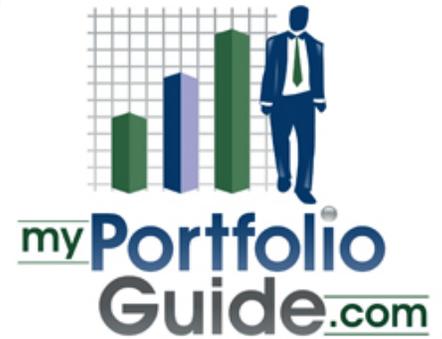


the Guide



weather calamities, health scares, and the list goes on.

Long gone are the days when a news story reported facts on how things actually happened. News is now sensationalized to a point where you can't trust if it's factual or hyped up entertainment. With technological advances many visual news feeds are often worse than those in print. Your eyes and ears are bombarded with sound and visual effects that enhance the dramatic and emotional tugs they were intended to trigger.

When it comes to being an informed investor you are put in even more of a pinch. You can't simply bury your head in the sand and ignore everything out there but if you fall prey to fear-based media tactics, it typically leads to making poor investment decisions.

Many financial media outlets present isolated facts as though they were bonafide trends. Negativity runs rampant and the constant barrage of a 24/7 "news" cycle also plays a role into making you think the sky is falling...or that it will soon! Our natural optimism is eventually replaced with fear, subtle negativity and fatalistic thinking.

Retrain your brain and learn to filter out the noise!

INSIDE THIS ISSUE :

EYE CANDY HEADLINE GRABS YOU IN AGAIN!

Retrain your brain! It's tough to do in today's culture but you need to filter through the multitude of garbage and alarming media headlines.

MARKET RECAP

How did the stock market do last quarter? Take a look at how different benchmarks and indexes did versus your own portfolio. What's on the horizon?

EDUCATION CORNER

Many investors are being fooled into thinking we've been in a "good stock market". Do you trust it?

NEWS & NOTES CALENDAR

Spring is here! Find out what My Portfolio Guide is up to and what is planned in your area.



"If it Bleeds, it Leads..."

Your mind is being trained to look for garbage.

The media's main goal, aside from making money, is to **grab your attention**. Media outlets make money by generating good ratings which then attract more advertising dollars. There is a war of information that is starved for your attention and you are totally surrounded; it's everywhere from your TV, your smart phone, every computer, billboards, the radio etc.

How many times do you click on a story due to an alarming headline and leave feeling either depressed, scared, or no more informed about the issue than before you invested time reading it? Take notice of how often the media also presents things in themes of three. For example: Tonight's evening news is virtually guaranteed to have a string of three stories that "connect". It could be three stories of car chases, child abductions, celebrity scandals,



	YTD (as of 3/31/15)	2014	2013	2012	2011	2010	2009	2008
20 / 80	1.08%	7.58%	4.86%	6.57%	6.70%	8.25%	10.04%	-3.21%
40 / 60	0.81%	9.44%	11.74%	8.93%	5.55%	9.95%	14.14%	-11.65%
50 / 50	0.67%	10.38%	15.18%	10.11%	4.98%	10.80%	16.20%	-15.88%
60 / 40	0.54%	11.31%	18.62%	11.29%	4.40%	11.65%	18.25%	-20.10%
70 / 30	0.40%	12.24%	22.06%	12.47%	3.83%	12.51%	20.30%	-24.33%
80 / 20	0.27%	13.18%	25.51%	13.65%	3.26%	13.36%	22.36%	-28.55%
S&P 500	0.44%	13.34%	32.39%	16.00%	2.11%	15.06%	26.46%	-37.00%
Mid Cap	7.40%	15.39%	33.50%	17.88%	-1.73%	26.64%	37.38%	-36.23%
Small Cap	5.05%	8.14%	41.31%	16.33%	1.02%	26.31%	25.57%	-31.07%
MSCI EAFE	3.99%	-4.08%	23.29%	17.90%	-11.73%	8.21%	32.46%	-43.06%
Emerging	2.12%	1.02%	-2.27%	18.63%	-18.17%	19.20%	79.02%	-53.18%
Bonds	1.21%	3.23%	-2.02%	4.21%	7.84%	6.54%	5.93%	5.24%

MARKET RECAP

How did the "Market" do ???

Never rely on the media to tell you "how the market did". The answer is different for everyone because investors should be allocated specific to *their* goals and risk tolerance.

The above chart shows several (6) basic portfolio allocations with their corresponding performance over different time periods.

