Investor Newsletter brought to you by My Portfolio Guide, LLC : Issue # 15 Q2 2016

the Guide

INSIDE THIS ISSUE :

WHAT IS THE OPTIMUM NUMBER OF STOCKS TO OWN IN A PORTFOLIO?

Some people own 10 stocks and think they're diversified; others own none and are more intelligently diversified. What's the right amount?

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

As we near the half-way point of 2016 (already?!), Matt Pixa and Matt Blake offer a little Q&A on what's ahead…

NEWS & NOTES CALENDAR

Get ready for a fresh new look with the upcoming release of our updated website! Come see us this summer!

You own *how many* different stocks?!?

How many stocks should you own in your portfolio in order to be properly diversified? Over the past month alone we have analyzed several portfolios from new clients that have come over to us from other firms. The following real life examples paint the picture:

1. $1.5 million portfolio with 84 different stocks and five loaded mutual funds (Wells Fargo).
2. $90,000 portfolio with 22 loaded mutual funds and five stocks (Edward Jones).
3. $500,000 portfolio with zero stocks (self directed).

Believe it or not, often the answer is "less is more". The majority of the investing public has absolutely no clue but it's not their fault. People are brainwashed by entertainers like Jim Cramer who says you can achieve diversification with only five blue chip stocks. The legendary Warren Buffett has said that diversifying is for people who don't know what they're doing. The typical financial advisor doesn't even understand the actual science behind the correct answer either!

More often than not, buying stocks is a crap shoot and most people simply collect them as they would junk from a rummage sale. The average portfolio is grossly overweighted towards domestic Large Cap stocks because that's what is in front of your eyeballs. A sophisticated investor (or portfolio) acquires stocks that actually add potential long-term value to a portfolio or take a niche position in an economic sector that is poised to outperform a broad index.

Over the next month we will be sharing a white paper on the precise amount and the "do's & don'ts" of stock selection. Email us at info@myportfolioguide.com for a free copy!

	Past 3 months (as of 6/4/16)	2015	2014	2013	2012	2011	2010	2009
20 / 80	3.12%	0.29%	7.58%	4.86%	6.57%	6.70%	8.25%	10.04%
40 / 60	3.70%	-0.08%	9.44%	11.74%	8.93%	5.55%	9.95%	14.14%
50 / 50	3.99%	-0.26%	10.38%	15.18%	10.11%	4.98%	10.80%	16.20%
60 / 40	4.28%	-0.45%	11.31%	18.62%	11.29%	4.40%	11.65%	18.25%
70 / 30	4.57%	-0.65%	12.24%	22.06%	12.47%	3.83%	12.51%	20.30%
80 / 20	4.86%	-0.82%	13.18%	25.51%	13.65%	3.26%	13.36%	22.36%
S&P 500	4.96%	1.38%	13.34%	32.39%	16.00%	2.11%	15.06%	26.46%
Mid Cap	6.21%	-2.81%	15.39%	33.5%	17.88%	-1.73%	26.64%	37.38%
Small Cap	7.62%	-4.85%	8.14%	41.31%	16.33%	1.02%	26.31%	25.57%
MSCI EAFE	4.29%	-12.67%	-4.08%	23.29%	17.90%	-11.73%	8.21%	32.46%
Emerging	3.47%	-17.61%	1.02%	-2.27%	18.63%	-18.17%	19.20%	79.02%
Bonds	1.93%	-2.29%	3.23%	-2.02%	4.21%	7.84%	6.54%	5.93%

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 first half of 2016 has been a wild ride for investors with the worst start in market history and a sharp correction of over -10%. The declining market of the first quarter seems to be in the distant past and we are now slightly positive as reflected in the grid above. If you didn't predict that the market would be slightly positive YTD after being down -13%, don't try and predict the next chapter!

Over the last few months domestic stocks have been taking two steps forward and then a big step back as the market has been trading 'range bound' for the last two years. Investor sentiment has become much less optimistic recently with over $61 billion pouring out of equity mutual funds and ETFs this year. This can be viewed as a contrarian indicator as cash is accumulating on the sidelines. When the market does move up these reserves will find their way back into the market quickly…fueling new highs.

The energy sector has pulled the market down for the last year and a half but prices have been rebounding! As energy goes so will the market in the near-term. We're witnessing a global reset and you can expect mild improvement in manufacturing and industrial production from this trickle down effect. The Energy Select Sector (XLE) ETF provides a snapshot of what is taking place in this volatile sector with the following returns for the last three years: -8.70% (2014), -21.74% (2015) and +12.70% (YTD 2016).

