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Money Matter\$



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Ph. (503) 397-1545 www.sommersfinancial.com

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Do you know your 'Risk Number'? We think you should.

by Joyca Pereira

Great Expectations, besides being a popular read, summarizes investing sentiments through the ages. We all want our little nest eggs to grow into colossal dinosaurs. But realistically, what can one expect? In order to deserve a large reward, you have to be willing to risk something. That risk could be uncertainty, instability (volatility), or possible loss.

People invest in the stock market because the amount of money you can potentially gain is higher than the amount you could potentially lose. History shows that the market climbs and falls, as nicknamed by the upward 'Bull'—and downward 'Bear'—markets. How much are you willing to let the market drop before you panic? Where is that point where you become uncomfortable? That is what we are attempting to find out from clients through a new impressive tool we have implemented over the past year called Riskalyze.

Riskalyze is the award-winning company that invented the Risk Number, the first-ever quantitative way to capture risk tolerance, align investment portfolios to meet client's expectations, and quantify the appropriateness of investments. It is based on the Nobel Prize winning economic theory of Daniel Kahneman. Our technology now ensures that the portfolio we design aligns with the goals and preferences of our client over the long-term.

The three core functions of our new software are portfolio analysis, a risk questionnaire and the retirement map. The portfolio analysis allows us to

objectively evaluate how much risk exists in your portfolio. In the past, we didn't have a way to determine this; and more importantly, how it impacted our client's preferences. Through a series of simple questions taking less than five minutes to complete, our clients are assigned a risk number. We are essentially pinpointing how much volatility a client can live with, to reach a potential return, which is unique to each investor.

If someone asked me to go sky-diving, I'd likely get dry heaves thinking of the possibility, while someone else might be jumping up and down with glee and excitement. The same differences occur in investing comfort tolerances. What is so powerful about this solution is that there is a statistical 95% probability of keeping our portfolios within our clients' risk tolerance over any six-month period. Our analytics can also stress test these portfolios to show how they would have reacted in those unusual circumstances like the 2008 Bear Market or the 2013 Bull Market.

Now instead of letting emotions take over decisions or dictate trades, we can turn guesswork into predictability; and have a foundation for knowing what is expected, and—with near certainty—the probability of hitting that goal.

If you haven't taken this questionnaire yet, you should. Email info@sommersfinancial.com for a link to find out what your risk number is, and to see if your portfolio matches your risk tolerance.

"We all want our little nest eggs to grow into colossal dinosaurs."

3-Year Returns

Dow Jones Industrial 30

Average: 6.6 %

S&P 500 Large Company

Stock Index: 10.1 %

S&P Moderate Index:

2.2 %

SPDR Gold Index

(GLD): - 13.0 %

iShares Aggregate Bond

Index (AGG): - 0.8 %

SFM's "NAKED ALPHA

FUND": 3.0 %

ETF EXTRA — FlexShares Global Broad Infrastructure ETF—(NFRA)

FlexShares Global Broad Infrastructure Index Fund is a global equity portfolio consisting of companies that have infrastructure ownership. Infrastructure companies offer investors a defensive exposure with a low historical correlation to other global equities, and potential income generation benefits. Traditional utility, energy and transportation supersectors are included, plus two additional supersectors - communications (including cell towers and data centers) and government outsourcing/social infrastructures - which help to further diversify the portfolio.

NFRA's Notable Statistics

Dividend Yield:	2.44 %
Total Assets in the Fund:	\$ 392 Mil.
Expense Ratio:	0.47 %
One-Year Return:	- 9.4 %
Max Drawn Down (last 3 yrs):	13.0 %



Model STOCK Portfolios

GROWTH-oriented portfolio

% Wt.	Symbol	Description	Div. Yield	1-year Return	3-year Return	Expense
22%	VYM	Vanguard High Dividend Stock ETF	3.36%	-3.5%	11.9%	0.10%
18%	VO	Vanguard Mid-Cap ETF	1.72%	2.3%	17.3%	0.09%
19%	VT	Vanguard Total World Stock ETF	2.56%	-7.1%	7.8%	0.17%
21%	VIG	Vanguard Dividend Appreciation ETF	2.43%	-2.6%	10.5%	0.10%
20%	IVV	iShares S&P 500 ETF	2.16%	-1.2%	13.8%	0.07%

