

An Enduring Foundation for Generational Wealth

The Douglass Winthrop investment strategy is designed to produce absolute returns that deliver on our dual goal of growing *and* preserving our clients' capital. We select securities for investment based on a rigorous assessment of competitive moat and of intrinsic value. Each investment must be capable of weathering nearly anything the world throws at it. There is no complexity or opacity to our portfolios, but rather full transparency of what you own and why.

In any given year, the market rewards excitement. Companies experiencing temporary pricing power, speculative growers, and story stocks can produce extraordinary short-run returns. But that excitement tends to fade as most companies lack the enduring structural competitive advantages that are foundational to the companies in which we invest. In the long-run, lower risk, "boring" stocks have historically outperformed higher risk, "exciting" stocks. * Our clients are not in a one-year race; they are building and preserving wealth across generations. We will never own a security that carries the potential for existential risk, regardless of how compelling the short-term story may be, because permanent loss of capital can undo years of compounding.

DWA seeks to deliver a less volatile sequence of returns compared to those of the broader markets. For the last two decades, portfolios in our flagship strategy have captured less of the downside volatility during market declines. That's important for two reasons. First, a portfolio that falls 50% requires a 100% gain just to recover. The arithmetic is unforgiving. Lower drawdowns can mean less time spent recovering. Second, owning a collection of the world's most resilient businesses makes it easier for clients to stay invested during periods of market panic. Swings from enthusiasm to despondency have real consequences for investors. Reacting too quickly to news that may have little impact on the intrinsic value of their portfolio risks locking in permanent capital loss. Staying invested is worth more than many people realize. The worst investment decisions are almost always made after large losses, not before them.

Investing generationally requires discipline and patience. It's not a promise to avoid every storm, but a commitment to building fortified portfolios that withstand them. We strongly believe that wealth built quietly on a foundation of enduring businesses outlasts wealth built quickly on fragile ones.

Based on data from 1928-1992 analyzed by finance professor Robert Haugen. Haugen, R. A., & Heins, A. J. (1975). *Risk and the Rate of Return on Financial Assets*. *Journal of Financial and Quantitative Analysis*. Baker, M., & Haugen, R. A. (2012). *Low Risk Stocks Outperform within All Observable Markets of the World*. This communication contains the opinions of Douglass Winthrop Advisors, LLC about the securities, investments and/or economic subjects discussed as of the date set forth herein. This communication is intended for information purposes only and does not recommend or solicit the purchase or sale of specific securities or investment services. Readers should not infer or assume that any securities, sectors or markets described were or will be profitable, or are appropriate to meet the objectives, situation or needs of a particular individual, group or entity, as the implementation of any financial strategy should only be made after consultation with your attorney, tax advisor and investment advisor. All material presented is compiled from sources believed to be reliable, but accuracy or completeness cannot be guaranteed. PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. INVESTMENTS BEAR RISK INCLUDING THE POSSIBLE LOSS OF INVESTED PRINCIPAL.