



Dear Friends and Clients,

Time and Patience...

Probably the most popular candidate for the fourth dimension, time is a noun and a verb. We consider it the sequential passing of existence and events in an irreversible succession from the past to the future. This definition and a host of others will draw immediate fire from plenty of heavy thinkers; nonetheless, we will use it for this epistle. The definition of patience also has a variety of authors. Once again, it's a noun as well as a verb; we like to think of it not as the absence of action but as the timing of an action or actions.

In order to become a successful investor, one needs to have enough time to exercise patience. As a foil to the controversy of their definitions, there is wide enthusiasm for describing their utilities. Here are a few:

"All human power is a compound of time and patience." – Honoré de Balzac (Don't know who he was.)

"The strongest of all warriors are these two – time and patience." – Leo Tolstoy

"Trust is the highest form of human motivation. It brings out the very best in people. But it requires time and patience." – Stephen Covey

"Patience is the quality of waiting calmly without complaining." – Anonymous

So perhaps the takeaway should be patience is a virtue and good things come to those who wait? Maybe yes...maybe no. Going slow by itself does not ensure success. Virtuous behavior is hard to earn and sometimes takes lifetimes to perfect. Arbitrarily waiting is probably no better than swinging at the first pitch. To that end, a decision maker needs to hone the skills necessary to trigger success and prepare for opportunity. With just a little help, most investors can develop a back-beat that will serve them well in resolving problems at hand as well as dispatching future roadblocks. Since we hold ourselves out as decision makers for others, it is important that we have a process that can be explained and depended upon. Our decision tree looks something like this:

- 1) Write an investment policy and asset allocation for each client, laying out performance goals and benchmarks. Begin with the end in mind, divide tasks into workable pieces, and solve them logically and sequentially.
- 2) Use all investment grade securities that we find to be best of breed.
- 3) Establish a list of core, satellite, and watchlist securities.
- 4) Establish portfolio models which employ equally weighted positions. If it is good enough to own, don't hold back. Understand the Pareto Principle...80/20 rule.
- 5) Review and rebalance on a regular schedule; 20% price declines from cost are a sell signal.
- 6) Encourage liquidity events; investors stay the course longer if they are allowed to taste the fruits of their labor.

Given this framework, we can create like portfolio composites and track our progress against pre-determined benchmarks...probably another bullet point. At this point, we can put time and patience on our side (apologies to the Rolling Stones), with a plan of attack that can use time and patience to their fullest potential.

Once again...good things come to those who wait? This is probably a truism but needs to be a function of when the clock started. We build portfolios almost daily and are comfortable investing dollars the day they arrive in our clients' accounts. At the same time, when appropriate or requested, we use dollar cost averaging and future start dates. Since the investments we use are constantly changing, it is a certainty that each client gets our latest and freshest ideas whether their dollars have aged or not. We may have been watching a stock for a couple of months or a couple of weeks...hard to say. When we elect to use a stock in a client portfolio, it is safe to say, "The time has come today" (The Chambers Brothers).

A Little More on the Pareto Principle...

Authored by Vilfredo Pareto, an Italian economist, 1848 – 1923. This cat hit on a concept that works forwards and backwards in a variety of settings. I first learned it as the 80/20 rule: 80% of the consequences come from 20% of the causes. Unlike a number of other principles that are hard and fast, Pareto authored rule of thumb. Here comes the definition according to Pitt:

80% of your company's production will come from 20% of your salesmen.

20% of your stocks will produce 80% of your gains.

80% of your problems will come from 20% of your relationships.

20% of the criminals will commit 80% of the crimes.

80% of the pollution comes from 20% of the factories.

20% of a company's products generate 80% of sales.

So lets go back to time and patience again. A baseball player, who has a .500 batting average and has struck out 5 of the last ten times at bat, is "due." (Remember, Pareto is an observation or rule of thumb.) The gambler, who has busted 8 times at blackjack, is "due" (careful with that one). It takes time as well as patience to put yourself in a position to act on the Pareto Principle.

Manufacturing time is pretty hard to do, probably a lot like mining BitCoin. Patience is equally elusive; perhaps you either have it or you don't. Both utilities come quicker to us when we have a little history regarding the outcomes of similar events prior to making a decision. Maybe there is another ingredient necessary to perfect this secret sauce. Experience? Observation? On-the-job training? We all do better with a little repetition, looking for the same clues to occur "time after time" (Cyndi Lauper). Our experience is that good habits and disciplined behavior go a long way toward developing the virtuous cycle we are looking for. We promise to keep working on the tasks assigned to us.

"The World According to Pitt and Dan..."

Two letters back, we changed our equity disposition to "Really Like" and have underperformed ever since. However, there seems to be some change afoot. The Dow lost traction when compared to the NASDAQ as well as the S&P during the week of 6/14/21... That seems to bode well for our portfolios.

The OTC growth stocks have a strong attraction for us and we like what we see as the markets rotate. We don't wish anyone any dirt but would like to regain the spring in our step and the twirl in our petticoats during the summer.

As I write, the White House and Senate are hatching a \$1 Trillion infrastructure bill that includes funding mechanisms. By the time you receive this letter, it could become a known commodity. The ACA (Obamacare) has secured survival with a 7-2 ruling from a strongly conservative Supreme Court. The NCAA got spanked 9-0 by the same group of barristers when they decided the association could not limit education-related benefits for athletes. Even more curious was the confirmation of a Pennsylvania cheerleader's 8-1 right to free speech regardless of the profanity involved. The folks in Washington have been busy.

Hard to say if there are any trends emerging from these events, but they do underscore how difficult the prognostication business is. We continue to really like equities, favor our bottom up techniques, and appreciate the confidence you have placed in us.

A handwritten signature in black ink, appearing to read 'JPitt', with a large, sweeping initial 'P'.

James S. Pittenger, Jr,
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A handwritten signature in black ink, appearing to read 'Dan', with a large, sweeping initial 'D'.

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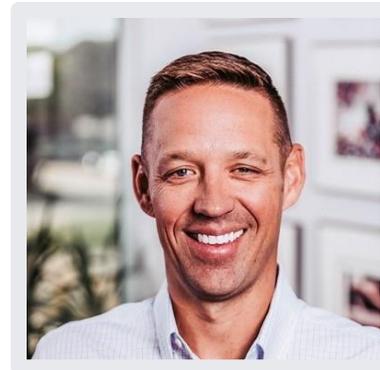
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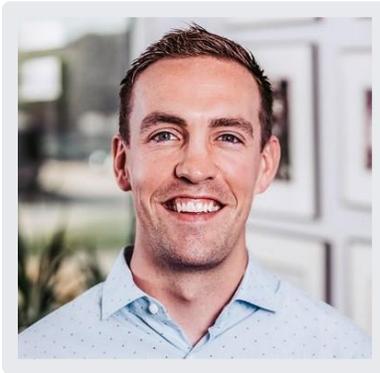
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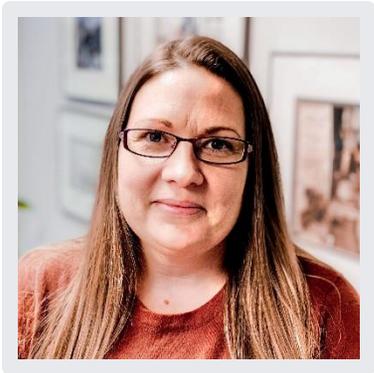
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