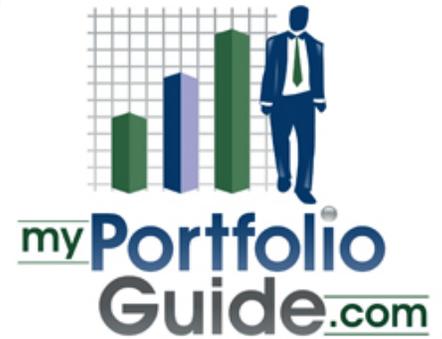


the Guide



INSIDE THIS ISSUE :

THE SKY IS FALLING BECAUSE THEY TOLD YOU SO...

If we paid you \$1 for every fear mongering headline that's been fed to you, we would be broke...

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

When you read the definition of a stock market correction it makes sense; when it's happening, however, most people lose their minds...

NEWS & NOTES CALENDAR

Chime in on our updated logo. Also check out where we've been and where we're going in the months to come!



Top 3 Reasons this stock market correction will become a bear market...

Our last edition of the Guide explained, against popular opinion and consensus, why we thought the Fed would NOT raise interest rates. We nailed that prognostication so this edition's headline should catch your eye as to what we think will happen next.

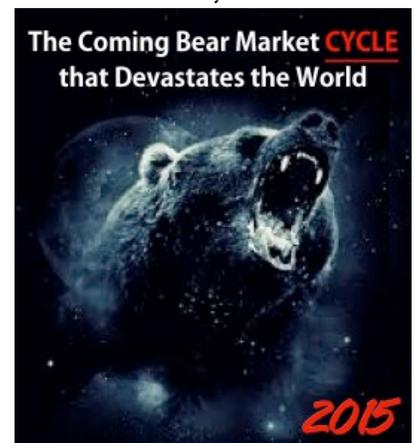
Sorry...not 'gonna' happen!

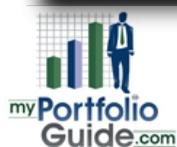
Getting one call correctly doesn't provide any predictive power that the next one will be accurate. The human brain is wired to think that because something happened before there is a high probability of it occurring again in similar fashion. Our brain reverts back to how we hunted and gathered in the Stone Age. If a hunter had success or failure in one area they would

return (or reciprocally leave) thinking there must be a connection.

In this edition of 'the Guide' we encourage you to freshen up your knowledge of what a stock market correction actually is. In the "Education Corner" we dig into the basics as well as remind you that fear and panic are not investment strategies. Additionally, you'll learn more about why your brain is conditioned to react the same way each time the market gets rattled.

Lastly, the next time you see a headline that triggers an emotion, do your best to put it in its proper place. (do you hear that flushing sound?) For the remainder of the year you will see more "bad" news. Things will be presented to you as though the sky is falling when in fact it's not always the case.





	Past 3 months (as of 10/22/15)	2014	2013	2012	2011	2010	2009	2008
20 / 80	0.73%	7.58%	4.86%	6.57%	6.70%	8.25%	10.04%	-3.21%
40 / 60	-0.15%	9.44%	11.74%	8.93%	5.55%	9.95%	14.14%	-11.65%
50 / 50	-0.60%	10.38%	15.18%	10.11%	4.98%	10.80%	16.20%	-15.88%
60 / 40	-1.04%	11.31%	18.62%	11.29%	4.40%	11.65%	18.25%	-20.10%
70 / 30	-1.48%	12.24%	22.06%	12.47%	3.83%	12.51%	20.30%	-24.33%
80 / 20	-1.90%	13.18%	25.51%	13.65%	3.26%	13.36%	22.36%	-28.55%
S&P 500	-4.50%	13.34%	32.39%	16.00%	2.11%	15.06%	26.46%	-37.00%
Mid Cap	-5.45%	15.39%	33.50%	17.88%	-1.73%	26.64%	37.38%	-36.23%
Small Cap	-7.48%	8.14%	41.31%	16.33%	1.02%	26.31%	25.57%	-31.07%
MSCI EAFE	-6.75%	-4.08%	23.29%	17.90%	-11.73%	8.21%	32.46%	-43.06%
Emerging	-9.88%	1.02%	-2.27%	18.63%	-18.17%	19.20%	79.02%	-53.18%
Bonds	0.96%	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.

