

TRANSITIONS AND THE ART OF THOUGHTFUL INVESTING

I am pleased to announce, effective February 1, 2025, the promotions of Denise Farkas, CFA, to Executive Vice President, and David Drogheo, CFA, to Chief Investment Officer, at Sigma. These promotions mark the culmination of a years-long effort to transition Denise into a broader leadership role while preparing for her successor. In her new role, Denise will continue to advise clients and manage portfolios.

The transition process began after David joined as Director of Research, introducing him to the “Sigma Way,” including our investment philosophy, portfolio structure, and risk control. He refined his decision-making and communication skills while earning the confidence of Sigma’s Investment Committee. In the final phase, Denise adopted a supervisory role as David took the lead—making stock decisions, developing the Alternative Investments portfolio, leading meetings, and refining processes.

Please join me in congratulating Denise and David on these well-deserved promotions!

Robert M. Bilkie, Jr., CFA
Chief Executive Officer

As an advisor and investment practitioner I am incredibly fortunate. I enjoy the work I do and I work with wonderful colleagues, all very skilled and dedicated to the profession. Clients are the icing on the

cake. They make our jobs interesting, intellectually stimulating and provide challenges that make it fun to come to work each day.

Each client’s definition of financial success is different. Yet, there is a common denominator. They are all very serious about being good stewards of their portfolios and take seriously the selection of a financial advisor to assist them in attaining their financial goals and aspirations.

In addition to being a Portfolio Manager, over the past eighteen years I have had the privilege of serving as Sigma’s Chief Investment Officer (CIO). The role is tasked with the unique challenge of overseeing the investment process and being accountable for investment performance, which is both measurable and quantifiable. Clients expect and frankly assume that their returns will remain competitive, it is a critical piece of the long-term puzzle.

Every client is an individual with their own distinctive profile regarding risk tolerance, cash needs, time horizon, tax situation as well as unique requirements and circumstances. For some, success is tempering the volatility of the portfolio, others focus on growth to fund their lifestyles, college educations, 529 plans, second homes, travel, philanthropic activities... the list goes on. As advisors our role is to synthesize a client’s needs and develop a thoughtful long term financial strategy in which we seek to optimize the

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probability they will achieve their long-term goals in a manner to their liking.

The underpinnings of Sigma's investment process are principals of risk management and portfolio diversification. However, investing is an art not a science. Our tag line, Thoughtful Investing, reflects this philosophy and guides our investment process which is vital to our clients' long term financial success. It requires critical analysis and independent thinking, and a willingness to challenge prevailing market trends rather than succumbing to fad, false hype or the fear of missing out (FOMO).

A prime example of Thoughtful Investing lies in the numerous investment opportunities we analyze but ultimately reject. Take ESG (Environmental, Social, and Governance) funds, for example. While corporate governance and responsible business practices are essential, ESG frameworks often prioritize executive incentives over shareholder interests, leading to underperformance. Several pension funds now face lawsuits alleging that ESG-based investing violated fiduciary responsibilities.

International investing provides another illustration of Thoughtful Investing. Many firms and Wall Street strategists use global indices as their equity benchmark, often accepting sector weightings without significant deviation. Diversification is the cornerstone of Sigma's investment philosophy. However, after careful consideration we determined the index's sector

weightings were not an appropriate strategy for our clients. Over the years we have maintained an international portfolio allocation of less than half of the index weighting, a strategy that has served our clients well.

Successful investing requires a long-term perspective and resilience through market cycles. Thoughtful Investing ensures that client portfolios are designed to withstand various market scenarios and stay on course toward their goals.

Bob Bilkie has been the guiding force behind this philosophy, demonstrating strategic vision and composure in challenging times. His general disposition and ability to stay calm while others around him panic put him in the most elite group of corporate leaders. He also has a unique ability to provide needed support to each team member. Aside from being a trusted confident and true friend, Bob has a special skill set that has allowed me to be the best CIO I could be for clients, for which I am deeply indebted. As I transition to Executive Vice-President, I look forward to working with my Sigma colleagues and our clients as we continue to build and enhance the Sigma client experience.

Denise M. Farkas, CFA
Executive Vice-President

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