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WHAT ACTUALLY MATTERS RIGHT NOW

Michael Preto, CFP®, CIM®

Over the past few months, we've spent a lot of time talking about what's happening.

This month, I thought it might be more helpful to focus on something simpler: **What actually matters right now.**

The last few months have tested patience.

Not just because markets have been choppy—but because we've been underperforming them.

That's a different kind of discomfort.

WHY THIS FEELS HARDER THAN IT SHOULD

Here's something we don't talk about enough.

Moments like this tap into something deeper than investing, something almost primal.

Most of us are wired to avoid being wrong. To fix things when they don't feel right. To move toward what appears to be working.

That instinct serves us well in many areas of life.

But in investing, it can quietly lead us in the wrong direction.

Because the periods that feel the worst are often the ones that matter the most.

So the question becomes: **How should we respond?**

1. Doing nothing is often the right decision

This one doesn't feel intuitive.

When something feels off, our instinct is to act. Fix it. Adjust it.

But in investing, activity and progress are not the same thing.

In many cases, the most valuable thing you can do is... nothing.

Letting strong businesses continue to grow. Letting time do its job.

Letting the plan play out.



That's not neglect. That's discipline.

2. Do Something (if your time horizon allows)

If you have surplus cash, environments like this are where future returns are built.

It rarely feels that way in the moment.

It's much easier to invest when things are going well. But better opportunities tend to show up when things feel less comfortable.

Lower prices today set up better outcomes tomorrow.

Simple idea. Not always easy to act on.

3. Avoid big, emotional shifts

This is the one that can do the most damage.

Chasing what's currently working.

Abandoning a logical, timeless and powerful long-term approach mid-stream.

These decisions often feel like taking control, but they lock in the wrong outcomes.

STAYING GROUNDED

In periods like this, perspective matters more than anything.

When we focus too closely on recent performance or what's working elsewhere, it's easy to feel like something needs to change.

But when we zoom out—**back to the strategy, the plan, the time horizon, and what this money is actually for**—things tend to settle.

The noise quiets.

And with a clearer head, the right decisions become much more obvious.

Often, they're not big or dramatic.

They're steady. Disciplined. And sometimes they look like doing very little at all.

One more thing...

Sometimes it helps to hear this from someone else.

We came across a great piece on the psychology of investing that really captures what's going on beneath the surface in markets like this.

If you're interested, [here](#) it is.

If you or your people want to talk any of this through, we're always here.



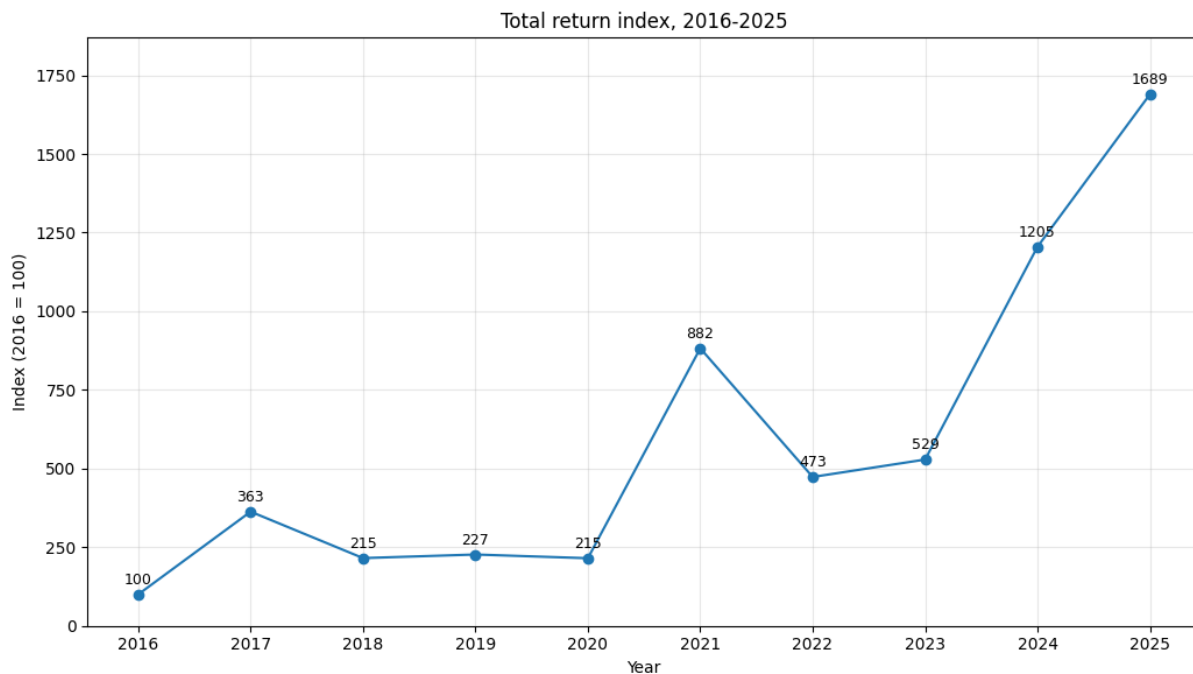
WINNERS WIN - FOR PATIENT OWNERS, MAINLY

Jason Del Vicario, CFA® & Steven Chen, CFA®

What does a long-term winner look like for a public company?

