what the market is going to do, because you're not trying to guess which companies will succeed and when. You're investing in the ingenuity of people to solve problems and make their companies run better.

Bottom line is that you don't have to predict, but you do have to plan. Many of you have had meetings with me recently where we have completed together a new Risk Tolerance Questionnaire (RTQ) which mathematically quantifies your risk-return profile, allowing me to better define your investment parameters. These parameters in turn allow us to plan your portfolio allocation to maximize returns on a risk-adjusted basis. In other words to build a portfolio that is positioned to deliver returns in the manner you wish to have them delivered. For some of you that means a slow and steady approach to building wealth with lower fluctuations year-over-year. For others this can mean targeting a higher investment outcome, but accepting greater swings in portfolio values along the way.

The final word on this is that while you can't control markets, you can control how much risk your take. Once that is finalized, staying the course should be easier, because your portfolio is then built to perform through all market conditions. Remember, your portfolio allocation was determined in advance of today's Bear Market. We knew there would be one sooner than later, and have constructed the asset mix to include lower risk asset classes that protect your portfolio from the full market downside. Second guessing it makes as much sense as second guessing a decision to buy an umbrella on a sunny day. Eventually the clouds will roll in, and while the umbrella doesn't keep you completely dry, it most does and serves its purpose.

Investing, like life, is a process. You've followed a solid plan to the best of your ability and have put yourself in the best position to achieve success. No amount of looking backward changes this fact. Down markets don't last long and staying the course is always the best course of action. Your money is safe with us and we are confident that equity markets will rebound at some point soon. But only for investors who stayed invested. Those that forgot why they were in the investments they were in, will sell when their portfolio is down and miss out on the recovery that follows. It happens this way every time, and this time won't be any different.

Thanks for reading!

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