WELCOME TO TOWNELEY FROM OUR FOUNDER, WES MCCAIN

Half a century ago, I founded Towneley Capital Management, Inc. Working out of a small Midtown office, while holding down a full-time teaching position at Columbia Business School, I started my career in money management. It has been a most rewarding career. Looking today at our firm's success, it is easy to forget sleepless nights, long days, and down markets. I remember the clients who stayed the course, and the employees whose children grew up, while together we built Towneley. Of course, doses of good fortune helped along the way.

I partnered with a talented team. Our efforts culminated in a firm built on investment discipline, collaboration, consideration, and compassion. Respect for co-workers and clients became critical to our success. We learned to be patient listeners.

A transparent, open-door policy is crucial to client and employee longevity. Our team's various perspectives complement the diversity of our clients. We treat our employees as we treat our clients, creating a sense of loyalty and family that our clients feel with every interaction with Towneley. The result is many clients are their families' third generation with us.

We recognize clients come to us with the monetary equivalent of a lifetime of demanding work. We believe they are looking for a forthright assessment of their needs, whether they wish to invest for retirement or preserve wealth for generations to come. An age-old saying is, "Shirtsleeves to shirtsleeves in three generations." The first generation makes a fortune, the second generation preserves it, and the third generation spends it, loses it, or gives it away. Learning to be disciplined with money is difficult. Many families struggle with spendthrift behavior. In addition, one must guard against fraud, create diverse investments, minimize expenses, and tax repercussions, and be wary of the erosion of buying power from inflation. We look to help our individual and institutional clients with these complexities.

My job was to help our team to develop and maintain principles by which we interact with and manage our client's money. Investors may think performance is the only concern. We think of investment management as one component of client care. Results matter but are entwined with other life events. We must focus on extenuating circumstances to make the best decisions about asset allocation and prepare for future contingencies, such as a sick family member, job loss or catastrophe like losing a home to fire. Planning for bad luck, recognizing how to mitigate hardship, and focusing on turning misfortune into wealth are critical components in investment counselling.

Portfolio diversification and liquidity are crucial components of preserving and growing wealth. We cannot know the future, but we must strive to bring our plans to fruition. Diversification of investments is a slow way to get rich. Highly concentrated portfolios can go either way. Minimizing risk of catastrophic loss, from which you cannot recover, is crucial. A certain amount of household liquidity outside the managed portfolio provides the comfort of knowing you can survive a recession, a bear market or even a pandemic. Clients have different risk preferences. They should not have to sell at market bottoms to pay rent, mortgage or put food on the table. Every client has their own threshold of pain. It is our job to make them aware of the risks and potential solutions.

Institutional clients have different needs than individuals or families. One example is institutional memory. Finance/investment committees are revolving doors. New members frequently make suggestions previously implemented or rejected. The rotation of members brings fresh blood to the discussion. Some view investment results as the pinnacle of success without regard to risk taken or future needs of the business. Expected future needs require reaffirming every meeting. Investment plans are the flip side of spending plans. Institutional memory includes not only investment results but the thinking and reasons behind those decisions. We work with Finance Committees to help them understand their fiduciary duty, define goals, and implement them in a way that drives institutional success.

Significant change has occurred in our industry over the last 50 years. Technology has increased the availability, speed, and dissemination of information. Discovery of index investing, and invention of ETFs reduced investment costs. The next 50 years will bring unknown changes to our industry. The importance of investing in equity of relationships will persist.