The outlook on the markets has clearly been negative over the last several months due to volatility fueled by domestic and international issues. Recently we were able to personally meet with the CEO of First Trust, Jim Bowen. His outlook is very refreshing as he chooses to focus on the opportunities that markets like this present to investors although the media tells us otherwise. While there is an abundance of negative narratives, there are positive fundamental drivers that could push this market higher over the next six months.

In our last edition of 'the Guide' we stated that we expect to see a positive 4th quarter and our view has not changed. There is plenty of red ink on the chart above but that shouldn't trick you into thinking we've entered a recession or that a bear market is around the corner. We specifically look for strength in the following sectors: Financials, Technology, and Energy.

The market correction this summer hit the S&P 500 quickly, wiping out year to date gains and posting a -12% return at its low point. The downturn was sparked by a slowdown in China, worries over a Fed interest rate hike, and concerns over global growth forecasts. International markets, particularly Emerging Markets, were slaughtered over the summer months. The 'BRIC' countries (Brazil, Russia, India and China) went from being a market darling, just a few years ago, to the ugly duckling as a drop in commodity prices drove these economies deep into the red. While we talk about "corrections" in the stock market, most people don't realize that the Chinese market got blasted -40%; that is *not* a correction but rather a significant force!

Looking forward, investors need to focus on their allocation and not on stock picking or market timing. From 1980 until today, the stock market has posted negative returns at some point during the year but still finished positive 87% of the time. We believe this market will climb a "Wall of Worry" until early 2016. Any forecast going out further than 12-18 months is worthless but for now, you can climb out from underneath the rubble...

EDUCATION CORNER

Anatomy of a Stock Market Correction

“The data strongly suggest that very good years in the U.S. stock market are followed by more good years.”

- Barry Ritholtz



What is a stock market correction?

Yes...the stock market went down. Thank goodness it did! For once, we finally had a market correction. These events are not only normal but should be welcomed. What exactly is a stock market correction?

We hate investment jargon but the definition of a stock market correction, bear market, and pull-back often get misused. The official definition of a stock market correction is:

“A short, sharp downturn in prices during a longer bull market trend, usually marked by investor pessimism and a bearish story that is later deemed a non-event. Corrections are of a lesser magnitude and duration than bear markets.”

You have a short memory...

It's normal to have a short memory; after-all, you're human. One major reason why this most recent correction rattled so many is that although everyone had been anticipating it, the

markets have ignored reality for quite some time. In essence, the stock market has climbed a proverbial “Wall of Worry” and marched upwards for years without taking a breather. Historically this is very unusual and corrections occur frequently.

Magnitude of Decline	Frequency of Decline
-5% or more	About 3 times per year
-10% or more	About once per year
-15% or more	About once every 2 years
-20% or more	About once every 3.5 years

Prepare...don't Predict

The stock market doesn't go up in a straight line. The more experienced you are as an investor the more you understand that markets go up and down but over time it *always* has led to higher prices. Most people don't know this but since 1973 there has never been a single 15-year rolling time period where the market wasn't positive. The worst that the S&P 500 did was +5% and the best was +20%.



Much like the reality that there will be an earthquake in certain parts of the world, it simply makes sense to prepare for it. It's not a matter of if, but rather *when...* one will hit. The same thought process of preparation should be taken with regard to the markets. Preparing your mind going into anything helps prevent you from making a knee-jerk reaction or a costly mistake.

No shortage of “bad news”

There is no shortage of people predicting doom and gloom. If we wanted to scare the living daylights out of you it would be very easy to produce this seven page newsletter with information that would encourage you to bury your money in a coffee can and build an underground bunker in preparation for the impending apocalypse. Some people have been ‘doomsday prepping’ since 1999 when the Y2K computer glitch was supposed to create chaos and wipe out civilization.

Here's what happens... The more you live, the more people tell you things **cannot** get done. When you're in Kindergarten your optimism is at an all-time high. Everyone tells you “yes”. Soon, however...life, society, peers, and “teachers”...tell you “NO”.