INCOME-oriented portfolio

Average dividend yield: 3.2%

% Wt.	Symbol	Description	Div. Yield	1-year Return	3-year Return	Expense
19%	SCHD	Schwab U.S. Dividend Stock ETF	3.19%	-4.8%	11.8%	0.07%
23%	VYM	Vanguard High Dividend Stock ETF	3.36%	-3.5%	11.9%	0.10%
19%	VT	Vanguard Total World Stock ETF	2.56%	-7.1%	7.8%	0.17%
19%	HSPX	Horizons S&P 500 Covered Call ETF	3.89%	-5.3%	NA	0.65%
20%	SDY	SPDR Dividend Aristocrats ETF	3.12%	0.3%	13.1%	0.35%



Model BOND Portfolios

GROWTH-oriented portfolio

% Wt.	Symbol	Description	Div. Yield	1-year Return	3-year Return	Expense
21%	FATRX	Frost Total Return Fund	3.98%	1.0%	3.7%	0.75%
18%	GSZAX	Goldman Sachs Strategic Income Fund	2.89%	-3.3%	2.5%	0.91%
20%	BSV	Vanguard Short-Term Bond ETF	1.21%	1.7%	1.0%	0.10%
23%	NFRAX	Nuveen Senior Secured Floating Rate Note Fund	3.92%	0.2%	4.3%	0.98%
18%	BASIX	BlackRock Strategic Income Fund	2.48%	0.2%	2.9%	0.92%

INCOME-oriented portfolio

Average dividend yield: 4.6%

% Wt.	Symbol	Description	Div. Yield	1-year Return	3-year Return	Expense
20%	FATRX	Frost Total Return Fund	3.98%	1.0%	3.7%	0.75%
24%	NFRAX	Nuveen Senior Secured Floating Rate Note Fund	3.92%	0.2%	4.3%	0.98%
19%	BTZ	BlackRock Credit Allocation Income Trust	6.58%	-0.8%	3.1%	0.96%
20%	OOSYX	Oppenheimer Senior Floating Rate Note Fund	3.93%	0.2%	3.6%	0.83%
17%	PRVBX	Permanent Portfolio Versatile Bond Fund	4.48%	-3.8%	2.6%	0.82%



Model ALTERNATIVE Portfolios

GROWTH-oriented portfolio

% Wt.	Symbol	Description	Div. Yield	1-year Return	3-year Return	Expense
19%	HHAQX	Hancock Horizon Quant Long/Short Fund	1.70%	5.13%	12.0%	1.35%
18%	RYMSX	Guggenheim-Rydex Multi-Hedge Strategy	0.77%	3.5%	2.5%	1.51%
20%	NRIAX	Nuveen Real Asset Income Fund	6.49%	-1.5%	6.8%	1.17%
19%	SGMVX	Schroder Multi-Asset Income Fund	4.84%	-7.4%	NA	1.10%
24%	NPSAX	Nuveen Preferred Securities Fund	5.13%	3.6%	7.2%	1.07%

INCOME-oriented portfolio

Average dividend yield: 5.1%

% Wt.	Symbol	Description	Div. Yield	1-year Return	3-year Return	Expense
20%	PFF	iShares Preferred Stock ETF	5.13%	5.0%	5.9%	0.47%
17%	SGMVX	Schroder Multi-Asset Income Fund	4.84%	-7.4%	NA	1.10%
17%	TOLZ	ProShares Global Infrastructure ETF	3.91%	-13.4%	NA	0.45%
25%	NPSAX	Nuveen Preferred Securities Fund	5.13%	3.6%	7.2%	1.07%
21%	NRIAX	Nuveen Real Asset Income Fund	6.49%	-1.5%	6.8%	1.17%