



Dear Appleseed Clients,

Welcome to Appleseed Wealth Management! We recognize there are countless options to choose from when selecting a financial management partner, and we are glad you have chosen to work with us. Our name is in part an homage to John Chapman, aka “Johnny Appleseed”, a well-known character in American folklore whose final resting place is found right here in Fort Wayne, same as our headquarters. It is also in part to imply that our service follows closely the process involved in nurturing an apple seed through the various stages of life, from seedling to mature tree. The processes of protecting your savings, growing a nest egg for retirement, or generational wealth planning, all have parallels to growing a tree that will produce fruit. Knowledge, patience, care, protection, growth and preservation are just some of the words that can describe either process.

As you are aware, every account at Appleseed Wealth Management is assigned an Investment Objective following a thorough discussion with you, the client, to determine the goals and risk tolerance for your portfolio. We never want to build a portfolio with an allocation that makes you uncomfortable from a risk/volatility standpoint. Once an appropriate Investment Objective is selected, it allows us to manage the account within a specific asset allocation range tailored to that specific objective. When it comes to important investment decisions, we believe asset allocation outweighs security selection. The decision to allocate a portfolio 40% into equities or 80% into equities is going to be a much larger determinant of future returns than whether to invest in Coca Cola or PepsiCo. Throughout the time we work together, we will re-visit the asset allocation discussion at various life stages and make changes to the portfolio as your goals and needs change.

You might be asking yourself, **“What should I expect with this Wealth Management relationship?”**

An investment advisor adds value by reassuring investors during turbulent markets and encouraging a disciplined investment approach. Investors who choose to manage their own money can at times make irrational decisions at inopportune moments. Studies have shown that over long periods, individual investors often underperform the market significantly. Dalbar, a Boston-based research firm that has been studying investor behavior for nearly 40 years, released a study in 2022 that looked at the effects of emotions on investment decisions. The study showed that over shorter periods of time, average investor performance versus the market was even worse, sometimes trailing the market by 50%.

	Avg Stock Investor	S&P 500	Difference
Annual Return	+7.13%	+10.65%	3.52%
Value of \$100,000 Initial Investment After 30 Years	\$800,000	\$2,000,000	\$1,200,000
Data from a 30 year -year period ending 12/31/2021			

One of my favorite authors in the industry is Nick Murray, who acts as an advisor to financial advisors. Nick writes: **“The value of an advisor – in incremental return, in mistakes not made, in time and worry you needn’t expend trying to do it yourself – will greatly exceed the cost of the advice.”** Several years ago, Vanguard did an extensive study to attempt to quantify the value added by an advisor that Mr. Murray is speaking of. When they published their findings in a research brief in 2020, in short, they concluded that working with an advisor can add around 3% in net returns. Applying this math to Nick Murray’s quote, you can see that even when paying a 1% annual fee for an advisor, you still come out 2% ahead each year of where you would have been on your own. That difference, over time, does in fact greatly exceed the cost of the advice.

We are excited to begin this new venture in the community we call home, and we’re eager to see what the future holds. Thank you for partnering with Appleseed Wealth Management. We look forward to building a lasting, fruitful relationship!

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