During our half century of providing unbiased, fee-only investment services, we have seen that investors often fail to:

1. **SET REALISTIC OBJECTIVES**
   
   They tend to neglect identifying clear goals and objectives for their financial future. For those who do, many investors fail to develop a process to implement a reasonable strategy to obtain those goals. Without a clear plan, many things can go wrong.

2. **DOLLAR COST AVERAGE**
   
   Many people do not add to their investment portfolio on a regular basis. Instead, they sit on the sidelines during volatile markets and wait for a clear time to invest. Unfortunately, securities markets rarely provide a clear signal when to invest. By dollar cost averaging, investors are assured of achieving a fair average price for their investments.

3. **BROADLY DIVERSIFY**
   
   When it comes to investing, many people look for the one “sure thing” that will provide market-beating returns. While these investors generally know that they should not “put all of their eggs in one basket,” they do not relate this concept to stock and bond diversification.

4. **UNDERSTAND RISK**
   
   Many people think of risk simply as the possibility of losing money. In fact, risk is multifaceted and includes such things as market risk, interest rate risk, currency risk, credit risk, and the risk of losing purchasing power. Without considering all risk factors, it is difficult to construct a portfolio that maximizes the ability to achieve one’s goals.

5. **CONSIDER THE NEGATIVE EFFECTS OF HIGH COSTS**
   
   People tend to focus too much on potential rewards and not enough on the often excessive costs of many investment products. The Department of Labor reports that a one percent reduction in annual fees can result in a 28% higher ending asset value after 30 years.
6. CONSIDER TAXES
Often, investors pay more taxes than they need to on their investment portfolio. Like costs, taxes can have a pernicious effect on their ability to reach their financial goals.

7. MONITOR AND REBALANCE
Over time, even the best laid investment plan may wander off course due to a variety of circumstances. Selling assets that have outperformed and investing in those that have trailed (i.e., selling high and buying low) is one of the best ways to manage risk and keep your investment program on track.

8. STAY THE COURSE
Too many investors abandon their long-term investment strategy based on short-term market gyrations. Not only does market timing not work, but the cost in fees and taxes to jump in and out can be very high.

9. PLAN THEIR ESTATE
Although many people are aware of the advantages of a living trust, all too often it is one of their “to do” items that never quite makes it to the top of the list. In addition to avoiding probate, a trust can be an effective vehicle to provide investment management for family members.

10. SEEK FIDUCIARY ADVICE AND MANAGEMENT
A fiduciary is defined as someone acting in a position of trust on behalf of another party. A fiduciary must be: competent, ethical, loyal, and fully understand the applicable laws and agreements that apply to each client. Most investment advisors go to great lengths to avoid acting as a fiduciary.

Exchange Bank encourages you to think about these ten common mistakes and to what degree they might apply to the management of your investments. With approximately $1 billion in investment assets under administration for clients and the Bank, we have never wavered in the face of industry consolidation or volatile markets. We continue to steadfastly adhere to our time-tested investment strategies for the accumulation and preservation of wealth.

For more information, call:

WEALTH MANAGEMENT
707.524.3151