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Money Matter\$



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Financial Planning & Investment Advice—The Heart of What We Do

By Adam Sommers

People sometimes think I'm a stock broker. Many know I also deal in bonds, bank CDs, mutual funds, and ETFs. However, I'm not a broker, but rather an investment advisor. **I advise our clients on anything money-related:** assets, debt, income, expenses, cash flow, taxes, commodities, interest rates and even currency (think gold...or Bitcoin!).

However, typically investment advisors (not the product pushers that call themselves "financial advisors") earn fees as a percentage of assets that they manage. Because most investment advisors are not also realtors or property managers, this often leads to implicitly discouraging clients from investing in real estate.

Not me. **I encourage real estate investment** (e.g. our 4/1/2013 and 7/1/2007 newsletters) – if done the right way, at the right time, with the right 'envelope' of money. I'd like to consider myself not just an investment advisor, but a financial planner – and I want my clients to think of me the same way.

We have an order of priority for most folks for how to save and invest. *The following items have eligibility requirements, so are not "one-size fits all":*

1. **Workplace retirement plan 'to the match' (grab the free money!)**
2. **H.S.A. 'to the max'**
3. **Roth IRAs 'to the max'**
4. The fourth priority is where it gets interesting – and it usually pays at this point to complete a comprehensive financial plan, as it could be any or all of the following:

- ◆ Workplace retirement plan 'to the max'
- ◆ 529 plan(s)
- ◆ Real Estate (investment property!)
- ◆ Taxable investment account
- ◆ Cash value universal- or whole-life insurance
- ◆ Donor-Advised Fund

Notice variable annuities don't make the list? Another missing item is what investments to hold. Once you know where and how to save, the next step is determining what investments to purchase. Stay tuned...

"...this often leads to implicitly discouraging clients from investing in real estate."

Three-Year Returns

FTSE All-World ex-US Stock Index (VEU): 3.9 %

S&P 500 U.S. Large Company Stock Index (SPY): 11.1 %

U.S. Real Estate Index (VNQ): 6.9 %

iShares Aggregate Bond Index (AGG): 1.8 %

SPDR Gold Index (GLD): 1.7 %

S&P Moderate Allocation Index (AOM): 5.5 %

S&P Conservative Allocation Index (AOK): 3.8 %

S&P Aggressive Allocation Index (AOA): 6.6 %

SFM's "THE NAKED ALPHA FUND": 5.8 %

ETF EXTRA — SPDR S&P 500 Growth ETF — (SPYG)

Information from ETF.com: SPYG tracks an index of primarily large-cap growth stocks. **The index selects companies from the S&P 500 Index based on three growth factors: sales growth, the ratio of earnings change to price, and momentum.** SPYG tilts toward technology and health care, and because it pulls from the S&P 500, SPYG also carries some mid-cap exposure. SPYG is an Efficiency leader in its segment, charging a low fee and offering close tracking of its underlying index that generally stays in line with that fee.

SPYG's Notable Statistics

Dividend Yield:	1.34 %
Total Assets in the Fund:	\$ 2.6 Bil.
Expense Ratio:	0.04 %
3-Year Avg. Annual Return:	13.6 %
Maximum Drop (last 3 yrs):	- 13.3 %



Model STOCK Portfolios

GROWTH-oriented portfolio

% Wt.	Symbol	Description	Div. Yield	1-year Return	3-year Return	Expense
21%	XMLV	Invesco Mid-Cap Low Volatility ETF	2.24%	10.6%	15.4%	0.25%
21%	XSLV	Invesco Small-Cap Low Volatility ETF	1.92%	15.8%	18.1%	0.25%
19%	SPYG	SPDR S&P 500 Growth ETF	1.34%	19.1%	13.6%	0.04%
18%	QTEC	First Trust Nasdaq-100 Technology Sector ETF	0.81%	23.2%	27.4%	0.58%
21%	MTUM	iShares USA Momentum Factor Stock ETF	0.99%	26.2%	19.7%	0.15%

INCOME-oriented portfolio

Average dividend yield: 2.3%

% Wt.	Symbol	Description	Div. Yield	1-year Return	3-year Return	Expense
25%	XMLV	Invesco Mid-Cap Low Volatility ETF	2.21%	6.9%	12.6%	0.25%
17%	DTN	WisdomTree US Dividend ex-Financials ETF	3.18%	9.8%	9.3%	0.38%
20%	LGLV	SPDR US Large Cap Low-Volatility ETF	2.06%	9.0%	11.5%	0.12%
18%	ACWV	iShares Global Minimum Volatility ETF	2.12%	6.6%	8.5%	0.20%
19%	DON	WisdomTree Mid-Cap Dividend ETF	2.08%	14.1%	12.6%	0.38%



Model BOND Portfolios

GROWTH-oriented portfolio

% Wt.	Symbol	Description	Div. Yield	1-year Return	3-year Return	Expense
29%	NEAR	iShares Short Maturity Bond ETF	1.75%	1.5%	1.3%	0.25%
19%	LMBS	First Trust Low-Duration Bond ETF	2.76%	0.8%	3.3%	0.68%
16%	BFRA	BlackRock Floating Rate Note Fund	3.97%	3.7%	3.6%	1.00%
18%	PONAX	PIMCO Income Fund	5.15%	2.0%	5.0%	0.90%
18%	FLOT	iShares Floating Rate Bond ETF	1.73%	1.9%	1.4%	0.20%

INCOME-oriented portfolio

Average dividend yield: 4.1%

% Wt.	Symbol	Description	Div. Yield	1-year Return	3-year Return	Expense
27%	FATRX	Frost Total Return Bond Fund	3.32%	1.2%	2.7%	0.76%
34%	BFRA	BlackRock Floating Rate Income Fund	3.97%	3.7%	3.6%	1.00%
39%	PONAX	Pimco Income Fund	5.15%	2.0%	5.0%	0.90%



Model ALTERNATIVE Portfolios

GROWTH-oriented portfolio

% Wt.	Symbol	Description	Div. Yield	1-year Return	3-year Return	Expense
18%	AGAQX	361 Capital Global Long/Short Equity Fund	0.15%	7.1%	7.3%	1.78%
26%	BLADX	BlackRock Managed Income Fund	3.10%	2.2%	4.6%	0.77%
20%	NPSAX	Nuveen Preferred Securities Fund	5.46%	0.3%	5.2%	1.04%
18%	FIW	First Trust Water-Focused ETF	0.61%	14.7%	18.6%	0.56%
18%	VRP	Invesco Variable Rate Preferred Stock ETF	4.77%	-0.3%	5.4%	0.50%

INCOME-oriented portfolio

Average dividend yield: 4.5%

% Wt.	Symbol	Description	Div. Yield	1-year Return	3-year Return	Expense
25%	NPSAX	Nuveen Preferred Securities Fund	5.46%	0.3%	5.2%	1.04%
20%	IYLD	iShares Multi-Asset Income Fund	4.86%	0.7%	4.5%	0.59%
24%	VRP	Invesco Variable Rate Preferred Stock ETF	4.77%	-0.3%	5.4%	0.50%
25%	BLADX	BlackRock Managed Income Fund	3.10%	2.2%	4.6%	0.77%