20 / 80, for example, represents 20% in the S&P 500 and 80% in the U.S. Aggregate Bond Index. Other major indexes are also posted (S&P 500, Mid, Small etc) MSCI EAFE represents 23 developed International countries except for the US or Canada.

Lately, two words are commonly being used in regards to the markets – **volatility** and **patience**. We expect more volatility as we move through 2015 due to both domestic and international factors. Per the Fed's recent statement, "patience" has been more or less removed from their monetary policy stance. Everyone is speculating when a rate hike will happen...the only thing for certain is that it will happen. Taking a more active management approach to the fixed income allocation of portfolios will be a wise move as opposed to the typical 'buy and hold' mentality.

The rapid drop in oil prices and a strong dollar has had a dramatic effect on the global markets. While it could take months or even years for oil to recover it will also stimulate global economic growth. Lower energy prices reduce inflationary pressure, which is often viewed as a positive for the overall economy and stock market. As oil attempts to establish a bottom there are many respected companies trading at very attractive valuations which we have taken advantage of. Investors that can weather the volatility will be rewarded in the long run.

We expect 2015 to continue to offer investors growth opportunities around the globe. For those that subscribe to the "reversion to the mean" concept, there could be substantial upside in international equities (in both developed and emerging markets). We also believe both Mid and Small Caps will outperform Large Caps this year and have adjusted our strategic allocations.

With volatility becoming commonplace in the equity markets, investors should consider adding a new component to their portfolio – alternatives. This asset class offers low correlation to the equity markets and can often post positive returns when the market is negative. Components of this asset class include: commodities, real estate, currencies, and managed futures.

EDUCATION CORNER

The “worst” best stock market ever!

“The main purpose of the stock market is to make fools of as many men/women as possible.”

-Bernard Baruch (American financier, 1870-1965)

Do you trust this market? Do you know what you’re doing? Have you “seen this movie before”? Who is beating the market and shouldn’t you be a part of that?!



What is “the Market”?

First and foremost, before one discusses “how the market is doing” it’s critical to define what **the market** actually is! Going back to our front page introduction on media reporting, you must first understand that what the typical newscaster reports as stock market activity is usually very narrow in focus.

The standard news reporter will tell you about the Dow Jones Industrial Average. How many times do you hear, “the Dow is up or the Dow went down?” If you hear this enough times you will subconsciously begin to think “the Dow’s” results are pertinent to you or relevant to the stock market’s health. Wrong!

The Dow Jones is an antiquated index that reports *price-weighted* results on only 30 domestic stocks. To state the obvious, this is a very narrow representation of the global stock market and the real world in which we live. The Dow is truly not depictive of our global economy and furthermore it should be market

cap-weighted instead of price-weighted. With a price-weighted index, a \$5 move in a stock like Goldman Sachs (\$187/share) will move the index up or down far greater than a \$5 move in Coca-Cola (\$40/share). Where is the financial logic in that misrepresentation? Regardless of this simple truth...that’s what you’ll be fed tonight during your dosage of the evening news.

Domestic Bias

Every quarter we encourage investors to look at page 2 of “the Guide. As we say, this is the “report card” of how your portfolio should be performing relative to certain indexes and blended portfolio benchmarks. The challenge with this healthy tip is that we aren’t as influential as the financial media. You have been systematically trained to be a domestic robot since the media first grabbed a hold of your eyeballs. ‘Home bias’ is defined by Investopedia as the “tendency for investors to invest in a large amount of domestic equities,



despite the purported benefits of diversifying into foreign equities”. How many products or services do you pay for that are produced from outside the United States? It’s more than 50% but that’s not how your portfolio looks, is it?!

The average investor is overweighted in domestic stock exposure even though they primarily consume products produced overseas. Over half the world’s opportunities are outside our borders and adding proper relative exposure to your portfolio is the most important thing you can do.

U.S. consumers continue to get excited about the “next great idea/thing” yet the number of overseas IPOs (initial public offerings) outpaced ours 11 to 1.

We would like to expand this discussion by alerting you to the fact that there are other asset classes even beyond U.S. stocks and International stocks.

“I should be up 10% or more, right?”

No...not at all! If you were up that much in 2014 you were mainly in U.S. equities and most likely in a very undiversified portfolio that could be decimated soon. Sorry...did we not sugar coat that enough?

Once again, most investors are conditioned to think that the “stock market” is doing well. Yes, the U.S. markets have performed quite well recently but over time sticking to one asset class will burn you (check out the annual historical returns of each asset class on the next page).

Lastly, per the words of My Portfolio Guide, allow us to remind you that “if you haven’t seen how this movie ends...it will”.

