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Money Matter\$



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Our Approach to Investing by Joyce Pereira

We recently created a quick summary for a local publication outlining our investment approach, highlighting five key points of interest. If you're not sure why we advise the way that we do, have a quick read; and let us know if you want more detail on any of the items below. We'd be happy to discuss them with you.

- 1. Invest better:** Use low-cost, commission-free ETFs when possible. If you plan to make monthly or periodic investments, only then will we typically recommend the use of mutual funds. Choose a custodian with no transaction or commission fees, since these erode your earnings.
- 2. Diversify:** Different assets perform better at different times; but no one can know which will outperform this year. It's usually best to invest in many different types of investments including stocks, bonds and alternatives like real estate and commodities.
- 3. Find a comfortable volatility:** Investments like stocks, bonds, commodities and real estate go up and down in value every day. Use discipline to stay the course, and only adjust or rebalance systematically. Don't panic

and sell at market lows, because no one can predict when the market is going to bounce back again.

- 4. Save:** Before spending beyond your current needs, set aside money for your future needs. Spending money that you don't have is often a poor investment that compounds itself over time.
- 5. Take advantage of tax-deferred accounts**:** We recommend the following order of importance for your retirement savings: 1st: Contribute to your employer's plan in order to capture an employer match. 2nd: Maximize contributions to a Health Savings Account (HSA) - it's the ONLY TAX-FREE money available in the United States. 3rd: Maximize contributions to your Roth IRA. 4th: Maximize your contributions to the employer's plan, even if there are no matching funds.

**Must meet eligibility requirements.

If you are currently retired, review your monthly expenses and make sure you're not over-withdrawing from your nest egg. A 4% withdrawal rate is good rule of thumb.

"Spending money that you don't have is often a poor investment that compounds itself over time."

5-Year Returns

Dow Jones Industrial 30 Average:	7.6 %
S&P 500 U.S. Large Company Stock Index:	9.6 %
S&P Moderate Allocation Index (AOM):	4.9 %
SPDR Gold Index (GLD):	- 3.1 %

ETF EXTRA – iShares U.S. Minimum Volatility Stock ETF – (USMV)

The iShares MSCI USA Minimum Volatility ETF tracks an index of US-listed firms selected and weighted to create a low volatility portfolio subject to constraints, including sector exposure. The fund typically over-weights defensive, dividend-paying sectors relative to our cap-weighted benchmark. The ETF takes substantially less risk than the market portfolio as shown by low beta. USMV charges a low fee, tracks its index well and trades briskly; these traits, plus its alternative exposure earn a spot ETF.com's Opportunities List.

USMV's Notable Statistics

Dividend Yield:	2.01 %
Total Assets in the Fund:	\$ 14.3 Bil.
Expense Ratio:	0.15 %
12-Month Return:	15.2 %
Max Drawn Down (last 5 yrs):	- 9.5 %

iShares Aggregate Bond Index (AGG):	3.7 %
SFM's "NAKED ALPHA FUND":	8.8 %



Model STOCK Portfolios

GROWTH-oriented portfolio

% Wt.	Symbol	Description	Div. Yield	1-year Return	3-year Return	Expense
23%	VYM	Vanguard High Dividend Stock ETF	3.06%	7.8%	12.2%	0.09%
17%	VB	Vanguard Small Cap Stock ETF	1.90%	-4.1%	9.1%	0.08%
19%	USMV	iShares U.S. Minimum Volatility Stock ETF	1.97%	15.2%	16.2%	0.15%
20%	VIG	Vanguard Dividend Appreciation ETF	2.13%	6.5%	10.6%	0.09%
21%	IVV	iShares S&P 500 ETF	2.18%	2.8%	12.5%	0.07%

INCOME-oriented portfolio

Average dividend yield: 2.9%

% Wt.	Symbol	Description	Div. Yield	1-year Return	3-year Return	Expense
25%	SCHD	Schwab U.S. Dividend Stock ETF	2.86%	9.6%	11.9%	0.07%
30%	VYM	Vanguard High Dividend Stock ETF	3.06%	7.8%	12.2%	0.09%
22%	QDF	FlexShares Quality Dividend Stock ETF	2.84%	3.9%	11.2%	0.37%
23%	QDEF	FlexShares Quality Low-Volatility Div. Stock ETF	2.88%	5.5%	11.8%	0.37%



Model BOND Portfolios

GROWTH-oriented portfolio

% Wt.	Symbol	Description	Div. Yield	1-year Return	3-year Return	Expense
19%	MBB	iShares Mortgage-Backed Securities ETF	2.32%	3.9%	3.6%	0.29%
19%	BND	Vanguard Total Bond Market ETF	2.40%	6.2%	4.2%	0.06%
24%	BSV	Vanguard Short-Term Bond ETF	1.34%	2.4%	1.8%	0.09%
20%	MUB	iShares National Municipal Bond ETF	2.29%	7.3%	5.8%	0.25%
18%	FATRX	Frost Total Return Bond Fund	3.55%	2.7%	3.7%	0.75%

INCOME-oriented portfolio

Average dividend yield: 4.7%

% Wt.	Symbol	Description	Div. Yield	1-year Return	3-year Return	Expense
21%	NFRAX	Nuveen Senior Secured Floating Rate Note Fund	4.92%	-0.5%	2.3%	0.75%
24%	PCY	iShares Emerging Market Govt. Bond ETF	5.13%	12.4%	8.3%	0.50%
33%	FATRX	Frost Total Return Bond Fund	3.55%	2.7%	3.7%	0.75%
22%	CSI	Cutwater Select Income (Closed-End Fund)	5.06%	13.0%	9.0%	0.77%



Model ALTERNATIVE Portfolios

GROWTH-oriented portfolio

% Wt.	Symbol	Description	Div. Yield	1-year Return	3-year Return	Expense
21%	AGAQX	361 Global Long/Short Equity Fund	0.00%	5.8%	NA	1.88%
20%	NPSAX	Nuveen Preferred Securities Fund	5.58%	4.2%	5.8%	1.06%
20%	VNQ	Vanguard U.S. Real Estate ETF	3.99%	22.7%	14.8%	0.12%
19%	BAICX	BlackRock Multi-Asset Income Fund	4.40%	0.1%	3.9%	0.84%
19%	NRIAX	Nuveen Real Asset Income Fund	5.10%	6.0%	8.3%	1.16%

INCOME-oriented portfolio

Average dividend yield: 5.0%

% Wt.	Symbol	Description	Div. Yield	1-year Return	3-year Return	Expense
22%	PFF	iShares Preferred Stock ETF	5.76%	6.2%	7.1%	0.47%
20%	NRIAX	Nuveen Real Asset Income Fund	5.10%	6.0%	8.3%	1.16%
21%	NPSAX	Nuveen Preferred Securities Fund	5.58%	4.2%	5.8%	1.06%
18%	BAICX	BlackRock Multi-Asset Income Fund	4.40%	0.1%	3.9%	0.84%
19%	VNQ	Vanguard U.S. Real Estate ETF	3.99%	22.7%	14.8%	0.12%