***April 2018***

**About Beacon Financial Advisors Ltd.**

**Beacon** is an independent fee-only advisor with a clear mission statement: To provide our clients long-term value-added financial counsel and investment performance with *exceptional service.*

**Beacon** is a Registered Investment Advisor with the US Securities and Exchange Commission.

**Beacon's Advisors**

**MARCEL HEBERT** has a B.S. in Finance, an M.B.A., and is a Certified Financial Planner (CFP) licensee and a Chartered Financial Analyst (CFA) charterholder.

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# What ~~NOT~~ TO Read When Market's Make You Sweat!

Buy low, sell high! Simple, right? Warren Buffet says the best time to buy is when everyone else wants to sell, and sell when buying is indiscriminate (panic). But, sellers are prevalent when risk assets are slumping—-popular media is filled with scary headlines—the BEAR MARKET is here says so-and-so. And, (many) buyers enter only after asset returns have surged (greed). So, emotions like panic and greed really interfere with successful execution of "buy low, sell high".

BEACON addressed the part emotions play in our whitepaper Human Beings Make Lousy Investors...*Except When We Don't*—we

featured Ulysses—(of Greek Mythology) who sought safe passage by the coast of the Sirens (nymphs with power of charming by their song such that mariners cast themselves into the sea to destruction). Lest they succumb to the beauty of the Sirens song, Ulysses plugged the ears of his seamen with beeswax, and had himself bound to the mast with instructions not to release him until they passed the Siren's island. So beautiful was the Siren's music that Ulysses struggled and begged to be released, but his seamen were obedient to his prior command and bound him even more secure. They held their course, the Siren's music grew fainter until silent, and Ulysses and his men joyfully returned home in triumph. As an investment concept, the Ulysses Strategy is described as a "contract" or decision made in the present to bind oneself to a particular course of action in the future—a "bind me to the mast" concept. BEACON refers to this as a written Investment Policy Statement ("IPS")—and we prepare an IPS for each of our clients. There are always plenty of Siren's songs enticing investors to deviate from course and fall victim to the dreaded emotional FEAR / GREED cycle. BEACON has long espoused that successful investing—buy low(er) and sell high(er)—requires a keen understanding about what works in investing (i.e. a proven investing strategy), a long-term perspective, and patience for the payoff—**bind me to the mast!**


As for Siren's songs in financial media, former CNBA anchor Dennis Kneadle pulled back the curtain in his March 25 WALL STREET JOURNAL commentary A Guide to TV's 'Fall' Season: *When stocks plunge, talking heads join the panic...Here's how to keep calm while watching* (see p. 3 for full article).

## What ~~NOT~~ TO Read When Market's Make You Sweat!

So now that we've covered what NOT to read or view, what are BEACON'S reading list recommendations for clients. As with any professional, our reading requirements are extensive. For our inquiring clients, we always start by directing them to the shareholder letters, research papers, and other insight articles written by our mutual fund investment partners.

1. BEACON'S partners are shareholder-friendly commentators that offer extensive insights about their investment convictions. Our managers are typically candid in their quarterly reports describing their "hits" and "misses" normally categorized in performance attribution as contributors and detractors.
2. BEACON'S partners' actions directly impact our clients' wealth, so familiarity with their holdings, outlook, and strategy is highly relevant. A common thread of all Beacon's managers is a culture of aligned interest in that each has a significant personal investment in their invested strategies --"eat their own cooking" or "skin in the game."
3. All BEACON'S partners deploy capital with the mindset of a business owner---as part owners in companies via equities (aka stocks) and lenders to business and governments via fixed income (aka bonds).

**US STOCKS - SMALL/MID**

Diamond Hill Small-Mid Cap Inst'l (DHMIX)

Gabelli Asset Inst'l (GABIX)

**US STOCKS - LARGE**

Dodge & Cox Stock (DODGX)

Jensen Quality Growth Inst'l (JENIX)

Sequoia (SEQUX)

**INTERNATIONAL STOCKS**

Dodge & Cox International (DODFX)

Causeway International Value Inst'l (CIVIX)

Tweedy, Browne Global Value (TBGVX)

**REAL ESTATE (REITS)**

Cohen & Steers US Realty Shares Inst'l (CSRIX)

**RESOURCES & REAL ASSETS**

AB All Market Real Return Inst'l (AMTYX

**INTERNATIONAL BONDS**

AB Global Bond Inst'l (ANAYX)

Dodge & Cox Global Bond (DODLX)

Fidelity Advisor Strategic Income Inst'l (FSRIX)

**US BONDS - TAX-EXEMPT MUNICIPAL**

AB High Income Municipal Inst'l (ABTYX)

AB National Municipal Inst'l (ALTVX)

Fidelity Advisor Intermediate Municipal Inst'l (FZIIX)

**US BONDS - TAXABLE SECTORS**

Dodge & Cox Income (DODIX)

TCW / Metropolitan West Total Return Inst'l (MWTIX

# A Guide to TV's 'Fall' Season

## When stocks plunge, talking heads join the panic. Here's how to keep calm while watching.

By
Dennis Kneale March 25, 2018

Stocks may bounce back after last week's losses, but eventually the bottom will drop out. When this long bull run finally ends, it may do so with startling force and volatility—stoked by automated trading, unflinching "sell" algorithms, and a dearth of buyers bold enough to try catching a falling knife.

