

Phil Kiernan's

Highlander Report

Creating Wealth by Avoiding the Herd

Custom Portfolio Design and Management

by Philip J. Kiernan, Jr.

I'm often asked in social settings, "What do you think about the market?" or "Where is the market headed?" Everyone has an opinion, yet both answers in the short run are unknowable.

If they're not a client I usually respond with "Do you know what investments you actually own? And, more importantly can your financial advisor answer that question?"

I entered the securities industry in 1994. I'm fortunate to count many centers of influence who have managed money since the 1970s and 80s and have given me perspectives that span through many bull and bear markets.

It's also important to note that the vast majority of current "professional" investors and consultants today have little experience navigating challenging markets. Influenced by the Federal Reserve's easy money policies (Quantitative Easing aka QE), buying the dips regardless of valuations has become a learned behavior.

Today's investors have more choices when it comes to deciding what is the best platform for their particular situation. At Highlander, we custom design portfolios usually utilizing a mix of stocks, bonds, closed-end funds and, to a lesser extent, ETFs. We know at all times exactly what our clients are invested in. Portfolios can be customized to be conservative, balanced, or growth-oriented.

We've created a lot of content which can be viewed at www.highlanderreport.com. Please take the time to view our whiteboard presentation "Developing an investment strategy" and listen to some of our podcasts. We also have archived press interviews, Eckart's shareholder letters dating back to 1999, and past newsletters similar to this one.

We measure risk as the likelihood of the permanent loss of capital, which is a very different measurement than how much one stock price moves relative to

another. There's no way to avoid volatility if you own common stocks.

My goal for this newsletter is to reiterate and reinforce many of these principles in an effort to keep you focused on your long term goals. During volatile market environments (often exaggerated by algorithmic trading), I'd recommend not checking your account value excessively and tempering your viewership of financial news media that's focused on the short term. Many of you know that I'm not a fan of apps that provide you with a daily account value.

Research by Maya Shaton shows that after the Israeli government prohibited retirement funds from displaying returns for periods shorter than 12 months, investors reacted by trading less and taking smarter risks with their savings.

I'd also limit exposure to that relative, friend or co-worker who is obsessed with their portfolios account value, staring at their phone and reacting to every up and down move with euphoria or despair. There are plenty of things to discuss and it's probably better to steer the conversation away from the short term movements of the stock market.



Client appreciation event with NFL player Damon "Snacks" Harrison at our Short Hills, NJ office coordinated with Steiner Sports Marketing.

photo credit - Michael Priest

Meet Your Highlander Team



Philip J. Kiernan, Jr.
Managing Director/Portfolio Manager

Phil entered the securities industry in 1994 while obtaining his BS degree in Business Administration from Montclair State University. After graduation he was asked to join the University's Alumni Association Board of Directors where he served from 1997-2008. He also served as their representative to the Montclair State Foundation Board of Trustees from 1998-2008.

A lifelong New Jersey resident, Phil is a member of the Friendly Sons of the Shillelagh in Belmar NJ, and lifelong Giants fan (as well as season tickets holder). His investment commentary has appeared in *The Wall Street Journal*, *U.S. News & World Report*, *The New York Post* and *CNBC.com*. Phil maintains FINRA Series 7, 24, 63 and 66 licenses.



Eckart A. Weeck
Senior Managing Director, Senior Portfolio Manager

Eckart has over 30 years of direct investment and portfolio management experience. Prospective clients are invited to read his annual client letters under the commentary tab on www.highlanderreport.com. He maintains FINRA series 7, 24 and 63 licenses.

Eckart has a B.A. in Economics from Fairleigh Dickinson University.

He is an avid runner and longtime member of the Hoboken Harriers Running Club.

RETIREMENT READINESS

Thinking Retirement, Think Solo 401(k)

The individual or solo 401(k) is a qualified retirement plan for self-employed persons. It is sometimes referred to as an "Individual(k)", "Solo 401(k)", "Single(k)", "One-Participant 401(k) and "Self-Employed 401(k) Plan." No matter the name, most self-employed persons can establish an individual or solo 401(k) plan.

What makes the individual 401(k) unique is that compared to other self-employed retirement plans greater contributions may be made at identical income levels, therefore maximizing retirement contributions and valuable tax deductions. Individual 401(k) contribution limits for self-employed individuals are \$56,000 for 2019 and those over 50 can contribute an additional \$6000 per year in "catch up" contributions.

