



Q2 - Investment Update

Investment Principles & Process

Like a stew pot full of unrecognizable ingredients, the financial world can be a labyrinth of jargon and complicated concepts. If you feel “lost in the sauce,” please “join us in the kitchen!” This newsletter takes a behind-the-scenes tour of our Align's guiding principles, investment due diligence and portfolio management processes.

The Old Family Recipe

Like an old family recipe, our investment philosophy has been tweaked to perfection over time. Our guiding principles, the heart and soul of our investment process, were refined by years market experience and a deep understanding of the ebb and flow of the business cycle. These core “ingredients” were further enhanced by our extensive client experience and knowledge of how emotions impact outcomes. The resulting principals are more than just guidelines for our investment team. They are an expression of the relationships we have managed over the years and the lessons we learned along the way.



1. Three-Year Rule: a reasonable time period to demonstrate value and encourage discipline

2. Buy and Hold Strategy: pursue stability and growth over time rather than timing the market

3. Regular Reviews: review asset allocation annually and during periods of significant change

4. Stay the Course: do not react to short-term events, stay the course unless life situation changes

5. Use Model Portfolios: our highest conviction and deepest due diligence efforts

6. Annual Rebalancing: to maintain targeted asset allocation and manage risk

7. Cash Management: monitor cash meticulously for clients with regular withdrawal plans

8. Careful Trading: limit trading to actions that increase value, avoid temptation to time markets

9. Tax-Aware Investing: be mindful of tax implications of trading

10. Risk Management: prioritize managing risk and return consistency over short-term results

Inside the Kitchen

Now that we have shared our old family recipe, let's open the kitchen door to the hustle and bustle. This is where we take those guiding principles and make something out of it. Our investment due diligence mixes together regularly scheduled and ad-hoc tasks in a disciplined process that takes place over the course of a year.

Weekly: We start each week with a thorough **cash review**, reviewing cash balances against your investment goals and risk tolerance.

We **stay informed** on the latest news and maintain continuous **engagement with investment partners** to assess opportunities and risks that could impact portfolios.

Monthly: We conduct **drift reviews** to identify portfolios that have drifted from the target asset allocation. We rebalance accounts as needed.

We hold monthly **portfolio impact meetings** where we discuss significant market events and their potential impact on your investments.

Quarterly: Our **Investment Committee** meets to deliberate on market trends, review performance, and consider portfolio changes. We review model fund performance to ensure selections continue to meet our expectations.

Our **Investment Analyst Study Group** meets to delve into specific investment opportunities or challenges.

Annually: we undertake a series of important reviews to resolve account issues like **unknown cost basis**.

We engage in strategic **capital gains avoidance and tax-loss harvesting**. We also conduct a firm-wide **rebalance** to ensure all our client portfolios adhere to our investment philosophy.

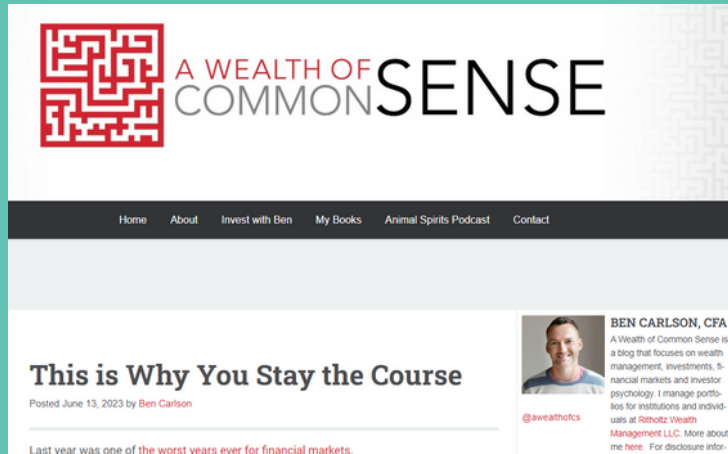
Ad-Hoc: In addition to these scheduled tasks, we perform ad-hoc duties as needed. This includes managing required minimum distributions, producing client and firm review reports, and generating fiduciary review reports. These tasks ensure that we stay on top of any changes in your financial situation and the broader financial landscape.

We understand investing can seem complex and daunting but rest assured that Align is constantly working behind the scenes to ensure your financial journey is as smooth and successful as possible. Our processes are designed generate confidence knowing your investments are being managed with the utmost care and expertise.

Other stuff...

Estate Planning Basics - Control important decisions and help your family preserve your legacy. Watch this 14-minute course from Align's Janel Cross and check out the full **MoneyMonday series**.

Scams You Need to Be Aware of in 2023 - Experian's list of seven common financial scams. Read to the bottom for tips on how to recognize and avoid scams.



This is Why You Stay the Course: The stock market can be unpredictable. Staying the course is crucial since predicting the future is challenging. It's important to have a long-term investment plan and resist the temptation to make impulsive changes.

While we're not convinced that we've seen that last of the market volatility, Ben Carlson's insights are helpful to keep the right perspective.

THANK YOU FOR THE GREAT PRIVILEGE OF SHARING THE FINANCIAL JOURNEY WITH YOU!



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