

## WIC's PHILOSOPHY

*Each client's circumstances, needs, and preferences are different- requiring WIC to carefully listen and tailor each client's portfolio. This paper on WIC's philosophy outlines our guiding principles that generally apply to all clients.*

### WIC's ROLE

We see ourselves as more than just your portfolio manager. We help you attain your goals by first developing realistic goals with you, then by enabling you to attain those goals through effective education and counseling. Risk management is such an important part of our role that we think of ourselves as risk managers, not just portfolio managers. If we had to use a single term, we would define our role as your *risk manager*.

### WHAT WE SEEK TO ACCOMPLISH FOR YOU

We seek to track (manage to) your stated goals and stay within your preferred risk tolerance range. Whether your primary goals include capital preservation, income, or growth of capital, it is fundamental to all these goals to first protect capital. Mathematically, it is very difficult to recover from a permanent loss of capital. Therefore, first and foremost we seek to minimize *permanent losses* of your principal or capital. The odds of growing income and growing capital are increased when permanent losses of capital are infrequent and contained.

Growing capital generally has wide application to attaining your goals. The most basic goal of capital preservation cannot be attained if inflation and tax erosion are not addressed. Capital has to grow to offset inflation. If income is a primary goal, then that income generally needs to grow to offset the loss of purchasing power caused by inflation; growing capital is necessary to provide a source of growing income. If pure growth of capital and wealth accumulation is the primary goal, then that goal too is best attained by minimizing episodes of permanent losses of capital. In all instances, WIC seeks to grow your capital over long periods of time – and by “long periods of time” we mean over 5 to 10 years (not just over a few years).

## WHAT WE ARE NOT TRYING TO DO

It is very important for you to understand what WIC is not trying to do. We do not attempt the following:

- *Market timing* – attempting to “be in the market” when our crystal ball says the market is attractive, and “be out of the market” when it appears unattractive, is futile.
- *Beat the market* – beating the S&P 500 index return over short time periods is not our primary goal; we strive to generate competitive long-term returns over 5-10 year time periods while taking on less permanent loss of capital risk.

We are not interested in offering a wide range of strategies in an effort to be “all things to all people”. Rather, we only want to develop truly long-term relationships with a relatively small number of clients; we want *clients* we partner with, not *accounts* (our client retention rate is ~ 94%).

## HOW WE MEASURE CLIENT SUCCESS

Your definition of success is unique and will determine how you evaluate WIC over time. We believe no one metric can capture all elements of how effectively WIC performs as your risk manager, portfolio manager, counselor, and advisor. Simply asking “did WIC beat the S&P” is an incomplete evaluation. While we certainly strive to generate competitive risk-adjusted, long-term returns for our clients, we primarily look to the following in evaluating our success:

- Have we enabled you to stay on track toward reaching your stated goals?
- Have we minimized and contained permanent losses of capital?
- Have we effectively addressed inflation and tax erosion?
- Have we empowered you to remain invested throughout market cycles? *This potentially is the single most important determinant of success with the next bullet point.*
- Have we generated risk-adjusted returns (over 5 to 10 year periods) that compare well to a range of indices and to possible other outcomes you might have experienced?

If we can affirmatively answer the above questions, while consistently doing that which we told you we were going to do, then we will conclude we have successfully managed your portfolio.