



HIGHTOWER

White Pine Wealth Management

December 2022



December whips past us in a hurry to get where it is going, putting an exclamation point on the year. We greet it with an organized optimism that usually ends in the chaos of school vacation, last minute shopping, one too many parties, and a vow to make changes in the coming year. It's been a challenging year, but you, our wonderful clients, have helped make it rewarding and meaningful. Here at White Pine Wealth Management, we're reflecting upon the past twelve months with gratitude and joy.

**For the person who has everything...**



They already have a wall-mounted, singing fish head. They get a different kind of mayonnaise delivered to their door every single month. Every tie they own comes with batteries. For the person who has everything already, we've compiled a [list of gift guides](#) that are sure to up your game this holiday season.

- [LL Bean Holiday Gift Guide](#)
- [Oprah's Favorite Things list](#)
- [Gifts for seniors](#)
- [Cosmo's gift guide](#)
- [As seen on TikTok](#)
- [Gifts under \\$50](#)
- [Unique gifts](#)
- [Experience gifts](#)
- [Minimalist gifts](#)
- [Dog lovers](#)
- [Cat lovers](#)
- [Nerdy gifts](#)
- [Gym rats](#)
- [Food Snobs](#)
- [Wine snobs](#)
- [Beer snobs](#)
- [Music lovers](#)
- [Teenagers](#)
- [Southpaws](#)
- [Books for kids](#)
- [Tween gifts](#)
- [Subscription Services \(of the month clubs\)](#)
- [Tree huggers](#)
- [Dirt worshippers](#)
- [Nature lovers](#)
- [Splurgey gifts](#)
- [Inexpensive gifts](#)
- [Maine homeless shelter wish lists](#)
- [Angel Tree Guide](#)

**Procrastination Awareness Month**



We've been meaning to mention it, and [we're finally getting around to it](#) - December is National Procrastination Awareness Month. (See what we did there?) The calendar year doesn't care how busy you are. It will come and go regardless of whether you depleted your flex spending account, or sent that tax-deductible donation to the food bank. So often we find ourselves wishing we'd just been a little more disciplined about checking off our to-do lists. Sometimes we find ourselves doing continuing education on New Year's Eve instead of ringing in the year with friends and family. See if you can guess which procrastinated task goes with which White Pine team member...

1. Submitting tax documents to accountant
2. Grocery Shopping
3. Folding laundry
4. Getting out of bed in the morning (snooze abuser)
5. Sending out Christmas cards
6. Returning online purchases
7. Wrapping gifts (on the 24<sup>th</sup> at 11:58pm...)
8. Getting gas
9. House projects
10. Switching summer clothes for winter in my closet

1.Paige 2.Nancy 3.Shana 4.Gibson 5.Matt 6.Melissa 7.Casey 8.Natalie 9.Grey 10.Gabrielle

**'Tis Better to Give...**





We have been feeling rather grateful around the office lately. Our wonderful clients and fantastic team members are all part of something we think is pretty special. Working with people you admire and respect is a value we hold dear at White Pine Wealth Management. We made team donations this year to the [Good Shepherd Food Bank](#), [Southern Maine Agency on Aging Meals on Wheels](#), the [Animal Refuge League of Greater Portland](#), and [Through These Doors Domestic Violence Resources & Advocacy](#). In addition to that, we have made donations on behalf of our team members to the charity of their choosing.

Casey McClurkin – [Maine Audubon](#)

Natalie Munn – [Youth Full Maine](#)

Nancy Mackin – [Esther Residence](#)

Shana Bennett – [Rockin' T Equine Sanctuary & Rescue](#)

Teri Conley – [Center for Grieving Children](#)

Matt Emery – [Maine Children's Alliance](#)

On Thursday December 8<sup>th</sup>, White Pine Wealth Management team members will be [ringing the bell for the Salvation Army](#) at the Shaw's Plaza in Falmouth, Maine. If you see us, come on by to say hello!

Hightower Advisors makes matching donations, increasing the power of every dollar White Pine donates.

**Market Commentary by Matt Emery**



We continue our behavioral finance survey with a discussion of the [Endowment Effect](#), which is the tendency to favor what is in our possession over that which is not. It seems innocent enough, but this common element of human cognition, which a classical economist would deem “irrational”, is one of the things that makes investing difficult, especially if we are unaware of it.

“...in the sphere of investing, the impact of the Endowment Effect on long-term performance can be significant.”

In his book [Misbehaving: The Making of Behavioral Economics](#), Richard Thaler gives numerous examples of how the Endowment Effect crops up in everyday life. In one example, Mr. Thaler described the behavior of a small-time wine collector. The collector had some bottles he’d purchased for \$10 apiece years ago that were now worth about \$100 each. The merchant was interested in buying some of the bottles from the collector at the market price. The collector would sometimes consume one of the appreciated bottles on special occasions but would have never gone out and bought a \$100 bottle of wine. Moreover, he was not interested in selling one of his bottles to the merchant for \$100 either. A classical economist would likely conclude the collector’s behavior is irrational. If he is willing to drink a bottle that he could sell for \$100, he should also be willing to spend that much on a new bottle. Of course, to any non-economist, the collector’s behavior seems rational. He only spent \$10 out of pocket for his bottle all those years ago,

so why should he be willing to spend \$100 on a different bottle today? He bought his \$10 bottles to enjoy, not to make a buck - the opportunity cost of not selling one of his bottles to the merchant is irrelevant to him. He lost no sleep over his bottles that had *appreciated* in value, and it's safe to say he would not care if his bottles had instead *fallen* in value. But in the sphere of investing, the impact of the Endowment Effect on long-term performance can be significant.

