



Twenty Years of Capitalism

Doing well is the result of doing good. That's what capitalism is all about.

- Ralph Waldo Emerson

This year marks the 20th anniversary of the founding of Heritage Investment Group. Upon reaching this milestone, we at Heritage paused to reflect upon where we have been over the past 20 years and where we are headed over the next 20. As we thought about this, we realized that while the world around us has changed dramatically over the past 20 years, the power of capitalism and the core principles of a successful investment process have remained remarkably constant.

Think about where you were in 1993. Were you recently retired, recently promoted, recently married or a recent college graduate? Consider all of the events, both positive and negative that have transpired since then. Treatments for a wide variety of diseases have improved dramatically and communication technology has progressed from basic mobile phones to the internet to handheld smart phones. There are currently more millionaires than ever before and global poverty has been reduced by half since the early 1990s. At the center of all of this remarkable progress and wealth creation is capitalism. Capital markets financed the companies that have created miracles in communications and even bigger miracles in medical science, and capitalism has been the lead engine of the dramatic increases in global wealth

that have lifted *one billion* people out of poverty in the past two decades.

Granted, we have seen our share of negative news: wars, terrorist attacks and financial crises have been experienced, and these are not to be taken lightly. The world in which we live will always be marked by both positive and negative events, and the challenge that we all have is to be able to navigate these events in such a way that we emerge stronger and more confident about the future. From an investing standpoint, managing risk, providing unfailing discipline and recognizing that capitalism will prevail has allowed us to ride out the storms of the past 20 years with confidence. During difficult times, human nature drives many investors to change their strategy based on an emotional reaction to events, often with disastrous consequences. Instead of *reacting to* dramatic events, as fear and greed often encourage us to do, a wise investor will *manage through* these events with a time-tested strategy that has a proven ability to survive. A solid investment strategy never goes out of style; this was true 20 years ago and it is no less true today. Combining a disciplined approach with an understanding of the unpredictable nature of markets has allowed Heritage to build diversified portfolios that have generated wealth over time.

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In 1993, Heritage was a start-up family business founded by a core group of partners who shared a vision of bringing honesty, structure and discipline to the wealth management process. We had a novel idea about how wealth should be managed and about how clients should be treated, and our belief in this idea is just as strong today. We are privileged to have had the opportunity to lead our clients through the ups and downs of the market throughout this time and to allow them to participate in the wealth-creating power of the capital markets over the past 20 years. The world has changed, but our belief in the fundamental principles of the capital markets have not; capitalism works, markets are unpredictable, risk matters, and discipline prevails. Capitalism works because we humans have an innate desire to work to provide a better life for our children, and left to its own devices this desire will create wealth for all of us. We are looking forward to the next 20 years.



Heritage Investment Group provides wealth management and investment guidance to high-net-worth individuals, families, charitable foundations and qualified plans. We provide seasoned financial guidance, with respect and integrity, backed by a disciplined investment process. Since 1993 we've built our firm on a strong foundation of family and friendships with guiding principles of ethics and integrity.

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