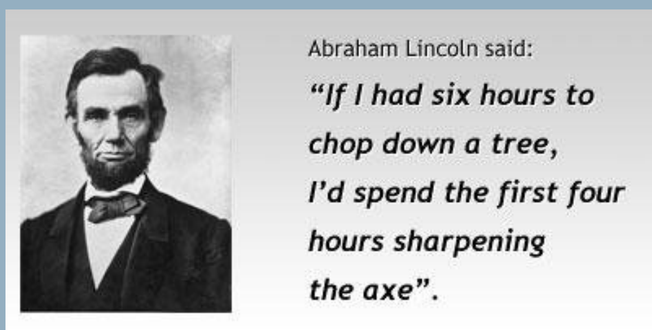
Uncertainty around current Fed policy and anticipating another rate hike has been a consistent headline. In our opinion the Fed and the market appear to be much more in line with each other and future rate hikes should not have the delayed drag that last year's did. Here is a certainty – a rate hike will happen! Far too much effort is wasted anticipating what will inevitably happen.

Barring some unforeseen event, the markets will likely remain flat throughout the summer but as we see improving economic growth, earnings will follow. Patience is key in markets like this – don't be tempted to make radical changes. View volatility as an opportunity and remain disciplined in rebalancing your portfolio allocation.

EDUCATION CORNER

Q & A with Blake & Pixa

In this edition *the Guide* asks both Matt Blake and Matt Pixa questions on a wide range of investing topics.



Who is your favorite (and least favorite) type of client to work with?

I work best with individuals that are looking to work together towards their financial goals. I believe that investors need to assemble a 'Financial Team' to help them with their specific situation. It is vital that the various members of this team work together and have solid communication so that the client's needs and concerns are addressed. I don't typically work well with individuals that are constantly chasing returns or questioning every position or trade.

When I worked for other companies you had to take on anything and anyone so you saw it all. Once I opened my own firm I realized that not everyone is a good fit and vice versa. That said, my favorite client is simply one who "gets it". They have been through other firms and at one point see the difference in working with someone who has their interest at hand over a company agenda or sales quota. The type of client that I usually won't take on or want to work with is the person who is staring at the shiny object. If I do my job right, I educate people to understand what is worth paying attention to, but not everyone "gets it", and that's ok…

Is Apple stock really dead?

Apple is not a stock that you trade – it is a stock that should be bought and held with a multi-year time horizon. While sales have declined and there are issues regarding China we would not bet against Apple. They continue to be an innovation leader and have incredible brand loyalty. Look for Apple to bring new 'game changing' technology to market with upcoming product launches and new platforms that will shape the future. Much of the doom and gloom surrounding Apple is tied to declining iPhones sales recently, I would caution investors to not view this company as simply a hardware company. It was not that long ago that they launched the iPad and individuals wondered how they would use it; now they are commonplace.

As I answer this question I see about three Apple products within a few feet of me. Of course Apple has its challenges; just like any company will. The bottom line though, is that there

are very few companies that are as appealing from a fundamental standpoint. Apple trades at just over 11 times earnings and gives you a 2.3% dividend. What is your bank paying you? Everyone wanted to buy Apple at $700 share and now they think the sky is falling… Remember, this is the same company that has over $200 billion in cash and could literally buy all but 14 companies in the S&P 500!

Describe the funniest thing that ever happened to you while meeting a client?

Back around 2000 I was meeting with a husband and wife, we were discussing their financial goals and how they were currently allocated. Suddenly, the wife looked like she had seen a ghost! She turned to her husband and let him know that her water had broke. I helped her to the car so they could quickly get to the hospital, later that day they were blessed with a beautiful and healthy little girl. They now have three children and I continue to work with them to this day.

What initially looked like a medical emergency turned out to be an introduction to one of the funniest clients I've ever worked with. Back in 2002, a very elderly man came into my office and literally bumped into the corner of my desk breaking the skin on his forearm. We took care of the wound but it kept bleeding. After a few more bandages and pressure on the cut, he said, "I hope you can stop the bleeding on my portfolio as well as you all just handled my less than graceful entrance!"

Tell us what the best and worst news resources you like and why?

The best resource that I rely on is my clients and contacts. By listening to them I am able to discover what concerns them and what they are currently focused on. The media (electronic and print) has become more entertainment as they are focused on drawing viewers and readers with 'shock stories' and selling advertising space. Social media can be a valuable resource but you have to be aware of the source and validate it. Our investment blog (www.dearmrmarket.com) attempts to address many of the pressing issues impacting our clients.

In order to avoid biased opinions, the institutional research we pay for only comes from sources that are not connected to a major investment bank or brokerage firm. I read almost anything I can get my hands on but I will rarely, if ever, watch financial news on television! Even the basic reports that are given have an angle and they basically plant seeds of fear or greed into your mind which make you a weaker investor. As a fiduciary to our clients I'll make decisions from resources that have no axe to grind and zero conflict of interest.

Financial advisors ideally help their clients "sleep well at night"…What keeps you up at night?

Investing and emotions typically go hand in hand. It is easy to find yourself waiting for the market to open and see if a stock or broad index is going up or down. Over my 20 year career I have learned that what is most important is remaining focused on the final destination or goal. We work with our clients as their fiduciary, which means that all investment decisions must be made with only their best interest in mind.

When I first got into this business I worried about everything! The enormous responsibility in managing wealth can be overwhelming to someone new in the industry. 20 years later you learn how to tune out noise and only focus on hedging the risk of the unexpected. I do worry about things anyone normally would (terrorism, health issues, some Black Swan event) but the reality is that to manage this responsibility properly, one has to have a steady hand and control only what you can. By nature I'm an extremely disciplined person and my aim is to bring that to how we manage portfolios.

