



CHARTER OAK
CAPITAL MANAGEMENT

Registered Investment Advisors

The Acorn

December 21, 2018

Don't Miss Out



A man sat at a Metro station in Washington DC and started to play the violin. It was a cold January morning. He played Bach pieces for about 45 minutes. During that time, since it was rush hour, it was calculated that thousands of people went through the station, most of them on their way to work.

Three minutes went by and a middle-aged man noticed there was a musician playing. He slowed his pace and stopped for a few seconds and then hurried up to meet his schedule. A minute later, the violinist received his first tip, a dollar bill; a woman threw the money in the till as she walked by.

The one who paid the most attention was a 3-year old boy. His mother tried to push him along but the kid stopped to look at the violinist. Finally, the mother pushed hard and the child continued to walk turning his head all the time.

In the 45 minutes the musician played, only 6 people stopped and stayed for

a while. About 20 folks gave him money. He collected \$32. When he finished playing and silence took over, no one noticed. In fact, no one applauded.

No one knew it that morning, but the violinist was **Joshua Bell**, one of the best musicians in the world. He played one of the most intricate pieces ever written **with a violin worth \$3.5 million**.

This is a real story. Joshua Bell playing incognito in the Metro station was organized by the *Washington Post* as part of a social experiment about perception, taste and priorities of people. The experiment was whether, in a commonplace environment at an inappropriate hour, do we have a different perspective?

What's the moral of the story?

One of the possible conclusions from this experience could be: the context in which something is presented can change the perception of its value in a very measurable way.

People may gauge the value of something based solely on the perception from where and how it is delivered.

Three days earlier, Bell had played to a full house at Boston's Symphony Hall, where fairly good seats went for \$100. But on this day, he collected just \$32.17 for his efforts, contributed by a mere 27 of 1,097 passing travelers. Only 7 people stopped to listen and just one of them recognized the performer.

What might this mean?

First impressions really do matter; what we see, hear, feel, or experience in our encounters with something colors how we process the rest of it.

2018 brought headlines from a variety of financial outlets prognosticating forecasts for new stock market highs and predictions for all-time lows. And just as people can manage the impression that they make through the fashions they choose to wear, headlines can shift the perceptions of listeners in the

message that follows. This is easily accomplished by using carefully selective points of view to trigger a wide variety of emotions.

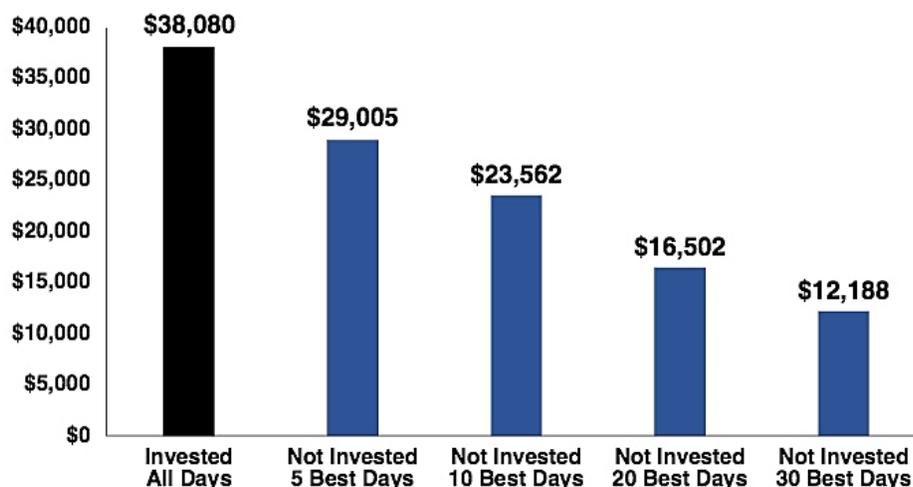
While the Fourth Quarter of this year has offered us choppy and challenging markets, Charter Oak looks beyond the headlines and emotions and sees strong fundamental economics which should lead to robust corporate profits, yielding positive market behaviors.

Investors who miss a few days really miss A LOT!

S&P 500 factoid: 8 of the 10 biggest days in the past 10 years occurred within a month of the biggest down days.

If an investor missed the 5 best days over the past 10 years, they may have lost 32% of their possible total return. Source: Bloomberg Data as of 11/30/2018. Past performance does not guarantee future return.

Hypothetical Growth of \$10,000 Over the Past 10 Years



	Invested All Days	Not Invested 5 Best Days	Not Invested 10 Best Days	Not Invested 20 Best Days	Not Invested 30 Best Days
Growth of \$10,000	\$38,080	\$29,005	\$23,562	\$16,502	\$12,188
Total Return	281%	190%	136%	65%	22%
Annualized Return	14%	11%	9%	5%	2%
% of Total Return Lost	0%	-32%	-52%	-77%	-92%

Legendary investor Warren Buffett once shared an excerpt from the 1895 Rudyard Kipling poem "If" to illustrate a valuable investing lesson. "Heed these lines" during downturns, he wrote in his 2017 Berkshire Hathaway shareholder letter.

***If you can keep your head when all about you are losing theirs ...
 If you can wait and not be tired by waiting ...
 If you can think – and not make thoughts your aim ...
 If you can trust yourself when all men doubt you ...
 Yours is the Earth and everything that's in it.***

We can't stop life from throwing headlines at you. We can't stop the unexpected from interfering with your goals and dreams. But we can help you choose how to respond.

Our biggest goals in the coming New Year are to continue to bring clarity and perspective to our conversations; to make certain you have the

knowledge and insights to make successful financial decisions for you and all things important to you.

Charter Oak believes this is a winning combination that will help you achieve the highest reward from your wealth: a real return on life.

We thank you for the opportunity to be your trusted advisor this past year and look forward to our journey ahead.

Charter Oak Capital Management is a registered investment advisor that provides retirement planning, financial planning and fee-based investment portfolio management to individuals and non-profit organizations. Our offices are located in Portland and Kennebunk, Maine and Portsmouth, New Hampshire.

Securities offered through Purshe Kaplan Sterling Investments, Member FINRA/SIPC.
Headquartered at 18 Corporate Woods Blvd., Albany, NY 12211.

Not FDIC Insured. Not Bank Guaranteed. May lose value, including loss of principal. Not insured by any state or federal agency.

The Acorn is written by the professionals of Charter Oak Capital Management exclusively for its clients. If you have questions or comments about anything you read here, or if there is a particular topic that you would like to see addressed, please let us know.