

BODNAR FINANCIAL ADVISORS

INVESTMENT PRINCIPLES

These principles have guided our firm since 1988, and they are timeless.

WE ARE LONG-TERM, GOAL-FOCUSED, PLAN-DRIVEN INVESTORS

We are not day traders at Bodnar Financial. We believe in disciplined, long-term investing. We are helping people create balanced portfolios that will work to fund three-decade retirements and family legacies. When we say "investing" we are talking about the long haul. We believe that lifetime investment success comes from acting continuously on your plan, and then meeting each year to make sure it still reflects your age, cash flow, risk tolerance, and liquidity needs.

THE STOCK MARKET CANNOT BE TIMED

Bear markets happen every 3–5 years on average. They are normal. We know they are coming, but we don't know when they'll arrive or when they'll end. But history tells us that bear markets always pass, and that bear markets tend to roar back as sharply as they dropped. We don't get windows of time to leisurely return to the market. That's why it's important to buy and *hold*.

TIME, COMPOUNDING, AND DISCIPLINE ARE OUR GREATEST ALLIES

Our minimum goal as investors is to earn a return that—at the very least—offsets income taxes and inflation. We fight inflation with compound interest, the financial miracle that lets your investments collect increasing amounts of "interest on their interest" over time. The first rule of compound interest is to never interrupt it unnecessarily. The longer your investment horizon, the more time your investment has to grow exponentially. Assuming you don't tinker with it.

THE MARKET ALWAYS GOES UP—IT JUST DOESN'T GO UP EVERY DAY

Returns have trended upward since the creation of the stock market. It's a steady climb, but not a smooth one. The trend line zigs and zags. These dips are a normal and healthy part of the market's chaotic, but permanent, climb upward. Long-term investors like us have faith in the trend line. We sit through the dips and focus on decades rather than days.

HUMAN NATURE IS A FAILED INVESTOR

Humans are wired to react to fear in order to survive, and down markets are downright scary. Investors sit through sell-offs once every 5 years on average and watch about 30% of account values disappear, without knowing when they will return. We sit through 50% declines 2 or 3 times in our lifetimes. When these things happen, disciplined investors do *nothing*. This is why we work together. Bodnar Financial is here to empathize with you as you feel the fear, and to help you decide not to act on the fear.