Unlike failing companies, long-term winners often do share a recognizable set of traits: they strengthen their competitive position, earn high returns on capital, and avoid relying on debt to drive the equity story.

Here is a good example – over the last decade or so, the company was a 17 bagger – that is, \$100 invested at the start grew to nearly \$1,700 with dividends reinvested. Moves like that usually reflect more than market enthusiasm. They often come from a business getting stronger underneath the stock.

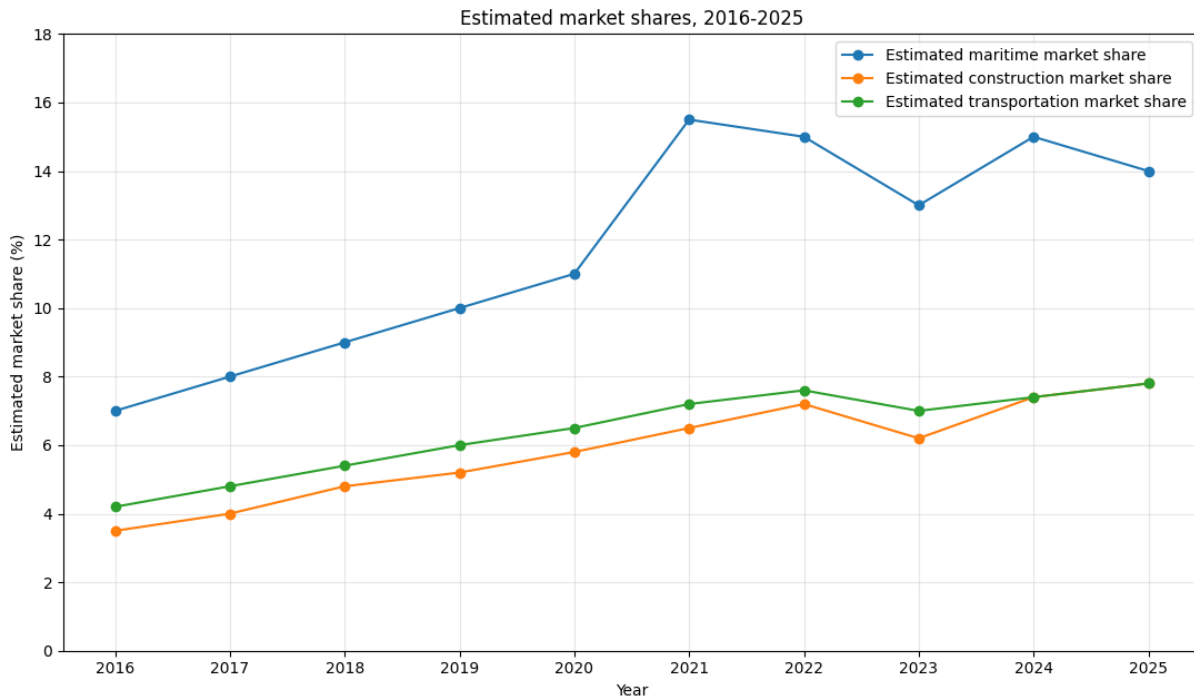


Source: chart generated by ChatGPT, March 2026.

A few highlights:

