



DAVENPORT WATTS & DRAKE

INVESTMENT ADVISORS, LLC



Investments • Financial Plans • 401K Plans

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Tom S. Davenport

Investment Advisor Representative
Chief Investment Officer
Cell 601-672-9202
sonny@davenportwattsdrake.com



Jane Watts

Investment Advisor Representative
Cell 601-613-1954
jane@davenportwattsdrake.com



Hank Drake, CPA/PFS

Investment Advisor Representative
Chief Compliance Officer
Cell 601-218-4784
601-437-8846, fax 888-272-1422
hank@davenportwattsdrake.com



Ellen Hazlewood

Client Services Manager
ellen@davenportwattsdrake.com



Douglas White, Ph.D.

Research Analyst
douglas@davenportwattsdrake.com



Linda Estes

linda@davenportwattsdrake.com



Suzie Pooley

suzie@davenportwattsdrake.com

DAVENPORT WATTS & DRAKE

INVESTMENT ADVISORS, LLC

234 W. School Street, Ridgeland, MS 39157
PO Box 2658, Ridgeland, MS 39158-2658

Phone 601-898-8069
Fax 601-853-8087

www.davenportwattsdrake.com

OUR RELATIONSHIP WITH LITMAN/GREGORY

Davenport Watts & Drake Investment Advisors, LLC manages the assets of its clients using the core strategies of asset allocation, asset diversification, and periodic rebalancing with a long-term perspective while minimizing income taxes. Along with our own experience and expertise, we use Litman/Gregory Analytics, LLC for our base investment platform. Our relationship with Litman/Gregory enables us to provide our clients with the best possible knowledge so that your goals are met. In this issue, we'd like to describe our relationship with Litman/Gregory.

Established in 1987, Litman/Gregory has developed a national reputation of excellence in asset allocation and mutual fund manager due diligence. For eleven consecutive years, their model portfolios have earned a spot on the Hulbert Financial Digest Honor Roll (formerly published in Forbes magazine based on Hulbert's data). In 2008, Litman/Gregory Asset Management, LLC was awarded the Schwab IMPACT® Best-in-Business Award for excellence in financial advising.

We at Davenport Watts & Drake Investment Advisors invest our clients' and our families' wealth using the asset allocation and funds recommended by Litman/Gregory. With the use of Litman/Gregory's research and recommendations, we feel confident that we can help you meet your financial goals. The company's 50 employees and commitment to excellent due diligence and asset class research provide a solid basis for investment platforms.

Davenport Watts & Drake does not have a financial relationship with Litman/Gregory, so we are completely objective and free to utilize any other partners that may better serve your needs.

Davenport Watts & Drake with Litman/Gregory will work together to help ensure your financial peace of mind. We appreciate your continued confidence and trust. If you have any questions, please don't hesitate to contact us if we can be of any assistance.

Focusing on your future...

INVESTING PERSPECTIVES:

The average stock fund had a return of 9.9% per year from 1991 to 2010, but the average stock fund investor received an annualized return of only 3.8% per year¹. Why is there this discrepancy? There are many reasons, but the main one is that investors' decisions are often driven by emotion—usually fear. These decisions lead to less than desirable returns if an investor is not disciplined with their long-term investment plan.

In order to succeed at investing, you must recognize that crises are inevitable. In life, you can't always have the good without the bad, and the market is the same. It is in the bad times that changes in investment strategies are often made to confront short-term worries. Such emotional investing can completely disrupt a sound investment plan and produce negative results.

Despite all of the available information for investors, fear occasionally drives the market. In these periods, it's important to remember that investing should be for the long term. When faced with these situations, many investors react in such a way that leads to unhealthy investor behavior and abandon their long-term investment strategies.

An investment plan is designed to avoid emotional investing and to take advantage of the opportunities created by the emotional investing of others. A good plan sticks to the same basic principles time and time again. Proper diversification and asset allocation with periodic rebalancing and the minimization of taxes are principles based on sound market fundamentals. These have worked in the past, and we believe, will continue to work in the future.

Maintaining a long-term investment strategy is easier said than done, especially in the face of disappointing short-term results. But by sticking to a sound investment plan and avoiding emotional investing, crises can be worked through. Investing is a marathon, not a sprint, and slow-and-steady will win the race.

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¹ Source: *Qualitative Analysis of Investor Behavior* by Dalbar, Inc. (March 2011)

ABOUT OUR FIRM:

Davenport Watts & Drake is a fee-only financial services firm offering asset management and financial consulting services to businesses, families and individuals. Our desire is to work with a select group of these businesses, families and individuals as a part of their financial team, helping them with the many decisions throughout their lives which will affect the financial future of themselves and their families. The team has a common vision of a client-centered financial consulting firm that treats our clients as we would want to be treated.

CORE STRATEGIES:

- Asset Allocation
- Asset Diversification
- Periodic Rebalancing
- Long-term Perspective
- Minimize Income Taxes

INVESTMENT SERVICES:

- Portfolio Management
- Individual Retirement Accounts
- Company Retirement Plans
- Personal Financial Plans

INVESTMENT CUSTODIANS:

- Fidelity Investments
- John Hancock

“Sound investing is simple but not necessarily easy to do.”

— Warren Buffett

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