

THE INVESTOR'S PLAYBOOK

Athletes and investors share a common pursuit: long-term success built on discipline, strategy, and adaptability. While talent plays a role, sustained excellence in sports, just like in investing, is the result of preparation, risk management, and consistency. Let's explore what we can learn from various sports when it comes to building long-term wealth and avoiding costly mistakes.

Given that baseball season is currently in full swing, let's start with the importance of hitting singles and doubles, not just swinging for the fences. Baseball legends are rarely made on home runs alone. The greatest hitters prioritize consistent contact over power, knowing that striking out too often can hurt the team. Investing is no different. Chasing "home run" stocks and speculative trading often leads to unnecessary risks. This is why at Crawford, we focus on high-quality, dividend paying stocks. The companies we invest in do not always make headlines, but they drive long-term returns that compound to the investor's benefit over time. In the same vein, we avoid striking out by investing in businesses that have a higher likelihood of achieving successful outcomes due to their competitive advantages, strong fundamentals, excellent management teams, and shareholder-friendly capital allocation policies, to name a few.

Shifting gears, let's consider the football strategy "Three Yards and a Cloud of Dust." Essentially, this is a very basic yet deliberate approach to offense, prioritizing ball control and focusing on gaining a few yards at a time through consistent runs over flashy passing plays. The most successful football teams often understand success is about executing consistently, moving the ball downfield, and minimizing mistakes. The same applies to investing. Compounding is the running game where small, steady gains build momentum over time. We like to think of dividend paying stocks as the running backs, providing consistent yardage, or regular income and steady growth. At Crawford, we have learned that the market rewards patient, disciplined investors who focus on the fundamentals and businesses with the potential to make solid fundamental progress. We also seek to avoid turnovers, which can occur as a result of panic selling, speculative gambles, and emotional decisions. Just as one fumble can change a game, a rash investment decision can derail an entire program.

In basketball, defense wins championships. Great teams do not just outscore their opponents, they defend well, limit mistakes, and control the pace of the game. Defense in investing is all about risk management. At Crawford, prioritizing quality and a well-diversified, but not over-diversified, portfolio is our defensive scheme. This has led to industry-leading risk management and structurally low beta in all of our equity investment strategies. On another note, professional tennis is exciting as players take aggressive shots to win points. But at the amateur level, matches are often decided by who makes fewer unforced errors. We believe investing is more like amateur tennis where success comes from avoiding costly mistakes. We have engineered a process and philosophy that prioritizes defense and limits mistakes.

We understand winning in sports and investing is not about luck. No athlete or investor succeeds without discipline, practice, and consistency. Investing follows the same path. Our research team performs in-depth fundamental, bottom-up research on each of the securities considered for investment. The team meets weekly, has a well-defined process, and is constantly looking for ways to improve and become

more efficient and effective. We pride ourselves on our discipline and always seek to avoid penalties because we understand small inefficiencies add up over time. By focusing on quality and fundamentals, minimizing mistakes, and thinking long-term, investors can build lasting success. At Crawford Investment Counsel, we help investors craft winning strategies, and we intend to “keep our eye on the ball,” applying our longstanding philosophy to the benefit our investors.

Disclosure

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