THIRTY-THOUSAND FEET

Seven Foundational Concepts for Your Investment Program

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Successful investors, both past and present, are looked upon with great reverence. From Benjamin Graham and Warren Buffett to Paul Tudor Jones and David Tepper, professional investors appear to hold a key that few others possess. And while we admire the track records of the investors we just mentioned, and others, being a successful investor is perhaps not far out of reach for many of us. We often find that successful investing takes perseverance, a disciplined application of common sense, and the ability to overcome the typical mental obstacles shared by us all. That sounds like a lot, but here are some simple practices that may help get you started and/or keep you on the right path.

GET OUT OF THE BLOCKS FAST

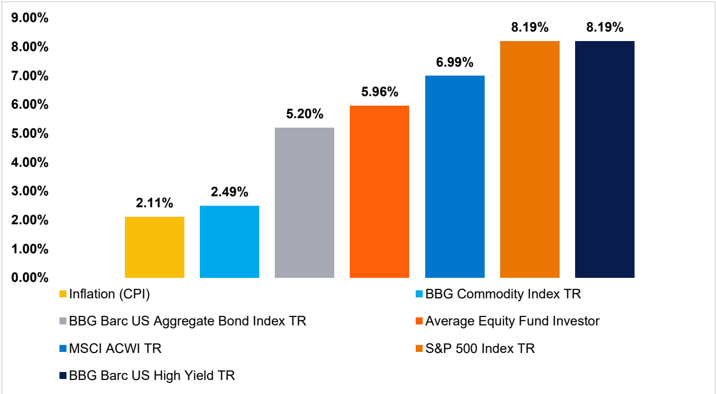
This sounds so basic, and you may ask why we are mentioning it - but not getting an early investment start may be the biggest mistake investors make. Procrastination or not making a regular investing program a priority can set you back as an investor and have you playing catch-up later. Why? Because you want to make the power of compounded returns work in your favor for as long as possible. Instead of waiting to get started, set a plan today so that your investments can begin working for you.

LIKE BRUSHING YOUR TEETH

After you start early and set an investment plan, be consistent in your approach. This is where regular discipline comes in handy. Given today's interconnectivity between checking accounts and investment accounts, establishing a consistent investment program is only a few clicks away. The best practice is setting up regular transfers into your well-balanced investment account. This way, both investment discipline and consistency are applied without having to think about it.

We believe some of the basic tenants mentioned in this report may help investors offset an historic tendency to underperform broader markets.

1 **20 Years of the Average Equity Fund Investor vs. Major Indices**
2001-2020 Average Annual Returns



Source: LPL Research, Dalbar 2020 QAIB Study, S&P Dow Jones, MSCI, Bloomberg, U.S. Bureau of Labor Statistics, data as of 12/31/2020
BBG=Bloomberg, Barc=Barclays, ACWI=All Country World Index, TR=Total Return
Past performance is not a guarantee of future results.
Indexes are unmanaged and may not be invested in directly.

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GIVE YOUR INVESTING PROGRAM A RAISE

Now that you have established that discipline by engaging in a systematic (consistent?) investment plan, let's add to that concept by turning up the dial when given the opportunity. Getting into the practice of giving your investment regimen a boost every time you get a raise or recognize some financial windfall is a good way to ramp up your program. Establish the mindset of giving your investment portfolio a raise first, before you spend that windfall elsewhere. You don't have to allocate all of the windfall toward your investments, but putting that little extra to work will add up over time.

KNOW YOUR TIME HORIZON

Understanding your time horizon, and investing accordingly, may be one of the most important concepts to keep in mind.

We believe understanding your investment time horizon may be one of the most important elements of an investment program. Most people invest for retirement and this often translates into a long-term investment time horizon. Yet some investors still remain transfixed on the news of the day and/or the occasional market drawdown that can temporarily impact portfolio values. This can lead to pulling money out of the market or reducing contributions to investment programs at the wrong time. If you understand and remind yourself of your investment time horizon, we believe this may offset the human tendency to derail an investment program due to short-term fear.

FOCUS ON HITTING SINGLES AND DOUBLES

The investment landscape is littered with those who associate investment success with making the one big investment score that can change a lifestyle. Sure, there are those success stories where a roll-of-the dice has paid-off well, but the probability of this type of investment success is not high. Always swinging for the fences can lead to lots of strike-outs and may leave some investors disenchanted with the possibility of investment success. We have found that many of the most celebrated investors of our time are not known because of one home-run, but for their consistent singles and double approach over time. Emulating this type of methodology, we believe, improves the probability of lasting success.

STAY AWAY FROM COCKTAIL PARTIES

This point is closely associated with the one above, and speaks to the potential power of external influences on your investment thinking. Those influences can take the form of the occasional cocktail party where investment success stories may often be shared, while failures are conveniently overlooked. Here again investors may be influenced to question their well-diversified, systematic approach in favor of a cocktail party favorite; the talked-about, all-eggs-in-one-basket investment that hit it big. Don't be swayed from your consistent program. Your strategy may not make you the life of the party, but we believe it will keep you aligned with the highest probability of investment success.

TURN OFF THE TV

Except for the occasional advice by one of LPL Research's stable of investment strategists, TV or other media outlet guidance is typically not the best foundation for building your investment plan. While interesting information can often be shared in these venues, recall that media outlets will not properly apply your particular investment needs when communicating an investment idea or strategy. So allowing the media, or other tangential prognosticators, to talk you into the next hottest thing may be counter to the consistent investment approach you have already established. And often times, when you hear about a successful investment idea in the media, most of the money has already been made.

By keeping some of these simple concepts in mind, we believe you don't have to have the wisdom of Warren Buffett to be a successful investor. In fact, it was Mr. Buffett who said "It is not necessary to do extraordinary things to get extraordinary results." Indeed, we like to say that a disciplined application of common sense is a big piece of the puzzle, while perfect timing and a high degree of investment acumen are not major requirements for successful investing. We believe, an early start, proper planning, and a systematic approach are the most important ingredients.

RISKS

Investors should be aware of the risks associated with all portfolio strategies. Monetary policy changes, military activity abroad, the level and change in market interest rates, corporate earnings, domestic and foreign governmental policies, global economic data, and other geopolitical events can have a substantial effect on portfolio performance, our macroeconomic views, and the effectiveness of strategic and tactical portfolio approaches.

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Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.

The MSCI All Country World Index is a market capitalization weighted index designed to provide a broad measure of equity-market performance throughout the world.

The S&P 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing the major sectors of the U.S. economy.

The Bloomberg Commodity Index is an index that reflects commodity futures price movements for a diversified basket of energy, metals, and agricultural commodities.

The Bloomberg Barclays U.S. Aggregate Bond Index is an index of the U.S. investment grade fixed-rate bond market, including government, government agency, investment-grade corporate, and mortgage-backed securities.

The Bloomberg Barclays Global Treasury ex U.S. Index is an index of foreign government bond market primarily including those of developed markets outside the U.S..

The Bloomberg Barclays U.S. Corporate High-Yield Bond Index is an unmanaged market value weighted index compose of fixed-rate, publicly-issued, non-investment grade debt.

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