**“The universe of other stocks that he could potentially own is abstract and parting ways with an investment, even if it is no longer serving him, is difficult.”**

To illustrate, let's assume an investor buys a stock that he spent a considerable amount of time researching. The stock performed very well after his purchase, giving him a nice return and justifying the efforts he made in researching it. Then the stock reversed course and began to fall rapidly in value. Perhaps the underlying company used to be the dominant player in its field, but recently other companies began offering services of their own, flooding consumers with choices that did not exist 5 years ago. The price of his stock fell to such an extent that it erased all of his previous gains and his position now shows a loss on his brokerage statement. A completely rational person would have no trouble selling this investment to buy something else. After all, the very business environment that made his stock compelling in the first place seemingly no longer exists. But our *human* investor hesitates. The memory of his stock reaching new highs week after week is still vivid. The opportunity cost of holding onto his down-and-out stock in lieu of owning a different stock—presumably with better prospects—is vague. In other words, the stock he holds is known to him, it's tangible. The universe of other stocks that he could potentially own is abstract and parting ways with an investment, even if it is no longer serving him, is difficult.

If that wasn't bad enough, the Endowment Effect extends beyond the ownership of an investment itself to the ideas and opinions that lead investors to buy a particular investment in the first place. Nassim Taleb did a great job explaining the Endowment Effect of opinions and ideas in his famous book, *The Black Swan: The Impact of the Highly Improbable*. “The problem,” writes Taleb, “is that our ideas are sticky: once we produce a theory, we are not likely to change our minds. ...When you develop your opinions on the basis of weak evidence, you will have difficulty interpreting subsequent information that contradicts these opinions,

even if the new information is obviously more accurate. ...Remember that we treat ideas like possessions, and it will be hard for us to part with them.”

Here at White Pine Wealth Management, we work very hard to take the emotion out of our investment process. We believe it is partly why you hired us. We do our best to incorporate legacy positions - stocks with which there is an emotional tie - into client portfolios when necessary, but will always try to balance emotions with the long term goals and risk tolerances that we set together each year. Having an unemotional partner in your wealth management strategy can be critical, particularly in bear market environments where fight, flight, or freeze responses can hinder long term performance. As always, we welcome your questions about our investment process and how we can help you achieve your goals.

### Explore Maine – Kittery



With all the outlets, Kittery (celebrating its 375<sup>th</sup> anniversary this year!) seems like an appropriate town to visit during the holiday season. But [it is so much more than just a place to do some shopping](#). Did you know it is [Maine's oldest town](#), dating all the way back to 1623?! Taking a trip down Route 1 in Kittery,



you'll happen upon [quite a few little places to eat](#), but a must-try is [When Pigs Fly Pizzeria](#). Not just a bakery, this fast-paced restaurant has a fantastic menu, semi-outdoor dining in the summer, and if you like French fries, don't pass on the French Fry Dippers appetizer that comes with three dipping sauces that are [TDF](#). [Fort McClary State Park](#) is a great place to visit for any history buffs out there. There are great beaches that offer some chilly solitude and stunning winter seascapes, but don't forget to pick up a warm coat at the [Kittery Trading Post](#) first. Kittery is just across the bridge from Portsmouth, NH where you can visit [Strawberry Banke for a Candlelight Stroll](#), or walk around historic Portsmouth for the day.

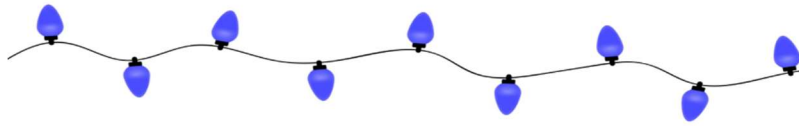
### Lighten up...



There are [some amazing light shows](#) throughout the state of Maine that are well worth the drive. Grab some hot chocolate and make a night of it. If you're planning to create your very own light show at home, [here are some tips and tricks](#) for making it safe and impactful. Hanukkah decorations have had a much [greater presence in retail stores](#) and [online shopping sites](#) recently, and the classic blue and white lights make for a [stunning home light display](#). Hanukkah is from December 18<sup>th</sup> through the 26<sup>th</sup>. Christmas is on a Sunday, but the NYSE, as well as our office, will be closed in observance of the holiday on Monday December



26<sup>th</sup>, and then Monday, January 2<sup>nd</sup> in observance of New Year's Day. We will resume business as usual on Tuesday, January 3<sup>rd</sup>, 2023.



## Dashing through the snow...



It has already snowed a wee bit here and there, and it's certainly been cold enough to stick around [if we get more](#). There are a lot of [great spots throughout Maine](#) that lend themselves to slipperiffic sledding. People more fun than we have rounded up the [10 Best Sleds for Outdoor Fun This Winter](#). There are also beautiful, [handcrafted sleds](#) that are almost too pretty for snow. LL Bean has [some great options](#), too. If you find yourself sledless in a snowstorm, do not despair. Here are some alternatives to sleds in a snowmergency:

- Laundry baskets or storage tubs (or just their covers)
- Flattened cardboard boxes
- Pool floats

- Tarps
- Baby pools
- Cookie sheets or pizza pans
- Surf or boogie boards

See you in 2023!



It seems like just yesterday we were sending out a newsletter about resolutions and here we are at the end of another year. We are eternally grateful for the trusted relationships and the opportunity to serve you, our dear clients, each and every day. You have made it another great year at White Pine Wealth Management. We are excited to see what 2023 will bring in the markets and in your lives. Wherever New Year's Eve finds you this December 31<sup>st</sup>, White Pine Wealth Management is celebrating with you, and is so very pleased to help you get there. Happy Holidays!



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