



Dear Client,

With the massive uncertainty and volatility facing all investors today, we want you to know how we are working on your behalf here at Montecito Bank & Trust Wealth Management.

First, we want to assure you that we continue to operate at full capacity. All of our associates have been equipped with tools to allow them to serve our clients' needs both in office and at home. Some staff have been directed to stay at home due to school closings/childcare issues, etc. For those working remotely at home, we are employing the highest standards of cybersecurity protection for all investor information.

Second, be confident that we are "staying the course" with investments in our long-term portfolios. Experience has shown us that their ability to traverse through crises is one of the reasons why we have configured the allocations in your portfolios.

As long-term investors, sometimes there is little that can be done to protect your portfolio holdings from drastic valuation swings, such as those they have experienced lately. However, as these volatile periods subside we are provided with opportunities to capture intrinsic value for your holdings. Rare possibilities to discover new themes and franchises emerge from overreacting investors.

History has taught us that, from one bear market to another, the investor who can stay the course has profited. In fact, this ability to stay the course is how the "Oracle of Omaha" Warren Buffett established his reputation. His investment advice is to "be fearful when others are greedy and greedy when others are fearful."

Mr. Buffett has shown resoluteness throughout his career. At Berkshire Hathaway and his own limited partnership, he experienced declines greater than 35 percent during four periods between 1973 and 2009. He used these opportunities to increase his positions knowing that market declines reduce, rather than increase, risks. The deeper the market price declines the greater the margin of safety. New investments at lower market prices result in a larger discount. The bigger the discount from intrinsic value, the greater is the resulting margin of safety.

As students of the markets, we have learned to be comfortable staying the course in our long-term investment portfolios. We own well-diversified portfolios of premier companies that are driven to maximize long-term value for investors.

Please feel free to reach out to us with your investment questions, concerns, and comments.

Best wishes,

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