

Year-end Reminders

Written by Marissa & Carly

As the end of 2019 approaches we wanted to remind you of several contribution deadlines and information about Required Minimum Distributions.

Retirement Account Contributions:

Traditional & ROTH IRA Contributions: \$6,000 (\$7,000 if you are 50 or older).

- These contributions may be tax-deductible. The deduction has limitations if you or your spouse is covered by a retirement plan through work or your income exceeds certain levels. Consult with us or your accountant for details on your specific situation.
- Once you reach the age of 70 ½ you can no longer contribute to a Traditional IRA. You may still contribute to a ROTH IRA provided you have earned income.
- Contribution deadline to be applied for 2019 tax year: 04/15/2020.

SIMPLE IRA Contributions: \$13,000 (\$16,000 if you are 50 or older)

- Employer contributions must be made by your company's tax filing deadline.

SEP IRA Contributions: The lessor of 25% of compensation or \$56,000

- Contributions are due by tax filing deadline.

ROTH Conversions

If your modified adjusted gross income is anticipated to be \$137,000 (single filers) or \$203,000 (married filing jointly) or above, you are not eligible to contribute to a ROTH IRA. However, you can convert funds in your Traditional IRA to a ROTH IRA. There is an opportunity to convert funds and pay a lower tax rate now to benefit from the after-tax status of the ROTH in the future. Please contact our office if this is something you would like to pursue, and we can help determine if it would benefit you. The deadline for the 2019 tax year is December 31st.

Required Minimum Distributions (RMDs)

Beginning in the year you turn 70 ½, you are required to take a Required Minimum Distribution from your IRA. If your IRA account resides with us, your RMD has been calculated for the 2019 tax year. Let us know if you have retirement accounts held outside of OSA management. We can help determine if you have satisfied your requirement with that custodian. Please contact us to coordinate taking your distribution, if you have not already done so. You can connect with us either by phone, email or mail. If we have not heard from you by December 10th, we will automatically process your RMD by either sending out a check to your address on record or sending the money directly to your bank account if we have it on file.

Quarterly Call Recap

Written by Justin Stevens

Enjoy this excerpt slide from our September 18th Value Conversation Quarterly Call. In an effort to share this valuable information with you, we'll be including a bite-sized piece of the call transcript in these newsletters. You're welcome to visit our website's Resource Page to access the full recording at any time.

COMPANY VALUATIONS							
	SECURITY	HI PRICE	LOW PRICE	SHARES	HI VALUATION (BILLIONS)	LOW VALUATION (BILLIONS)	PERCENT CHANGE
1	AMGEN	\$211.90	\$166.30	0.5997	\$127.08	\$99.73	27%
2	CORNING	\$36.56	\$26.78	0.7809	\$28.55	\$20.91	37%
3	DISCOVERY	\$31.55	\$21.99	0.5620	\$17.73	\$12.36	43%
4	FANNIE MAE PREF. S	\$14.38	\$5.24	0.5554	\$7.99	\$2.91	174%
5	KIMCO REALTY	\$20.45	\$14.29	0.4221	\$8.63	\$6.03	43%
6	LOEWS	\$56.20	\$42.06	0.3024	\$16.99	\$12.72	34%
7	NVIDIA	\$292.76	\$124.46	0.6090	\$178.29	\$75.80	135%
8	QUALCOMM	\$90.34	\$49.10	1.2000	\$108.41	\$58.92	84%
9	SERITAGE	\$50.06	\$30.60	0.0381	\$1.91	\$1.17	64%
10	WEYERHAEUSER	\$34.09	\$20.52	0.7449	\$25.39	\$15.29	66%

The biggest pushback on common stocks is that they may offer higher returns, but they also come with higher volatility. The S&P index is made up of 500 companies and doesn't necessarily mirror the volatility experienced by investors with O'Keefe Stevens who own a concentrated portfolio of 25-30 securities. If we look at our top 10 holdings, we can quickly see the volatility can be quite extreme for an individual stock position.

Last year we saw the market prices of some of these companies swing dramatically. When measured from the low valuation, our top 10 positions averaged over 70% fluctuation in price from low to high. They didn't all move in the same direction or move at the same time mind you.

If we attempt to come up with the "causes for fluctuations" we can see it's a mixture of many positive and negative influences ranging from: Economic, Political, Market, or Company Specific. I would describe volatility as the short term or temporary gains or losses of our security positions. Which is not the same thing as risk, which I define as the long-term or permanent gain or loss in a position. Risk being the permanent destruction of capital that we're trying to avoid.

Volatility is merely a short-term sacrifice you endure for long-term accretion of capital.

Can you imagine if your home was given a valuation every day? What if your home fluctuated as Nvidia did this past year? That would be like your home value going from \$178,000 to \$76,000 in just a couple of months. Now, let me ask you this. Do you really think the true value of a business fluctuates that dramatically? In our opinion it does not. The business valuation and the market valuation can be dramatically different at times.

In my opinion, these are normal issues that a business will experience nearly every year. Did the long-term fundamentals of Nvidia change that dramatically in 2018? Not in my opinion. Which is why we continue to maintain our position in the company.