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*Wealth*Insider

Your Investment News from True Private Wealth Management October 2015

What's Inside...

Let's put the last Fed meeting into perspective. Will it really matter one year, or five years, or 10 years from now that the Fed chose to raise or not raise interest rates at the September 2015 meeting? It won't.

It's the long-term that really matters, not the day-to-day or month-to-month gyrations in the market.

THE FED BLINKS

The September meeting at the Federal Reserve was overly anticipated by analysts, economists, and short-term investors because there was the real possibility that central bankers would finally boost the fed funds rate for the first time in almost 10 years.

In case you missed it, the Fed chose not to raise rates in September, but left open the possibility we might see an October or December move.

Instead, unreasonable worries about what's happening in China and emerging markets were the primary reason the Fed chose to stay on hold. As Yellen noted at her quarterly press conference, "We focused particularly on China and emerging markets." Yet, China only accounts for .7% of our GDP.

Post meeting, more than one Fed official acknowledged the decision was a close call (Reuters), and in a speech a week after the meeting, the head of the world's most powerful central bank said she expects that a hike this year in the fed funds rate is "likely" followed by "gradual" increases.

While I believe it is important to monitor various economic indicators and events that have the potential to impact various asset classes, it's also important to filter out "the noise" that only the shortest-term traders might find of value. The hype over this rate move is certainly "noise" and should be filtered out by long-term investors.

Perspective

In other words, let's put the last Fed meeting into perspective. Will it really matter one year, or five years, or 10 years from now that the Fed chose to raise or not raise interest rates at the September 2015 meeting? It won't.

It's the long-term that really matters, not the day-to-day or month-to-month gyrations in the market.

While rollercoaster rides can be fun for some (think the short-term or day trader) and unsettling for others, a more mundane approach is usually the best.

As the influential economist Paul Samuelson once said, "Investing should be more like watching paint dry or watching grass grow. If you want excitement, take $800 and go to Las Vegas." It's why I counsel to skip the financial news channels that focus on the ever-changing crisis of the month. The daily apocalypse-du-jour, if you will.

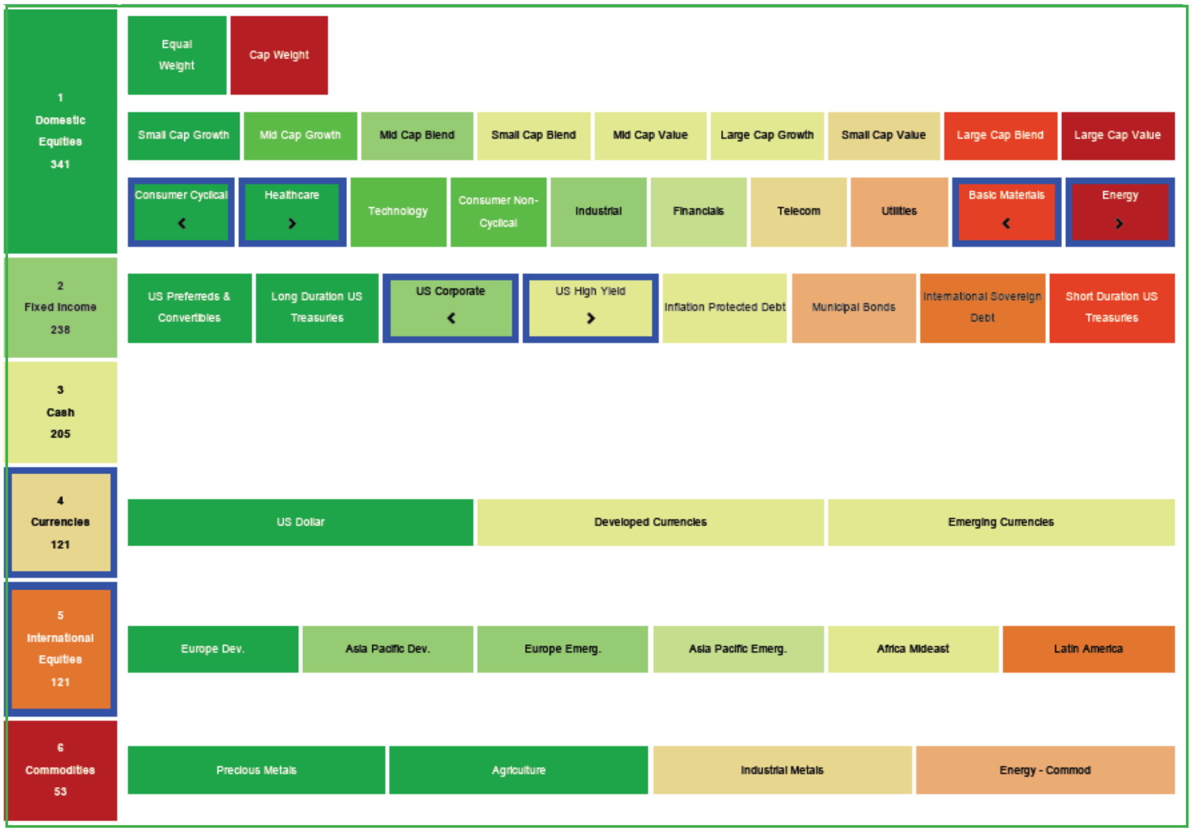
Market Performance			
	MTD* %	YTD %	3-year** %
Dow Jones Industrial Average	-1.47	-8.63	+6.62
NASDAQ Composite	-3.67	-2.45	+14.03
S&P 500 Index	-2.64	-6.74	+10.05
Russell 2000 Index	-5.07	-8.63	+9.54
MSCI World ex-USA***	-5.29	-8.69	+1.90
MSCI Emerging Markets***	-3.26	-17.18	-7.56

Source: Wall Street Journal, MSCI.com *August 31, 2015 – September 30, 2015
**Annualized ***USD

Only you know how you will react. That's why I counsel – Investor, know thyself!

