



O'KEEFE STEVENS
ADVISORY, INC.

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The Value Connection

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

O'Keefe Stevens Firm Updates

Written by Justin Stevens

Updates: The last few months have been full of activity on several fronts. Peter and I visited a number of the companies we own. We spoke with management and attended shareholder meetings. We travelled to New York City, Corning, NY, and our favorite, Omaha, NE to visit Warren Buffett and Charlie Munger. We also made several sales of our non-core holdings as we continue to focus our portfolios into our highest conviction investments. This movement prompted some questions, especially from our longest tenured clients, and Peter has addressed some of these questions in an article on pages 2 and 3.

New Relationships: We also had the opportunity to work with many new families who were introduced to us during the quarter. As we started our work with new clients, we are reminded how fortunate we are to have such meaningful relationships with clients who have been with us for a year or more. As I met with these new families throughout the quarter, I was reminded of a saying from motivational coach Dr. Kevin Elko: "Keep the main thing, the main thing." Simple, yet powerful advice. In the context of our work to build long-term wealth and growing retirement income, we notice that it is easy for clients to become distracted and deterred from their objectives. People see, read, and hear things that contradict the simple truths to building long-term wealth. The main things that need to be kept in mind as we set up a multi-decade, wealth accumulation and distribution plan, are to 1) live below your means in your earning years and within them in retirement, 2) maintain adequate reserves to cover near-term expenses and unexpected costs, and 3) position long-term funds in growing businesses -- when they can be purchased at reasonable prices. Again, it's simple advice and very powerful when it is followed with consistency. Our relationships with our longest tenured clients indicate the message is deeply ingrained, and our work with new clients makes us realize the unending need for this message to be taught to future generations of investors.

The Market: Today the stock market continues to vacillate on good and bad news, and there are plenty of prognostications that a major correction is headed our way. This does not worry us, and if it is of concern to you – let's talk.

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O'Keefe Stevens Firm Updates Continued

We choose to focus on other aspects of wealth building that are completely within our control. As market corrections occur, we will respond with appropriate actions.

A course in history shows us periods of decline are common throughout the course of a long-term investment plan and patient investors benefit most from the long-term growth machine of the stock market. That's because they don't panic on bad news and sell when the market is down. While there is no specific cause we see to deter the market from its continued expansion, we would not be surprised to be surprised. Our confidence lies in the homework we've done on the outstanding businesses we own. We are also well positioned to be able to capitalize on volatile markets when they occur. In the long-run, we know we will be rewarded for our conviction and our different way of thinking.

As a Reminder: Our quarterly calls and newsletters are designed to extend the conversations we have in our meetings. In the event you think we need to discuss your situation, please contact us for any reason. Our goal is to meet with you regularly so that you don't have unanswered concerns about your money. We look forward to speaking with you soon.

Providing Clarity on the O'Keefe Stevens Process

Written by Peter O'Keefe

In recent months, Justin and I have received questions regarding our long-term, buy and hold investment strategy, and concerns about whether our process has changed. These concerns originate from the increased trading activity of the last several months in some of our accounts.

2017 and 2018 are an anomaly for O'Keefe Stevens Advisory. Setting up our own firm provided an opportunity to review and fine-tune everything. One of the changes we made was to dedicate Peter virtually 100% to research and Justin virtually 100% to client relationship management. This year, our major effort is to dedicate more resources to research and to enhance client service standards. Job one is to ensure you are hearing from us and making meaningful progress toward your financial goals.

Before moving into our research and client service process, I'm going to address the two-part question that we've been asked:

First, have we changed our long-term, buy and hold, value philosophy?

The answer is no. We continue to believe the most sensible way to steward your wealth is to purchase out of favor businesses, with strong balance sheets and a keep a patient, long-term view while those businesses steadily improve. We do not feel capable in predicting the short-term movements of the markets and choose to stick with understanding what we can about a business when making our buying decisions. [We don't feel badly about this lack of "capability". Research shows that no one else can do this either!]

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Providing Clarity on the O'Keefe Stevens Process

Second, it appears we are experiencing more trading activity this year than we have in the past. If so, is this accelerated trading activity expected to continue?

The answer to the first question is, yes. Justin and I have been trading more actively in the first part of 2018 than we have in the past. As I stated earlier, it is somewhat of an anomaly from our past. The main reason for this is our desire to align our portfolios to a more concentrated and focused approach. We feel our overall performance and your experience will be enhanced through these changes. The realignment is mostly complete today and therefore, you should expect to see a return to normal trading activity moving forward. Some of this activity is also directly related to taking profits in accounts that are designed to provide retired clients with a source of cash reserves. Considering the 10-year expansion in market prices, we think this profit taking is prudent action on our behalf.

As Chief Investment Officer, I focus my time on developing a deeper understanding of our core holdings. The activities that promote this understanding include attending the shareholder meetings, conference calls, and manager presentations that are hosted by the companies. Additionally, I read the research of other informed investors and subscribe to a variety of services that enable me to analyze our investments.

My activity level in doing research has increased dramatically since the formation of O'Keefe Stevens Advisory, and because of that, I have shifted some of my client facing responsibilities to Justin. Justin's main efforts, as President of the firm, will be to enhance our client engagement and service model through the end of the year. This will create an opportunity for us to reframe our working relationship with you, and we encourage your participation, so that we arrive at a working relationship that accommodates your desires.

A few clients have asked if we intend to add personnel at O'Keefe Stevens to sustain a high level of service and to ensure business continuity if something happens to me or Justin. We are working to grow our firm with these concerns in mind. We plan to recruit a person who aligns with our philosophy and to carefully integrate him or her into the firm. We'll keep you updated and informed through our personal conversations and these writings.



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OSA Client Portal & Wealth Access

We are excited to introduce new capabilities to the OSA Client Portal. We have partnered with Wealth Access to add a “Balance Sheet” feature to our online and mobile service. This tool allows you to securely aggregate external accounts and add asset balances, liability balances and cash flow data to generate a holistic view of your finances. Whether you choose to add balances manually or link your balance sheet to external company websites, this platform provides a convenient way to organize and view your entire net worth. Linked accounts update daily, providing a detailed and current picture of the financial situation for you and our advisory team.

This functionality brings together data from various institutions you work with to a central dashboard which can be easily accessed and formatted to your taste. We recognize that the initial input of external accounts may seem like a daunting task, and we are happy to help. If you would like more information about accessing and using the Balance Sheet or Client Portal, please contact Marissa by email at marissa@okeefestevens.com or call our office at 585-340-6538.

Upcoming Event

O’Keefe Stevens Advisory Value Conversation Quarterly Call

When: Wednesday, September 12th at 4:00 PM ET

How to Join: Visit <http://join.me/okeefestevens>

Dial in by phone: 1 (646) 307-1990

Enter conference ID: 734-977-219



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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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