
The Longer View

COMMENTS AND OUTLOOKS FROM LONGER INVESTMENTS INCORPORATED

The Value of an Independent Investment Advisor

June 2018



Every day, we witness the importance of independent money management, but many people who are not involved in the money management world on a daily basis may not be familiar with its advantages. Given the recent financial news, we thought you would be interested.

We know our clients. As a small, independent firm, we have a tremendous advantage in that we know our clients. We know their goals, tax circumstances, risk tolerance, estate plans, and liquidity needs. The knowledge we have of all of our clients' unique circumstances affects our daily decision making on their behalf.


Of equal importance, our clients know us. They have direct contact with the people who manage their money and administer their accounts. They know our corporate values and our personal and business ethics. They know they are not just account numbers to us.

Flexibility. Because we are independent, we are able to offer considerable flexibility in the services we provide. Whether meeting with a client's estate attorney or accountant for planning purposes, coordinating gifts of stock to charities or children, arranging for special distribution needs, or updating financial and retirement plans, we are able to work directly with our clients in the manner most helpful to them.

Personal Accountability. As an independent investment advisor, we are personally responsible for the manner in which we conduct business. Our personal assets, our livelihood, and our reputation depend directly upon how we treat our clients. We represent only ourselves; we do not represent any brokerage firm or bank. We adhere to a strict code of ethics set out in our corporate policies and procedures.

In addition, we are registered with the Securities and Exchange Commission (SEC). We are subject to periodic audits by its examiners, as well as by examiners of the states in which we are registered. Finally, as a member of the CFA Institute, we are bound by a rigid code of ethics, any violation of which could result in the loss of the Chartered Financial Analyst (CFA) designation. Because of our strict adherence to these disciplines and values, in our 30 years as a registered investment advisor, not a single complaint has been filed against us with any regulatory agency.

Independent research. We conduct independent research on the companies in which we invest. We evaluate stocks on historical returns utilizing fundamental analysis and proprietary disciplines. Each investment vehicle is selected on its own merits, without the conflict of interest that may arise within a firm when its commercial banking division is enmeshed in the business of a publicly traded company. Our independence allows us to avoid the groupthink that leads to participation in cult stocks and highfliers.



We perform independent research on funds. Because we are not associated with any brokerage firm or mutual fund company, we can select from a wide range of funds and exchanged-traded funds without pressure to favor in-house funds or those of a specific company.

Competitively priced bonds. Every bond trade we conduct for clients is competitively placed. We use the custody arrangements we have in place to execute trades through various national brokerage and bond-trading firms. Unlike brokerage clients, who often must buy bonds from the firm's inventory at the firm's prices, Longer clients are not locked into one company. We are able to search nationally for the best bonds and the best prices, considering firms that specialize in corporate bonds, U.S. government securities, or municipal bonds each time we conduct a trade. Execution is based solely on the best bond offered at the best price. There are no other considerations for us; we have no inventory to sell and no commissions to earn by marking up prices on bonds.

Lower expenses. Lower expenses, overall, are also a benefit of using an independent money manager. Collectively, Longer clients have purchasing power substantially greater than any individual client. We use that buying power to negotiate low commission charges and custody fees for our clients. Because of these negotiated brokerage and custody rates, our clients experience lower expense ratios for these services than they would likely find on their own through a retail brokerage firm or a local bank.

The news of recent years highlighting the conflicts of interest and the stretching of rules that took place at certain large investment firms has served only to reinforce the value of independence. Longer Investments has always operated as an independent firm, shunning any association with a brokerage firm or bank that would put us at odds with our clients' best interests. We will continue to exercise our independence in a manner that results in the best service, the best execution and price, and the highest ethical standards for our clients.



LONGER INVESTMENTS INCORPORATED

Services Provided by Longer Investments Inc.: Personal Investment Planning • Risk Tolerance Assessment • Development of an Investment Policy • Retirement Planning • IRA, Pension and Profit Sharing Management • Survivorship and Estate Transfer Planning • Charitable Trust Management • Nonprofit Foundation and Endowment Management • Tax and Accounting Facilitation • Reputable Fee-Based Asset Management

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