Many self-employed individuals may find an individual 401(k) attractive if their objective is to maximize their retirement contributions. Want to know more? Call Phil: 973-718-3511 and in Florida call Steve at: 321-259-7704.

Securities and Investment Advisory Services offered through Highlander Capital Management, LLC and Highlander Capital Group, Inc. Member FINRA/SIPC. Client assets are held in custody by Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation or carried by RBC Correspondent Services, a division of RBC Capital Markets, LLC, member NYSE/FINRA/SIPC. Investing involves risk and you may incur a profit or loss. Carefully consider investment objectives, risks, charges and expenses before investing. This material is not intended to provide legal, tax or investment advice, or to avoid penalties that may be imposed under U.S. tax laws. This was prepared for informational purposes only and based on information generally available to the public from sources believed to be reliable but there is no guarantee that facts are accurate or complete. Changes to assumptions may have a material impact on returns. Past performance is not indicative of future results. Highlander Capital Management, LLC. (www.highlandercapital.com) 535 Millburn Ave., Short Hills, NJ 07078, tel: 973-718-3511.



What advice would you give to investors today?

by Eckart A. Weeck

Many advisors today “outsource” the actual money management to a variety of managed account programs. Once outsourced, the accounts are usually immediately fully invested according to a model and then periodically “tweaked.” The tweaking often involves the sale of a security or fund whose short-term performance has been poor in favor of a security or fund whose short-term performance has been good — effectively sell low, buy high.

The problem with this is that almost all strategies will experience periods of underperformance. And since any given strategy can underperform for months, sometimes years, all you’re really doing is generating activity rather than adding value.

We like good businesses at attractive valuations and consider ourselves to be disciplined buyers. We don’t experience a lot of turnover in our accounts. We’ve owned many businesses for years, some for decades. If you buy into a well-run business at a reasonable valuation, that’s run by capable and honest

management who are not only good at running the business, but skilled at making prudent capital-allocation decisions, you are very likely to have a good outcome. If you repeat that process with a portfolio of 15-20 companies sharing those characteristics, your returns over time should be more than satisfactory.

Contact us for:

- 🐕 Individual Retirement Accounts (IRAs)
- 🐕 401(k) Rollovers
- 🐕 Solo 401(k)s/Individual (k)
- 🐕 College funding
- 🐕 Fixed income investing
- 🐕 Asset management

Trusted Contacts

On February 5, 2018, FINRA enacted a new rule to help protect investors from financial exploitation and fraud. This rule requires all brokerage firms to ask their retail customers to provide the name and contact information for a “trusted contact person”.

A “trusted contact person” is a person that you authorize your brokerage firm to contact if your broker has a reasonable belief that your account may be exposed to possible financial exploitation or fraud. A trusted contact person must be age 18 or older.

The trusted contact person is intended to be a resource in protecting your assets and responding to possible financial exploitation. The trusted contact person may be contacted, and pertinent account information may be disclosed to the trusted contact person, as necessary, to address possible financial exploitation, to confirm your current contact information, health status or the identity of any of your authorized representatives (e.g. POA, trustee, etc.) or beneficiaries. A trusted contact is not an authorized party on the account and no instructions from him/her will be accepted to effect transactions and/or change information related to the account.

If you would like to add a trusted contact person to an existing account, we would be happy to discuss it further and mail you the necessary paperwork.

Client Conferences



Turning Stone Business Center
Verona, NY



Hilton Cocoa Beach Oceanfront
Cocoa Beach, Florida

We had two successful regional client conferences in 2018. These events allowed us to meet individually with clients in those areas and review their portfolios and discuss all of their positions.

Steve Caruso works in concert with the portfolio managers from Highlander. Steve is a great resource when it comes to retirement planning and income generation.

Steven S. Caruso, EA, MBA

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Melbourne, FL 32935

321-259-7704

Warren Buffet Quotes:

"Be fearful when others are greedy and greedy when others are fearful."



"If you aren't willing to own a stock for ten years, don't even think about owning it for ten minutes. Put together a portfolio of companies whose aggregate earnings march upward over the years, and so also will the portfolio's market value."



"The stock market is a device for transferring money from the impatient to the patient."