Towards the end of this newsletter we point you to what counts; simple facts and logic... devoid of emotion. The more you can separate yourself from media garbage and emotional tripe...the better. *Understand* the media and their job; don't just buy into everything they say.

Interest rate hikes will blow up the market...

One of the most common and worrisome headlines is that the Fed will raise interest rates. That news...or at least the delivery of it...insinuates that the market will get slaughtered. STOP...turn off your TV. Do **you** have actual proof of a statistical correlation that the stock market falls during periods of interest rate hikes?!

After the 1998 stock market correction, the Fed raised rates six times from 4.75% to 6.50%. What happened following those supposed ‘stock market death sentences’? The market actually annualized a 5% gain. Fears over interest rate hikes are often unfounded. Simple facts point towards stocks actually rising over the past three interest rate hike cycles.

100% Guarantee about the recent stock market correction!

One final thing to consider about stock market corrections is this simple fact: Since 1950 there have been 33 corrections of at least -10% or more (not counting the latest one). With **every single one** of those corrections the stock market eventually surpassed the high previously established before the correction.

Digest that fact one more time; It's not that the market came back *most* of the time, but rather **100% of the time**. Do you still want to take your chances and try to time the peaks and valleys of historically normal market action?

Succumbing to *emotions* guarantees one strategy :

Buy high and sell low...

The last thing you want to do is let fear (or greed) drive your investment strategy. Throughout this issue we have basically explained what Behavioral Finance dictates. We're also very clear in stating that the 4th quarter (barring some unforeseen crazy event) will be positive and virtually negate this past market correction.

Did the August stock market correction scare you? Are you looking at your statements and wondering what happened and "could it get worse" ? Of course you are!

Every human fears losses. It's human nature that we seek to avoid pain and engage in more activities that will likely bring pleasure. Nobel Prize-winning psychologist Daniel Kahneman discovered that investors **dislike losses roughly twice as much as they enjoy gains.**

Was this correction more like 2008 or 1998? If it's 2008 and a massive recession is coming...watch out!!! If it's more like 1998, which in our opinion it is, stay calm but be ready. We firmly believe that this was a classic market correction just as we saw 17 years ago. The market dropped sharply, posted a mini-recovery, and then fell again to find a bottom. From that point on (and where we are basically at now) the markets rallied. In 1998 they actually climbed 28% from mid-October to the end of the year.

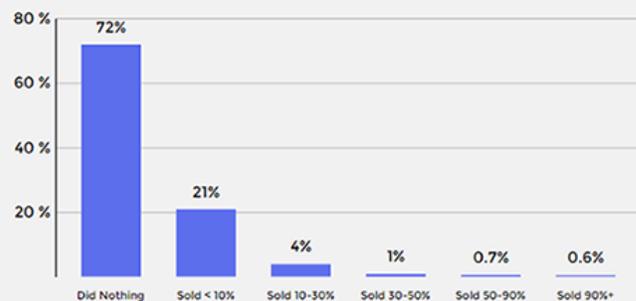
"It's different this time". No... it's actually not. You're still human and **this market will eventually surpass the levels it was at prior to August.** While it may take time, the only thing that is certain is that those who panicked and sold ...guaranteed themselves a loss.

Poor August/September Periods Bode Well for Q4

	<u>Aug/Sept</u> Performance	<u>Q4</u> Performance
1959	-6.00%	5.29%
1966	-8.42%	4.92%
1974	-19.88%	7.90%
1975	-5.50%	7.54%
1977	-2.35%	-1.48%
1981	-11.26%	5.48%
1985	-4.63%	16.04%
1990	-14.07%	7.90%
1999	-3.46%	14.54%
2001	-14.06%	10.29%
2011	-12.45%	11.15%

