

The Key Tenets of a Disciplined Investment Process

As an investor, are you following a disciplined investment process? Consider your long-term investment objectives. As the markets go up and down, it can be challenging to keep your emotions in check if you are not following a defined, repeatable process. The key is to stay true to your process rather than chasing fads.

Ask your advisor to explain their investment process in clear and concise terms. If he or she can't articulate their process, you have important work to do. Following a disciplined investment process with defined objectives is imperative to staying on the path toward your goals.

These core tenets can help you follow a disciplined investment process and remove emotional decisions to help you stick to your long-term objectives.

Whether you're a do-it-yourself investor or working with a financial advisor, it's important to follow a disciplined investment process. By doing so, you're more likely to stick to your long-term goals and remove the emotional decisions that often occur when markets fluctuate. Be sure the process is well-defined and consistent in order to maximize the value in your investment approach.

**Wealth Designed.
Life Defined.®**

Investing involves risk including loss of principal. No strategy ensures success or protects against loss.

Investment advisory services offered through CWM, LLC, an SEC Registered Investment Advisor. Carson Group Partners, a division of CWM, LLC, is a nationwide partnership of advisors. This content cannot be copied without express written consent of CWM, LLC. Wealth Designed. Life Defined.® is a registered trademark of CWM, LLC and may not be duplicated.

Repeatable

Each time a pilot steps on a plane, there is a very distinct process to follow before takeoff. They go through a checklist of items to ensure a safe flight for their passengers and crew. Similarly, your investment process should follow a repeatable process – or checklist – to help remove behavioral and emotional biases that could get in the way of investment decisions.

Research-Driven

One way to control risk is to understand what you own and why you own it. Through due diligence and rigorous research, you can gain a thorough understanding of why you own certain companies. This will give you confidence in your decisions, regardless of the market's ups and downs.

- Review detailed financial models
- Talk to managers, competitors, customers and industry experts to piece together as much information as possible
- Apply a sequence of screens that eliminate investments deemed to be outside of a portfolio's risk profile or the established investment themes
- Read public files and financial statements several times to fit puzzle pieces together to fit into hypothesis or theme

Leverage Secular Trends

Secular trends are long-term industry trends. Why is this a key tenet to your disciplined investment process? In order to mitigate risk, it's important to participate in markets or industries that are poised for growth to help offset any losses that may be experienced with ownership of individual companies within that industry.

Focus on High-Quality Companies

Identify high-quality companies. By focusing on how the company is positioned in its industry over a 3-5 year time horizon (an "owner" approach), your portfolios may be better positioned to ride out volatility over the short-term. Qualify companies based on the following:

- High return on capital (at minimum 30%)
- Solid balance sheets
- An experienced management team
- A sustainable competitive advantage