



O'KEEFE STEVENS
ADVISORY, INC.

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The Value Connection

Our mission is to be responsible stewards of our clients' financial lives.

Quarterly Review

The last time we wrote to you we were at the tail-end of a retreat in market prices. Since January, the market has recovered and we're approaching all-time high prices. Investor sentiment switched from fear to optimism and the US market experienced the best returns for the first quarter since 1998. While we're happy to see markets on the move in a positive direction, we continue to keep an even keel approach.

Predicting what will happen during the remaining months of the year is not our style. We're positioned to withstand volatility and we own companies at reasonable prices relative to their underlying business value. Our focus remains fixed on the long-term creation of value for the businesses we own. Two attributes to our approach that help us maintain our long-term focus and eliminate the feeling of panic when prices drop are growing dividends and cash reserves.

1. Growing Dividends:

Our portfolio of investments continues to deliver in this area. From 2017 to 2018, the average dividend increase across our top 20 investments was 11%. For retired clients, living off the income produced by their investments, these increasing dividends provide growth to income and help to outpace the rising cost of living. When the cost of living, measured by the Consumer Price Index, rose by 3% in 2018, we felt comfortable knowing our clients were not going to face a decline to the buying power of their money because their income grew at a greater rate.

Dividends are a share in the earnings of the companies we own. Most of the businesses we own pay, or will soon pay, us dividend income. These dividends are one sign of a healthy business. The way a company manages its dividend policy can provide us insights to the shareholder friendliness of the management we've entrusted with your hard-earned capital.

Over time, dividends become a sizable component of your overall return. The price of the stock will fluctuate, but dividends tend to fluctuate less and generally rise more steadily over time. Focusing on the income provided from your investments, therefore, can be a great way to mitigate the anxiety of a volatile market. Chances are your dividend income isn't going down, and provided you're not selling from your portfolio to fund your lifestyle, this should provide some peace of mind during turbulent times.

2. Maintaining Cash Reserves:

Cash reserves are the capacitor to the dividend power supply created by your investments. When we use a capacitor, it smooths out the output of the dividend income and allows retirees to draw a stable monthly income from the portfolio.

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Quarterly Review Continued

We continue to advise everyone to maintain a healthy reserve of non-fluctuating assets in short-term asset classes like bank savings, money market funds, certificates of deposit, or short-term treasuries. If you're retired, a healthy reserve is between 2 to 3 years of living expenses. For accumulators (i.e. still working), having 6 months to 1 year of funds in an emergency reserve is prudent.

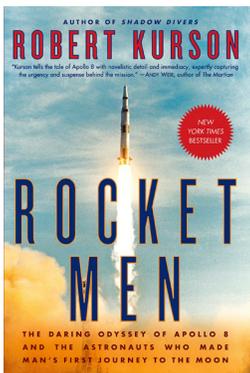
Keeping cash is not a strategy to optimize long-term return. Having money available, with no strings attached, is what allows us to be opportunistic when market prices drop. It also ensures we don't need to sell your investments to fund your lifestyle in a down market or when an unexpected expense arises.

These two tactics are behavioral strategies that help you keep a sizeable amount of your assets positioned for long-term growth. Volatility - it happens. Being prepared and knowing it is part of the program is what helps you stay invested and behave consistently with your long-term plan.

Book Review

***Rocket Men: The Daring Odyssey of Apollo 8 And The Men Who Made Man's First Journey To The Moon* by Robert Kurson**

Written by Peter O'Keefe



"We choose to go to the Moon." President John F. Kennedy delivered these famous words in his speech at Rice Stadium in Houston, Texas on September 12th, 1962. The United States trailed the Soviet Union in the "Space Race" and Kennedy had a nation divided over the Vietnam War and the Civil Rights Movement.

Those words captured the nation's attention and propelled the National Aeronautics and Space Administration (NASA) to put an American on the moon by the end of the decade. Several missions led to the infamous first steps, and the story of the Apollo 8 mission was possibly the most significant milestone to accomplishing of this goal.

Robert Kurson was inspired to write this story after visiting "The Museum of Science & Industry". Kurson does a wonderful job to bring the reader into the tension of 1968: the pressure on NASA to "Beat the Russians", the Vietnam War protests at college campus across the country, the assassinations of civil rights leader Dr. Martin Luther King Jr. and presidential candidate Senator Robert Kennedy. The country was torn in every imaginable way, and the space race brought the people of the United States together. Kurson summarizes the mission in his book as "the most daring and dangerous journey that NASA had ever attempted."

The three astronauts: Frank Borman, Jim Lovell, and Bill Anders were elevated to the level of stardom for their efforts to beat the Soviets. They accomplished the most important technological feat of the decade. Upon the return from their mission they received thousands of pieces of congratulatory mail. One letter stood out. It simply stated: "THANKS, YOU SAVED 1968."

This historically accurate novel will grasp the reader who lived through these years and is a wonderful way to understand one of the most pivotal years in our nation's history.

Technology Updates

Written by Carly Flanigan & Marissa Bell

We continue to improve the technologies available to our clients. We want to make your experience better and save you time and effort. This quarter we have a few upgrades to highlight:

ScheduleOnce

Bouncing schedules back and forth to set your appointments can take a lot of time. We implemented a software, ScheduleOnce, to streamline the scheduling process for your meetings. We offer multiple options for meetings including, a 15-minute phone call, virtual meetings or in-person meetings at our office or your desired location. The process is simple and fast. You receive an email link from a member of our team and select the date and time on the calendar that works best for you. We are notified when the meeting is scheduled, and you will receive reminders of the appointment leading up to the scheduled time. So far, this new tool has saved everyone time. If you're not technologically savvy, don't worry, we can still book an appointment over the phone!

EGNYTE

Another technology we launched is our Egnyte file sharing system. Keeping your data safe is important. By encrypting files, we add a layer of security to your data while operating with the convenience of everyday email. Egnyte provides us the ability to request file uploads from you or to send you sensitive documents using a secure link delivered via email. This streamlines our Financial Review document gathering process and allows us to easily share sensitive documents back and forth with our clients, their attorneys and their accountants. Plus, we're saving lots of trees in the process!

GoToMeeting

We've experimented with multiple web conference tools and finally found the solution that works best for our needs. Virtual meetings are becoming increasingly common for our clients who live in different cities or can not coordinate schedules to meet at our office at the same time. The GoToMeeting software allows us to share documents, screen share, and video conference. To quote a client who recently met with us over GoToMeeting, "It's like you're right here in my living room." If you're interested in trying this meeting format, be sure to mention it to us when we schedule our next meeting.

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O'Keefe Stevens Advisory Happenings: Introducing Sean Hallice



Our business is growing, and we are excited to announce the hiring of Sean Hallice as our first office intern. Sean is a junior at Nazareth College in Rochester. He's studying Finance in the School of Business and Leadership and he's a member of the Men's Hockey Team. Sean is from Boston, MA and will be working with us through the end of the semester and possibly into the summer months. Sean is eager to learn about value investing and is starting the Certified Financial Planner curriculum. His role in the office will be to provide support with clerical functions and to learn the O'Keefe Stevens systems and processes for delivering client service and investment advice. We'll be increasing Sean's hours as he acclimates to our team culture. Hopefully you'll see Sean when you visit our office this Spring and Summer.

Save the Date!

O'Keefe Stevens Advisory Value Conversation Investor Call

When: Wednesday, June 5th at 4:00 PM ET

Details on how to join the call will be emailed to you at a later date.



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Please be advised that our disclosure document, Form ADV, is available upon request. As a reminder, always let us know if your investment objectives have changed.

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