

TILIA NEWS

INVESTMENT MANAGEMENT | FIDUCIARY ADVICE | RETIREMENT PLANNING

Corporate Retirement Plans

In addition to working with individuals and families in all phases of life, Tilia also does consulting work for corporate retirement plans.

The landscape for corporate retirement plans is currently undergoing a massive change. The industry has long been dominated by a few brokerages and insurance companies that offered a very limited slate of mutual funds to participants. The true cost of the plan, and how the various providers were compensated was difficult to decipher. Most participants were lucky if they even had access to an online risk assessment that would provide token guidance on how their hard-earned retirement assets should be invested. While still a common scenario, plates are shifting underneath the industry. Costs are becoming more transparent. Index funds and separate brokerage accounts are finding their way into more plans.

Tilia is in a position to add a great deal of value to companies that are currently utilizing a retirement plan for employees. As a plan advisor, we can help select the most efficient plan for your company, enlist trusted partners, and provide regular education and investment planning for employees. While every situation is unique, in many cases we find that we're able to cut plan costs, simplify the reporting process,

Keeping Focus in a See-Saw Market

“In reality, no one knows what the market will do; trying to predict it is a waste of time, and investing based upon that prediction is a speculative undertaking.” - Seth Klarman, Founder & CEO, The Baupost Group

This quote is worth reading every time an investor is poised to take action in the markets. For those of you who may not be aware of Mr. Klarman, you aren't alone. He's probably the most successful investor without widespread name-recognition. Mr. Klarman's investment partnership he founded in 1982, The Baupost Group, is one of the top earning funds of all time. The fund has netted in excess of \$20 billion for clients since inception.

One cannot stress the importance of recognizing that no one has the answer to the age-old question, “What's going to happen with the market?” In spite of this indisputable fact, there is a relentless firehose of forecasts and prognostications spilling out daily in every form of media. Those that are looking for an answer to the unanswerable question will undoubtedly find it. Chances are high that it will be the prophecy that best fits their bias, or mood of the moment.

Accepting that markets will ebb and flow out of anyone's control, and pivot when even the brightest investor least expects, is the first step to long-term investment success. With that out of the way, let's talk about what we do know:

- 1.) Going back to the 1930's, the stocks of large, US companies have returned an average of 6.5 % in excess of inflation.
- 2.) Stocks of smaller US companies have produced higher returns than their larger counterparts, but with considerably more volatility.
- 3.) Dividends, and especially those that have a rising trend, have contributed in a major way to total investment returns. The compounding effect of reinvesting a dividend that increases each year has been extremely powerful. A reliable dividend stream also helps buffer the

and increase involvement & awareness among participants.

Please let us know if you would like more information on how Tilia may be able to help with your company's retirement plan.

Tax Season is Here

Accompanying your January statement from Charles Schwab, you should have received a timeline of tax document releases. For the majority of account holders, your 1099 statement should be mailed or emailed to you by the end of February. While there is always a chance that you could get an amended tax document later on in the tax season, we've tweaked our investment mix over time to minimize the chances of that happening. As always, please let us know if you need an extra copy of any documents for filing purposes. This is also the time of year to consider making a tax-deductible contribution to an IRA or other retirement plan. In most cases, you have until the tax filing deadline to make a contribution for 2015. Please let us know if we can answer any questions or help facilitate a contribution.

Remembering a Friend & Mentor

In the 4th quarter of 2015, Tilia lost a trusted friend and mentor. Though his tenure on our board of directors was relatively brief, Robin Balding's impact will be felt for years to come. A combination of British charm, no-nonsense New York banker, and master network-builder, Robin brought an entirely different voice and range of skills to our board. We miss Robin, and we are saddened that we won't be on the receiving end of his wisdom in the years to come.

downside, as a high, stable dividend tends to attract investors when the economic clouds darken. (YTD performance of US utility stocks is a great example)

4.) High-quality bonds have been extremely reliable for fixed-income, and they have historically performed well in turbulent stock markets.

5.) Owning a diversified mix of assets, including global stocks and bonds, real estate, closely-held business interests, & cash, coupled with prudent debt-management, has helped investors weather economic storms.

6.) Historically, investors that have sold stocks during times of panic have permanently & negatively impacted their future net worth. Investors that have held stocks through bear markets are eventually rewarded with higher portfolio values and sustained purchasing power. Better yet, investors that continued to buy stocks and/or reinvest dividends during bear markets saw a drastic improvement in their future portfolio values.

Much of what we know to be true about investing is the product of the last 100 years in financial markets. Absent of a crystal ball foretelling the next 100 years, we must rely on the lessons of the last 100 years as our guide.

It is extremely easy to lose focus during punishing market periods. Working with Tilia to apply the lessons above will help you mitigate the risk of making decisions that could negatively impact you for years to come.

Winter Reading List

We are frequently asked for recommendations on books about investing. If you've exhausted your reading list, and would like to enhance your investment knowledge base, here are a few recommendations:

The Intelligent Investor by Benjamin Graham

Beating the Street by Peter Lynch

Reminiscences of a Stock Operator by Edwin Lefevre

The Most Important Thing by Howard Marks

Common Stocks and Uncommon Profits by Philip Fisher

A Random Walk Down Wall Street by Burton Malkiel