



DIRECTIONS

A PERIODIC PUBLICATION OF STOCK MARKET INSIGHTS AND OBSERVATIONS

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Dear Clients,

As summer is upon us, this quarterly newsletter is lighthearted and follows a sportsmen's theme that was borrowed from The Golfer's Mind by Dr. Bob Rotella. Within the book, Dr. Rotella identifies the Ten Commandments that will help a golfer perform well. I have borrowed this framework and applied it to being an active equity investment manager. Please note, the forthcoming commandments do not apply to all investments, nor do they apply to portfolio construction as a whole. These decrees are intended for the investment managers that actively compete against a benchmark and seek to be different from the market as a precursor to distinguished performance. Actively differentiating a portfolio can lead to periods of performance disparity, often lagging the market for sustained periods of time. An article titled "Are Short-Term Performance and Value Investing Mutually Exclusive?" by Eugene Shahan details that even the greatest investors have sustained periods of underperformance. As an active investment manager, underperformance is often a test of resolve, mental fortitude, and the application of the investment process. Collectively, the 10 Commandments promote the steadfast mentality necessary in a successful investor. For further educational reads and book suggestions, Seizert Capital has posted a book list on our website under the [Resources](#) section.

An Active Manager's Investment Commandments

1. Have a high active share emphasizing long-term opportunity. Don't be an index fund or a closet index fund.
2. Love the challenge presented by the markets, the competition, and the business of risk management.
3. Get out of results and get into process.
4. Know that mistakes are a learning opportunity that help you focus on the opportunity ahead.
5. Investing without emotion is preferable to caring too much.
6. Believe fully in your ability to execute the investment process.
7. Patience and research will allow you to formulate expectations for the long-term.
8. Concentrate capital on the best investment ideas, weighted according to conviction.
9. Understand your nerves and use them as motivation.
10. In the face of short-term difficulties, focus on the factors that drive long-term results.

Over the past three years, value-oriented investment disciplines fell from favor. During that time, many questioned value investors' intelligence, abilities, and sanity. As a value investor, Seizert Capital Partners experienced the same performance trends. Nevertheless, our investment professionals exhibited the Investment Commandments and the firm's six investment strategies have experienced positive returns in the past year also creating positive comparisons on a long-term basis. While some may say that we got smart again, we won't make such claims... We simply stuck to the investment process.

With gratitude,

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Managing Partner

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