We’re not trying to scare you but rather simply remind you that humans have short memories. As tempting as it is to chase current stock market returns, you will eventually get hurt doing so. A well diversified portfolio should have returned far less than the 13% the S&P 500 posted in 2014.

Right now a happy and savvy investor is up single digits and ready to go shopping once the “you know what” hits the fan...

Alternative Asset Classes

With the ‘writing on the wall’, that stocks are at or near all-time highs and that bonds are sure to get pummeled once interest rates rise....what could possibly go wrong (sarcasm)? Investors have stubborn and short-term memories but if you are in the camp that remembers the pain of the last financial meltdown, don’t succumb to thinking you are forced to repeat history. Why not look to an asset class that mitigated some of that sting and actually had negative correlations to both stocks and bonds?! Contact us directly for more specific information but let this fact sit with you: During the past five worst stock market years, the asset classes that were actually up over 20% were not equity related but rather in the “alternative” category. If you don’t have at least 20% of your portfolio in this area now, you are going to get stung (again).

Cumulative Returns during the “Lost Decade for Stocks” (1/1/2000 1/1/2010)

- REITs +174.6%
- Emerging Markets +162%
- Commodities +99.1%
- U.S. Stock Market -9.1%

The chart below shows you how each asset class has performed. Can you see any patterns worth betting on?

Nope...and that’s the whole point!

People have fallen back in love with U.S. stocks. Why wouldn’t they? After all...that’s what’s working now and investors typically chase what is hot or doing well.

If you bought U.S. stocks on 1/1/2000 and held them through all the ups and downs of the decade until 1/1/2010 you would end up with **nothing**. The S&P 500 was the worst performing asset class and the only one with a negative return for the decade!

We’re going to go out on a limb and profess that the average investor had the least exposure to REITs, Emerging Markets, and Commodities during that same stretch. Looking at the cumulative returns we share with you in the box to the left, you’ll notice that those were the top performing asset classes for the decade!

Lastly, guess what historically does well in brutal years, like 2002 and 2008? While the U.S. stock market dropped -22% and -37% respectively, Managed Futures went up +25% and +14%.

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Real Estate Securities	26.8%	12.8%	23.9%	56.3%	31.5%	34.5%	32.6%	39.8%	5.0%	79.0%	26.6%	8.6%	22.8%	41.3%	25.3%
Commodities	24.2%	8.5%	12.2%	39.2%	26.0%	17.5%	30.2%	11.6%	1.8%	57.5%	26.3%	5.9%	18.6%	33.5%	13.7%
Mid-Cap Stocks	17.5%	6.5%	10.9%	38.8%	22.6%	14.0%	26.9%	11.1%	-15.4%	37.4%	23.5%	4.7%	17.9%	32.4%	9.8%
Emerg-Mkt Bonds	14.9%	4.5%	3.6%	36.7%	20.7%	12.9%	15.8%	8.0%	-26.4%	34.8%	19.2%	4.4%	17.9%	23.3%	6.5%
Inv-Grade Bonds	11.9%	4.1%	1.7%	35.6%	16.5%	12.6%	15.1%	7.3%	-28.5%	32.5%	16.7%	2.1%	16.3%	10.9%	5.8%
Small-Cap Stocks	11.8%	3.5%	-1.9%	34.1%	15.0%	11.0%	14.7%	6.9%	-31.1%	30.7%	15.7%	1.0%	16.0%	7.4%	3.7%
Cash Alternatives	6.1%	-0.6%	-2.0%	29.6%	12.9%	8.9%	12.7%	6.2%	-36.2%	26.5%	15.2%	0.1%	15.6%	0.1%	2.5%
Asset Class Blend	4.9%	-1.7%	-6.0%	28.7%	10.9%	7.7%	11.7%	5.5%	-36.6%	25.6%	15.1%	-1.7%	13.6%	-1.4%	0.8%
High-Yield Bonds	-5.2%	-2.4%	-14.5%	28.2%	10.9%	4.9%	10.3%	4.8%	-37.0%	21.0%	15.0%	-1.7%	13.0%	-2.0%	0.0%
Large-Cap Stocks	-9.1%	-11.9%	-14.6%	22.7%	7.6%	3.0%	4.8%	2.2%	-41.5%	18.7%	8.2%	-11.7%	5.1%	-2.3%	-1.8%
Intl Stocks	-14.0%	-21.2%	-15.7%	4.5%	4.2%	2.7%	3.8%	-0.3%	-43.1%	4.8%	6.8%	-13.4%	0.1%	-2.7%	-4.5%
Emerg-Mkt Stocks	-30.6%	-22.3%	-22.1%	1.0%	1.2%	2.5%	-2.7%	-20.2%	-53.2%	0.2%	0.1%	-18.2%	-1.1%	-9.6%	-17.0%

News & Notes:

Every Industry Changes

It doesn't take too keen of an observation to notice that the world around us changes in the blink of an eye. The technology sector is usually the industry where we see advancements but innovation is happening everywhere. How are things changing in the financial services world?