All this will unleash a spiral of demoralization on cable television and beyond. A parade of pundits—respected market-watchers, wealth advisers, former traders, journalists—will go on the air and evince an almost unanimous, unremitting despair. They will issue dark declarations and ominous warnings that could become self-fulfilling.

I say this because I had a front-row seat during the 2007-08 financial crisis. As an anchor on CNBC, I felt the unalloyed fear and panic firsthand. After 16 years at The Wall Street Journal and nine as managing editor of Forbes, I had joined CNBC in October 2007. The Dow was at an all-time high of 14000. Real estate was positively bubbly.

Only a half-year later, Bear Stearns needed a weekend bailout and buyout. Lehman Brothers soon failed. Goldman Sachs and GE Capital were wobbly in their wake. A world-wide credit meltdown was possible, as was a global depression. Watching the crisis spread, 10 hours a day from the CNBC studios, was one the most intense experiences of my career.

On set, we discussed dire proclamations: It was over for the U.S. economy amid a "new normal" of weak growth. Stocks and "buy and hold" strategies were dead. Wall Street never would return to the lofty profits of old, and Goldman Sachs would be neutered. The Fed's desperate rescue measures could unleash devastating inflation. Or deflation. Or stagnation. Maybe even stagflation.

Wherever there was a worry to be found, a talking head was happy to discuss it. Optimists looking for the upside, my preferred role, were scorned and ridiculed. One night on the CNBC show I briefly anchored, an acid-tongued market-watcher said he couldn't name a single stock worth buying. Everyone thought he was right, and the clip went viral.

In time they settled into an unrelenting pessimism, but a lot of the Eeyore-speak turned out to be unwarranted. Who knows how much it might have held back the rebound? Capitalism is optimism monetized. Markets are propelled by greed, yes, but also by hope.

The next time stocks crash and the financial world tilts off its axis, the ***long-term investor*** [emphasis BEACON] should stop listening to cable news for a moment and keep a few points in mind.

• ***When stocks plummet, TV's bias is toward timidity.*** Financial advisers rarely get in trouble when their clients miss out on an upside opportunity. They can get fired for recommending a stock that loses money. What you hear on cable may be the fearful, knee-jerk wisdom of pusillanimous fraidycats.

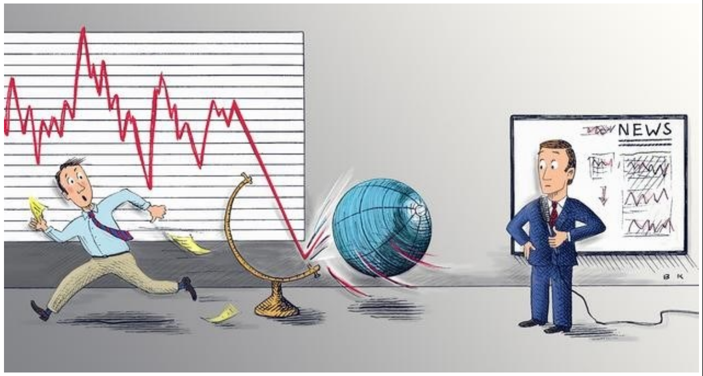
• ***On-air talent's greatest fear is being wrong.*** It is safer to sound a warning than a reassurance. Almost a decade has passed since the last crash, and some on-air people never have covered a scary tumble. Others still lack a deep understanding of the markets. "We're afraid we may not know, for sure," as one Fox anchor told me a few years ago.

• ***For on-air guests, it becomes a game of Can You Top This?*** When stocks keep falling, the temptation for commentators is to outdo one another in darkness and doom.

• ***Advisers want to recommend action, and holding doesn't qualify.*** In a crash, that usually means selling, even though stocks historically can be expected to return to their previous levels and rise again if you can wait long enough.

• ***After the crash, the media will anoint a Nostradamus.*** This is someone who, with uncanny clarity, foresaw what everyone else missed. Few outlets will bother to check whether this genius was making the same prediction—wrongly—for a decade or longer before.

• ***Some pundits may root for a market rout because of a political bent***. That's especially true in this divisive era defined by President Trump. As the crisis of late 2008 extended into the Obama administration, I asked a CNBC regular why all the reporting seemed to be so dire. Maybe we are being overly protective of the viewers, I suggested. "No, that's not it," he told me, then he wrote down one word on a sheet of paper and underlined it: "Liberals." He didn't want to say anything aloud, lest his lapel mike pick it up. Then he scrawled: "Hate Bush. "




The people I worked with at CNBC, and later at Fox Business, were smart and devoted. But when a crisis descends live on cable, it's hard not to get caught up in it. Note to viewers: Don't let the pessimists get you down.