1. Market share (competitiveness)

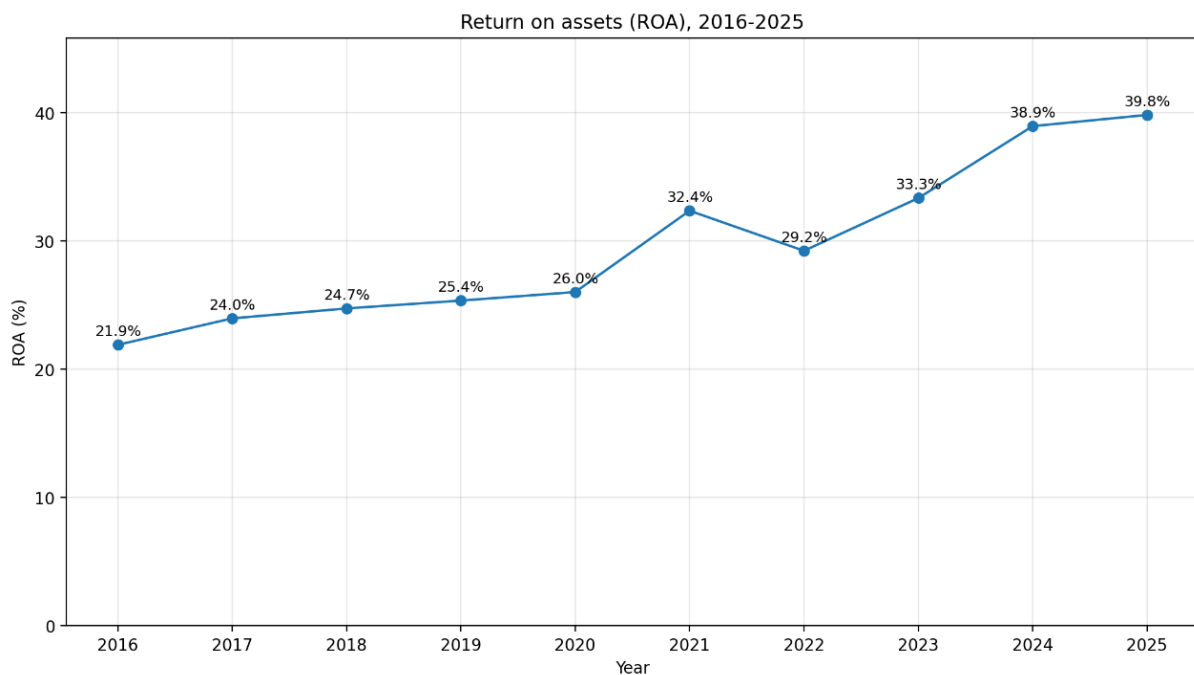
The company's market shares appear to rise across its key end markets over time. That kind of trend often signals real competitive strength.



Source: chart generated by ChatGPT, March 2026.

2. Return on assets (economic quality)

Its return on assets was already strong in 2016 and kept improving. Consistently superior returns on capital usually point to a business with a solid model, disciplined capital use, and a product offering customers truly value.



Source: chart generated by ChatGPT, March 2026.

4. Debt ratio (financial health)

The company's debt level stayed modest throughout the period. That matters. It suggests the company's success was driven by operating strength rather than leverage.



Source: chart generated by ChatGPT, March 2026.

Yes, the company was Plover Bay in your portfolio.

Last but not least, remember that stocks try to reflect business fundamentals in the long run but often do a poor job of it in the short run. Even in this case, there were stretches such as 2018~2020, 2022~2023 when the stock did not do much for shareholders. A patient owner like you could easily have felt foolish during those periods. They should not have.

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MARCH 2026 PERFORMANCE RESULTS

An overview of our portfolios to date.

Performance to March 31, 2026	YTD	6 Mo	1 Yr	3 Yr**	5 Yr**	10 Yr**	Inception**
Hillside Balanced Growth*	-6.34%	-10.42%	-5.23%	7.25%	7.03%	8.10%	8.76%
HBG Benchmark ¹	0.49%	2.48%	15.44%	13.80%	8.63%	8.51%	7.49%
Hillside Focused Growth*	-9.46%	-14.93%	-8.38%	9.01%	8.89%	9.40%	9.42%
HFG Benchmark ²	0.63%	3.57%	21.64%	18.60%	12.33%	11.73%	9.96%

Past performance is not an indication of future returns.

* Performance is presented gross of fees.

**Inception: Sept 2, 2014. Results beyond 1 year are annualized.

1 Hillside Balanced Growth Benchmark: 75% Vanguard Balanced ETF & 25% Vanguard All-Equity ETF

2 Hillside Focused Growth Benchmark: 100% Vanguard All-Equity ETF

Source: SIACHarts.com

The performance presented in this portfolio report is hypothetical and does not represent a specific client account. Details regarding actual returns of an investment account are available from the client's advisor.

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Performance is calculated using month-end market values of the model portfolio. Since we use a model portfolio to calculate performance there are no client-initiated cash flows (deposits/withdrawals) to account for. Performance is calculated by dividing the change in the model portfolio's market value by the model portfolio's market value at the beginning of the performance period. Also, all income generated by the portfolio's holdings are held within the model portfolio in cash and is accounted for in the portfolio's month-end market value - this results in a total return measure of the model's performance.

Returns for periods less than 1 year are shown as periodic returns while returns for periods greater than 1 year are annualized. Returns do not include fees and actual returns experienced by an investor may differ from those shown. Past performance is not a guarantee of future results.