ROBO ADVISORS



Welcome to the “Robo-Advisor”

First and foremost, let us be clear that while some financial advisors believe this is a huge threat to them and their clients, we think differently. [My Portfolio Guide](#) believes in the old adage “to each his/her own”. The advent of the Robo-Advisor will be a perfect fit for some but a complete flop and disservice to others.

If you don't know what a “Robo-Advisor” technically is, we recently wrote an article about them on our [Dear Mr Market](#) investment blog. In a nutshell, a Robo-Advisor is a technology platform offering portfolio management online with minimal human intervention. They already have approximately \$19 billion under management and that number will increase rapidly; at least in the short-term...

Marketing Machines

If you haven't seen an advertisement in your mailbox, computer, or television for a Robo-Advisor it's that you either haven't noticed or it hasn't sunk in yet. Companies like Charles

Schwab (Intelligent Portfolios) are aggressively spending millions of marketing dollars to get your attention.

Humans seem to have short memories but can we bring up something in the not so distant past to help refresh yours? In the past few years have you or anyone you've known experienced “predatory lending” and mortgages that perhaps were pitched to people who weren't aware of all the details, fine print, suitability, and implications of a new mortgage were?

It's a bull market...at least for now.

We're six years into one of the strongest bull markets in history. Ironically enough, that's about how old the Robo-Advisor industry is. When this market gets blasted...(that's a “when” not an “if), you will see a mass exodus and potentially toxic fallout. The millions of people who thought we were on “Easy Street” and that investment advice is just about depositing money and clicking a mouse for an automated investment algorithm, will be shocked to learn what being down -40% feels like.

“There is no such thing as a free lunch”

Our “beef” about Robo-Advisors doesn't center around that they are a new form of competition but rather many of them will hook investors that are not appropriate fits into thinking they are. Ultimately this will be a disservice to unsuspecting investors.

Don't be fooled for one second that advice is free. Schwab, for example, will direct you into their “free” ETFs and recommend up to 30% in money markets. They make more revenue on money markets than some mutual funds! That equates to billions in profits. They're not a non-profit institution but rather a savvy firm going after massive market share.



CALENDAR:

April 2015

4/17/15 to 4/18/15 :

California Wine Festival

Laguna Cliffs Marriott,
Dana Point, CA



May 2015

5/6/15 to 5/8/15 :

Westcore Investment Summit

Keystone, CO



June 2015

6/14/15 to 6/25/15 :

College World Series

TD Ameritrade Park

Omaha, NE



For interest in these events or others in your area that may not be listed, please email info@myportfolioguide.com

2015 already seems like it's moving at the speed of light! If we haven't been in your area yet you can rest assured that we're likely on the way! The year is still young but we have scheduled more visits across the country than any other over the past five years. If you are in an area outside of California or Colorado and would like to see us please let us know!

This quarter we're highlighting three events that are new to our regular calendar of commitments.

Are you a fan of California wines? If so, come join us at the California Wine Festival in beautiful Dana Point. This event has been voted as one of the Top 10 Best Wine Festivals in the United States. We're offering the first 10 friends and clients interested complimentary tickets to this sold out event. You'll be able to enjoy some of California's best wines coupled with live music and some of the finest cuisine in the region.

In early May we'll be meeting with clients and some associates from Westcore Investments to

share the latest knowledge about the bond markets. Last year Matt Pixa introduced Matt Blake to the world of Ironman triathlons and this year a hobby will be shared the other way! Matt Blake will see how patient Matt Pixa is on the Colorado rivers as he teaches him how to fly-fish.

Spring also brings on a new season of baseball. As fans of this sport we recently enjoyed the annual trip to Spring Training in Arizona. This year we are also checking a trip off the "bucket list" and visiting what is deemed as one the "Top 100 Stadium Experiences". Not only do we have clients to visit in the Omaha, NE area but while in town we'll catch a couple games of the College World Series at TD Ameritrade Park.

As always, please reach out to us with questions or interest in any upcoming event. If you are outside our immediate area but would like a personal visit, connect with us at **(888) 47-GUIDE** and there's a good chance we'll make it happen!