It is also why I recommend what's called a "tactical asset allocation approach," where we hold more than just one class of assets. Every day we rank the major asset allocation categories: US Stocks, Fixed Income, Foreign Stocks, Cash, Currencies, Commodities, and Real Estate. This provides us a blueprint for allocating your portfolio. Then, inside of the top two asset classes, we rank the subcategories. The latest ranking is shown in the picture below.

On the far left hand side, you can see that Domestic Equities



and Fixed Income are ranked ABOVE Cash. Everything ranked BELOW cash has no money invested within our models. As you look across this picture, the sub-categories of the market are ranked from strongest in relative strength to weakest. The blue box with the arrows indicates movement. For example, Consumer Cyclical moved above Healthcare on 10/2/2015.

In summary, we use Asset Allocation, Momentum, and Relative Strength to screen those investments that meet our criteria. To reduce the risk of your investments, we employ a Moving Average Screen, a Stop Loss Strategy, and our daily monitoring and watching of your money that is invested in the markets to make adjustments as needed.

Then we tailor your investments based on your goals, dreams, and plans. When we are young and may not need any cash for decades, it is usually wise to focus on capital appreciation, which entails more risk. But as we age, preservation of capital, quick access to our funds, and regular income become equally if not more important.

That’s why the current correction has had less impact on those who have reduced exposure to stocks. But remember, these portfolios would be hard pressed to match stock market indexes when the bull market is raging.

Bottom Line

Tommy Armour, who was one of the greatest golfers of the early 20th century, once said, “The way to win is by making fewer bad shots.”

Diversification and an investment roadmap are major steps in the direction of taking fewer bad shots and are the keys to long term success.

In closing, I trust that you have found this month’s summary to be beneficial and educational. As always, I am humbled that you have placed your trust in my firm. It is something I never take for granted.

I always emphasize that as your financial advisor, it is my job to partner with you. If you ever have any questions about what I’ve conveyed in this month’s message or want to discuss anything else, please feel free to reach out to us.

Bryan A. Sarff
President & Personal Wealth Manager

CARNIVAL PUMPKIN SOUP

- 2-1/2 Quarts Chicken Stock
- 1/2 Pound Onion, quarters
- 5-2/3 Ounces Leek, chunks
- 1-1/8 Ounces Garlic Clove
- 3-3/8 Tbsp Olive Oil
- 1-2/3 Cups Half and Half
- 1/4 Cup Heavy Cream
- 5/8 Ounce Chicken Base
- 1-1/4 Pounds Pumpkin Puree, roasted
- Salt and Pepper to taste
- Dash Nutmeg

1. Roast onions, leeks and garlic cloves in olive oil in a preheated oven at 300 degrees Farenheit for 30 to 45 minutes. Remove and puree in blender.
2. Bring stock, pumpkin puree, pureed vegetables and chicken base to boil. Simmer for 45 minutes.
3. Add Half & Half and simmer.
4. Season with salt & pepper.
5. Finish with heavy cream.
6. Top with nutmeg.

This recipe serves 15 people

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Coaching Tip:

Whether it is investing for your future or another financial planning issue, starting early pays off.

#1

Procrastination

Top 10 Mistakes Investors Make with Their Money

Part 1 of a 10 part continuing series

Every week we help people like you avoid making mistakes with their money. There are a number of pitfalls and potholes along the way that can turn an easy transaction into a headache. We hope this series of 10 Mistakes Investors Make with Their Money will help reduce any time you might spend trying to unwind a mess with the IRS or Investment company...

"One of the greatest labor-saving inventions of today is tomorrow."
—*Vincent Foss*

I'll be the first to agree that doing without something today for the sake of a better tomorrow is challenging. But humans have the innate ability to put off making weighty decisions until the last minute.

When we lack confidence or knowledge in an area we tend to postpone making any decision until more information can be gathered. For the "we need just one more bit of information" crowd, the result is often "paralysis by analysis." It's only natural: we want to be comfortable with our decisions. The problem is that some people may never be comfortable making financial decisions – and doing nothing may be the worst mistake of all. When it comes to financial matters, failing to be proactive can be costly.

Here's a classic example that applies to wealth accumulation. Let's call it, "The Story of Two Sisters." Lisa decides to start investing at age 25 and sets aside $2000 a year for 10 years and then stops. Her sister Meredith delays investing for 10 years and then, at 35, starts to invest the same $2000 amount every year until she reaches age 65. Applying the same rate-of-return, who has the larger account value? Amazingly, it's Lisa who started earlier, even though Meredith invested nearly three-times as much!

Whether it is investing for your future or another financial planning issue, starting early pays off. The evidence shows that those who are planning-oriented not only enjoy a higher net worth, they also benefit from peace of mind knowing their financial futures are secure.

When it comes to securing your financial future, it is important to remember that it's time, not timing, that counts.