



LVS ADVISORY

Investment Results	2019	Year-To-Date 2020	Since Inception ¹
LVS Growth	-	47.3%	47.3%
<i>Benchmark: S&P 500 Total Return Index</i>	-	12.2%	12.2%
LVS Defensive	9.3%	8.8%	18.9%
<i>Benchmark: S&P Long-Only Merger Arb Index</i>	6.1%	2.1%	8.3%

Note: results presented gross of advisory fees and net of brokerage commissions. Investment results are as of November 13, 2020.

(1) LVS Defensive was incepted on January 1, 2019. LVS Growth was incepted on January 1, 2020.

November 17, 2020

Dear partners and friends,

Special note: I published a presentation detailing my investment thesis on the online gambling industry which discusses two stocks we own in the LVS Growth portfolio. [Click here to download the presentation.](#)

During the weeks leading up to the U.S. presidential election, several people asked what changes I made to reposition our investment portfolios based on the likely outcomes. My answer was, “we have made no changes”, which likely disappointed those hoping for a smart answer about which industries would be winners or which companies should be avoided.

That is not because certain industries wouldn’t be greatly impacted by the policy implications of who controls government. Several industries have seen a healthy pop in equity values including renewable energy, cannabis, and infrastructure. But rather, we haven’t made changes because trading on short-term time horizons and sentiment isn’t my game.

Our goal at LVS Advisory is to build robust portfolio strategies that can perform well over the long-term through various economic cycles and market regimes. I felt very good heading into the election that no matter the outcome, we would be fine. If certain realities change and impact our specific investments, we will adjust, but we will do so thoughtfully and with the long-term implications in the forefront.

As I have continued to accumulate experience as an investor, my appreciation has grown for focusing on a long-term time horizon almost to a fault. Short-term positioning and hedging usually nets out as a tax paid on “uncertainty”. Granted, smart hedging is a tax many sophisticated investors are willing to pay. Conversely, those with conviction in their holdings willing to stomach price fluctuations are generally rewarded for patience.

At the risk of over-simplifying our investment philosophy, if you own high-quality businesses with long-term tailwinds and competitive advantages, the stock prices and investment returns should take care of themselves. The key is to know with conviction that the companies you own are actually “high-quality”, will continue to benefit from tailwinds, and maintain competitive advantages. That is where we focus our research efforts.

I plan to elaborate on each of those characteristics in future investor updates as well as what an attractive valuation looks like. For now, [the presentation I published](#) on the online gambling industry provides some good frameworks and examples for identifying and evaluating some of those characteristics. For example, I walk



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through why I believe investing in and holding Flutter Entertainment stock over a 10-year time frame can yield strong results. A lot can happen over 10 years (that's more than 2 election cycles!) and part of the job involves staying on top of how industries change and stories evolve.

Of course, not everyone can afford a 10-year time horizon and there is a time and a place for shorter-term decision making. In those situations, the best resolve is to design a decision-making process that minimizes emotions and acknowledges the reality of short-term market swings.

Best regards,



Luis V. Sanchez CFA

ABOUT LVS ADVISORY



LVS Advisory is a full-service financial advisory firm providing active investment management, financial planning, and institutional investment research services for individuals, families, and institutions. Luis V. Sanchez CFA is the Founder and Managing Partner of LVS Advisory. Luis' professional experience includes working in investment banking, consulting, and investment management. Luis is a licensed Investment Adviser Representative and a CFA Charterholder. LVS Advisory LLC is a Registered Investment Adviser based in New York City.





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LVS Advisory LLC is committed to communicating with our investment partners as candidly as possible because we believe our investors benefit from understanding our investment philosophy, investment process, stock selection methodology and investor temperament. Our views and opinions include “forward-looking statements” which may or may not be accurate over the long term.

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