What is the number one mistake an investor can make in this current market environment?

It isn't if they buy or sell a certain position… it is when they do nothing! When an investor simply sits idle they are actually doing something and it could have a profound impact on their financial future. Too often individuals have retirement accounts with former employers that are neglected if not completely forgotten – take the time to consolidate and have all your accounts working towards the same goal!

We're at a very interesting crossroads right now… With an aging bull market some investors will get overly confident and think they either can do it by themselves or they may be tempted to take on more risk than they should. If you veer off course at key market inflection points the market will make the most intelligent person look silly. I predict that over the next 18 months we will see a major event that will severely shake weak hands…

Is there another another Ironman triathlon in your future or does Team MPG have something else cooking?

We definitely have new challenges in the future! Team MPG raised over $25,000 at the Arizona Ironman that made a significant difference for several organization and charities. The funds I raised for the Pheo Para Troopers enabled them to create a new free mobile app allowing patients to communicate with their doctors to manage their ongoing treatment. Keep your eyes open for an announcement in the coming months regarding the next challenge that we will be tackling!

I often joke that I have enough screws and metal in my body to open a small hardware store! After several surgeries an Ironman may not seem possible…but that's ironically what is most appealing. I absolutely relish in being challenged and creating Team MPG was the first chapter in accomplishing extraordinary things. The result of helping people and causes near and dear to us has set the wheels in motion. You can expect to see a major announcement in 2017…

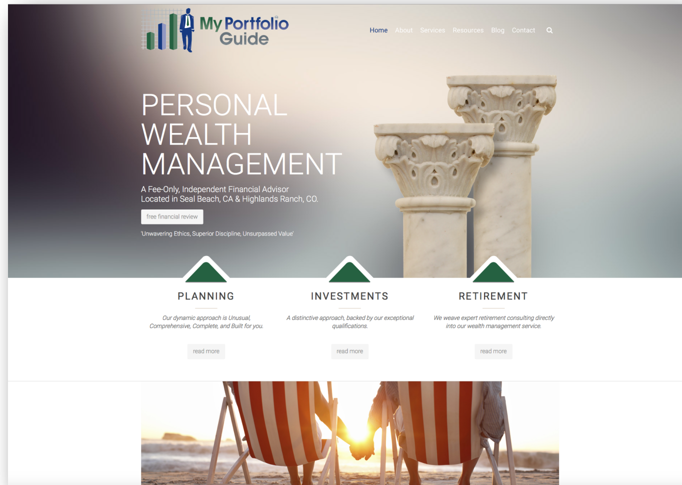
News & Notes:

Coming soon…a facelift to our website!

We're big fans of always "sharpening the saw". Behind the scenes My Portfolio Guide makes continuous efforts to stay ahead of the curve with our research, performance tracking, and financial planning suite of services.

Aside from a handshake, often times the first visual or introduction to us is via our robust website. For our prospective clients you can expect to see a wealth of updated information about our firm, specifics about our unique investment philosophy, and learn about the differences of working with a truly independent fiduciary advisor.

For our existing clients, you will see updated planning tools, easy access to your accounts we manage as well as those outside of our umbrella, and seamless integration with our award winning investment blog, Dear Mr. Market!



CALENDAR:

May 2016

5/20/16:

"It's Your Money Workshop"- Equity Investing, presented by Matt Pixa

Laguna Beach Senior Center

Laguna Beach, CA

June 2016

6/7/16 :

Long-Term Care Lunch & Learn: With Pobrislo Insurance Group

Del Frisco's Steakhouse

Denver, CO

6/16/16 to 6/17/16 :

First Trust Insight Forum

St. Regis Monarch Beach

Monarch Beach, CA

August 2016

8/10/16 to 8/12/16 :

Westcore Investing Summit- Due Diligence Presentations

Denver, CO

How is it possible that we're already almost halfway through with 2016?!? The old adage of "time flies" couldn't be more true.

As we dive into the summer months there are a few events that we'd like to share with you. Over the past quarter, My Portfolio Guide has been honored to be selected and involved in a number of speaking and financial literacy engagements. This opportunity has truly been a wonderful experience as we've been able to meet investors from all walks of life and field questions about what concerns them the most.

Speaking of being in the public eye...If you or someone you know currently works for a company that has a retirement plan (401k, 403b etc), please consider having us come out and give all employees a complimentary Investor Education Workshop. We offer these to companies of all sizes and present timely/educational sessions to employees that typically never hear from or get to meet their retirement plan provider. Don't waste another lunch hour until you learn something worthwhile with us!

Summer also brings about more chances to enjoy the outdoors. Allow us to "plant a seed" with a major announcement that is coming in the next few months on how Team MPG will resume its active yet charitable mission!

For those interested in meeting in person please contact us on our toll free number at (888-47-GUIDE) or you can email us at info@myportfolioguide.com to reserve a time to meet.

RSVP (888) 474-8433