This week we will discuss the third and final pillar of Surevest's investment philosophy—a rules-based decision-making process.

Before we dive into the last pillar, here are the first two:

1. **Dynamic Investment Process**: The investment environment is not the same across time.

2. Data Driven Approach: We must use supporting evidence that is statistically significant.

As we move from pillar two to three, we take the data that the investment committee gathered and then categorize it into factors. These factors are then assigned a weight based on their strength of reliability. In essence, we end up with an equation that produces a quantifiable output that we use to guide our investment decisions.

By allowing factors (quantifiable data) to guide our decision process, it mitigates the opportunity for emotional decision making, which usually leads to poor investment results.

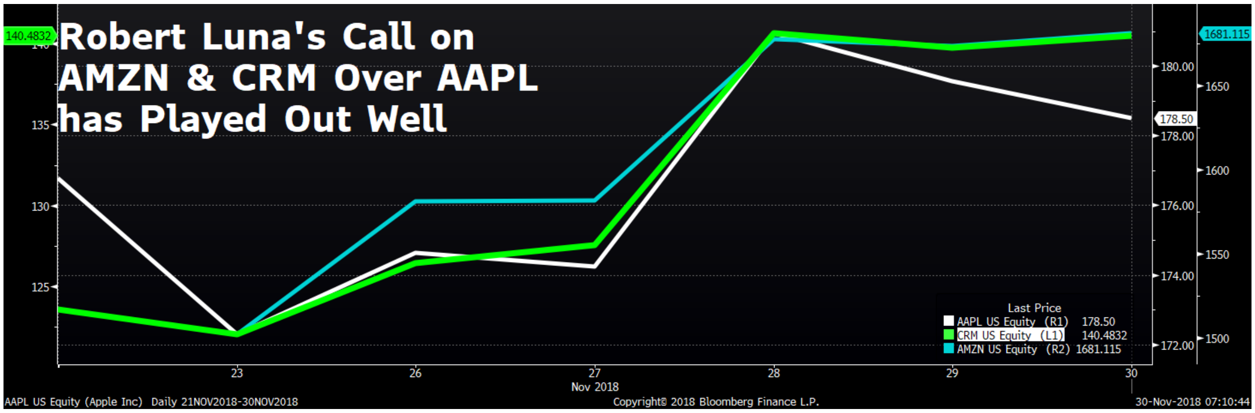
Professor Daniel Kahneman of Princeton University and Professor Richard Thaler of the University of Chicago Booth School of Business have written books and academic papers that highlight the flaws associated with decision making by people. Both professors have won the Nobel Memorial Prize in Economic Sciences for their contributions. For those of you whom are interested in behavioral finance, Professor Thaler has a great book our team has enjoyed called Misbehaving which dives deeper into the research and cognitive biases that must be recognized and managed as an investor.

Our three-pillar approach is an ongoing process that we utilize in our weekly, monthly, and quarterly investment committee meeting to help us find opportunity and also keeps us accountable to our investors.

The investment environment is very dynamic and the information that comes into the market can be "noise" or "fundamental signal" that must be constantly analyzed. This is especially true with today's 24-hour media loop.

We believe that having a strong investment process in place is key to good long-term results. Without a consistent process that is dynamic, data driven and void of emotion, investors may end up with results that could equate to nothing more than a coin toss.

We also think it is important to realize that having a process does not mean that we believe all investing should be quantitative (numbers driven). Our process also places heavy weighting on the qualitative merits of an investment such as management, strategy, competitive advantages etc. An example is the stock of Apple (Ticker: AAPL). We like Apple long term and based on the numbers alone the stock looks compelling. When CNBC called Robert last week about the recent tech selloff, he discussed why he thought names like Salesforce (Ticker: CRM) and Amazon (Ticker: AMZN), both stock he personally owns, as do clients of the firm, may be the better current opportunity based on the current "growth story" at each company. As you can see, by the chart of those stocks since those comments, they have taken a different path which simply highlights the importance of both quantitative and qualitative data. (AAPL: 1.02%, AMZN: 10.23%, CRM: 12.07%)



Click here to see the clip

We have seen plenty of "professional", as well as private investors, who rely on gut feel and headlines instead of a process. I would submit that, for the money which supports your life goals, a process consistent with the three pillars we discussed is a superior method.

We encourage you to speak with your financial advisor or reach out to the investment committee to learn more about Surevest's investment philosophy.

Robert will be back on the Charles Payne show on Fox Business during the 2pm Eastern hour today. Tune in to hear his insights.

Disclosure: Employees and clients of Surevest own all stock mentioned in this article. This Is not a recommendation to buy a security, and the results experienced in these securities, as well as others, may be materially different amongst investors at our firm. Any individual security mentioned is owned as a part of an overall diversified portfolio.