Source: Bloomberg, BTIG LLC

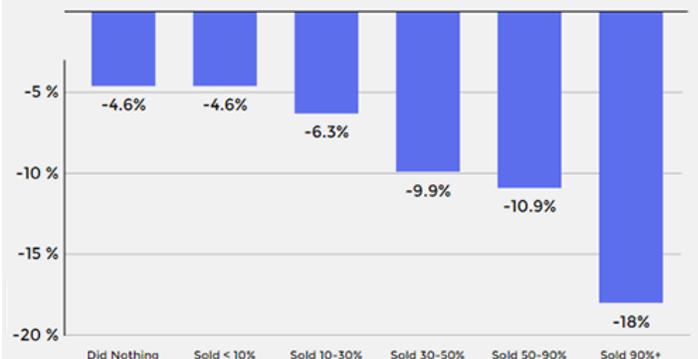
Investor Reactions to August 2015 Stock Market Volatility



Source: SigFig

Here's what most investors did in August...

Median 12-month Total Portfolio Return



Source: SigFig

Investor Reactions to August 2015 Stock Market Volatility

...and here's the return for those respective actions.

News & Notes:

Time for a facelift?

Companies in corporate America have frequently changed their logos due to mergers, acquisitions or a significant change in their business model. We are proud to announce that our logo has recently gone through a makeover itself! Over the course of the last 5 years our clients have relied on us for much more than only managing their investment portfolio. Our new tagline ‘*Personal Wealth Management*’ illustrates how we have become involved in every aspect of our clients financial lives. Each client is treated as an individual with unique scenarios and goals focusing on what is important and drives them, never treating them as simply an account number.



Chicago, IL - September 2015



1995 1996 1996 1997 2009



1976 1976 1998 Current



1916 1937 1961 2003



Behind the logo ...

A logo is only one part of what clients and people see in a brand. What matters even more is what’s on the *inside* of that company. What and who is the driving force behind the face of a company?

As times and logos change one thing will never veer off course. Our original firm mantra is written in stone : ***“Unwavering Ethics, Superior Discipline, and Unsurpassed Value”***.

The financial services landscape is changing faster than the consumer realizes but we firmly believe one thing that cannot be lost is the personal approach to wealth management. Inside of [My Portfolio Guide](http://MyPortfolioGuide.com) you will find two professionals that have **personally** been helping investors for over 20 years.

Every client has access to our mobile phones and can always reach us directly. As we’ve grown, our goals are still on YOU and not farming you out to a call center or a “one size fits all solution”. We thank all of our clients and friends of the firm for your support and loyalty.



CALENDAR:

October 2015

10/26/15:

Financial Planning Symposium

Fee or no fee?



Orange County, CA

November 2015

11/4/15 to 11/5/15 :

Fixed Income Conference

Newport Beach, CA

December 2015

12/3/15 :

Managing your Future! -

Counter-Trend Modeling

presented by:

Denver, CO



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

RSVP (888) 474-8433

Aside from serving clients nationwide and visiting several in the Midwest, why would My Portfolio Guide make an annual trek out to Chicago? America's third largest city has plenty to offer but in our case we checked into the "Windy City" to pick up very valuable information.

After meeting with several of the leading economists and portfolio analysts in the industry, we are proud to announce that our clients will truly benefit from some key shifts in thought leadership and investment insight. Every single portfolio we manage will benefit from significant adjustments that simply would never happen where it not for being exposed to some of the most eminent leaders in the financial services industry.

Many of these breakthrough learnings will be rolled out during an upcoming event we are hosting in Colorado. Along with one of our investment management partners we will host an exclusive dinner event in Denver that dives into the part of a portfolio that 99% of investors have zero exposure to

but should have upwards of 25%!

For those interested but not in the area, please contact us on our toll free number at (888-47-GUIDE) or email us info@myportfolioguide.com to reserve a time to meet.

In November we will be digging into the one area of a portfolio that should historically cause you the least amount of worries but could ultimately blow you up the most in the upcoming decade; **Bonds and Fixed Income**. We currently have a unique strategy in place for this critical part of most portfolios but learning what could (and being in front of what *will* happen) is paramount to what makes us different than boilerplate investment advice.

As always, whether or not our "calendar" dates suit your schedule or not...My Portfolio Guide is the one firm in the entire country that will do whatever we can to meet your personal wealth management needs in one day or less. Try us out...and cheers in the meantime!

