

Phil Kiernan's

Highlander Report

Creating Wealth by Avoiding the Herd

Custom Portfolio Design and Management

by Philip J. Kiernan, Jr.

Today more than ever, investors have many different options when it comes to working with an investment professional. Many don't realize just how different those choices really are.

Asset management today is often outsourced via investment in mutual funds, annuities or various ETF managed account programs, often with multiple layers of fees. The role of the financial advisor in this model is one of an "asset gathering" packaged product salesperson. These accounts are usually fully invested within 48 hours of funding and they're often frequently rebalanced depending on the platform or the model. These advisors/salespeople often have little visibility or input with the portfolio managers that are actually managing their clients' money on a day-to-day basis.

At Highlander, however we focus primarily on separate accounts or custom designed portfolios which are tailored to each individual client's needs. Your holdings are transparent on a daily basis as is our compensation.

We measure risk as the likelihood of the *permanent* loss of capital, which is a very different measurement than how much one stock price may move relative to another. There's no way to avoid volatility if you own common stocks.

Our senior portfolio managers each have 30+ years of asset management experience, and Highlander clients benefit from regular contact with our office. You can call at any time and we'll be pleased to review your account holdings and explain the rationale beyond every decision we make.

When we're not engaged with clients our days are spent doing research on our current holdings as well as looking for new opportunities. As a true boutique research and trading firm, we're often pouring over massive amounts of research reports, listening to conference calls and viewing investor presentations provided by publicly traded companies on their websites. Our clients are positioned to benefit from this plethora of information, and we encourage them to explore these sources on their own as well.

Our client base includes entrepreneurs from various industries, medical and legal professionals as well as sports and entertainment executives. Many of these relationships were introduced to Highlander from existing clients as well as professional contacts in the accounting and legal fields.

Contact:

Phil Kiernan
535 Millburn Avenue
Short Hills, NJ 07078
Tel: 973-650-7551

www.highlanderreport.com

"The one reality that you can never change is that a higher-priced asset will produce a lower return than a lower-priced asset. You can't have your cake and eat it. You can enjoy it now, or you can enjoy it steadily in the distant future, but not both – and the price we pay for having this market go higher and higher is a lower 10-year return from the peak."

— Jeremy Grantham

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.

Highlander Capital Management, LLC, founded in 1996, incorporates a disciplined approach to provide you with the peace of mind and confidence that accompanies superior professional management services.

We are a dynamic team of seasoned and accessible financial professionals with complementary skills, experienced in many financial markets. Fee-based advisors, we utilize easy-to-understand investments to focus on reaching your long-term goals. Our Separately Managed Accounts are investment portfolios custom-designed for each individual client including:

- Equity Portfolios for capital appreciation
- Balanced Portfolios for capital appreciation plus income
- Fixed-Income Portfolios for income generation.

Douglas MacWright

Founder, President, Chief Executive Officer

Ryan MacWright

CFP® Certified Financial Planner™ (CFP®),
Research Analyst, Associate Portfolio Manager

Cheri L. Harris

Senior Portfolio Manager, Fixed Income Specialist

Ellen D. Sandler

Senior Managing Director, Senior Portfolio Manager

Richard K. Martino

Director

Steve Caruso, MBA

Managing Director

Cindy E. Bluestein

Senior Manager of Client Support Services,
Operations Manager

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)
- 🐾 SEP-IRAs
- 🐾 Fixed income investing
- 🐾 Asset management

Eckart’s Excerpts

In Eckart's 2020 Shareholder Letter he highlighted the performance of the S&P 500 during the “lost decade”. Measured from January 1, 2000 thru December 31, 2009 the index returned a cumulative 4.56% or .41% per year including dividends.

“Much like the early 2000s, a large component of the S&P 500 is characterized by high multiple technology companies. The top 5 companies (AAPL, MSFT, AMZN, FB, TSLA) make up more than 20% of the index. At the end of the first decade of the new millennium, the S&P 500 index produced an overall 10-year return of 4.56%, or .41% per annum including dividends. This mediocre return was due in large part to the big tech companies’ inability to live up to the extremely high expectations priced into the stocks at the beginning of that decade. Given the current high multiples, we think multiple compression, rather than expansion, is probable for the current crop of market leaders. This suggests that passive returns will lag and, as a corollary, active managers owning attractively priced securities other than the current leaders will perform better.”

Eckart manages the Highlander composite portfolio. His annual shareholder letters back to 1999 can be found on the market commentary tab at www.highlanderreport.com.

Client Appreciation Events

Photo Credit - Michael Priest



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



We hosted the (virtual due to the pandemic) New Jersey premiere of *The Housing Bubble Movie* directed by Jimmy Morrison. This documentary on the financial crisis featured many notable economic and financial experts.

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

—Warren Buffet

Past Client Conferences

These events allowed us to meet individually with clients in those areas and review their portfolios and discuss all of their positions.



Turning Stone Business Center
Verona, NY



Hilton Cocoa Beach Oceanfront
Cocoa Beach, Florida

