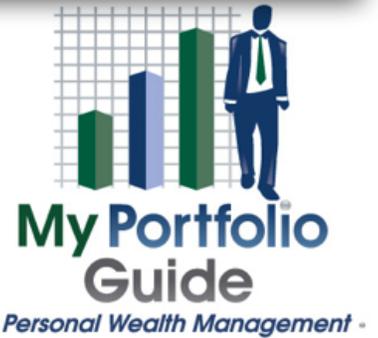


the Guide



INSIDE THIS ISSUE :

SUPERBOWL FORECAST!

It's not so much the Los Angeles Rams you need to cheer on but rather we'll share with you why you should root for the NFC team every year!

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

Did the bear market arrive? The important question is not so much that it's here but rather if you'll behave differently than you did in 2008!

NEWS & NOTES CALENDAR

Don't be part of the 83% of our population that doesn't have established goals. We are making a fresh commitment in tackling your goals and invite you to come see us in 2019!

Why Rams?



You don't have to be a football fan to know that the SuperBowl is one of biggest events in America. SuperBowl Sunday is typically the most watched television broadcast of the year and also the second largest day for food consumption (behind Thanksgiving).

This year we have a rematch of SuperBowl 36 with the Los Angeles Rams taking on the New England Patriots. Seventeen years later it's amazing (and a testament to the greatness of Tom Brady and Bill Belichick) that the Patriots are still together and back in the big game.

We actually don't have a "dog in the hunt" and simply wish for a good game. That said, does the stock market care who wins the big game? Check out page 5 of this newsletter and see what

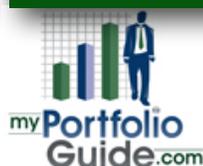
happens 80% of the time that an NFC team wins the Super Bowl!

Speaking of the stock market... that has certainly been top of mind for so many people over the last few months. Last February we wrote an article in our Dear Mr. Market investment blog about Groundhogs Day. If you're reading this electronically [click here](#) for the story. The gist of it all was that until that time the market was void of volatility. Until February of 2018 we had not experienced a market correction in 15 consecutive months and had just came off the best January in 20 years!

For those of you who believe in "how January goes so does the rest of the year"...welcome to reality! As you know 2018 not only proved to throw that cute fairytale to the curb but it brought volatility back to the forefront with a vengeance!

We've been preparing for a bear market for several years so this should come as no surprise.

In a few months (or perhaps quarters depending on how long this lasts) we're going to see all the armchair quarterbacks come out. They'll tell you how they saw this coming and did this or that. In this edition of "the Guide" we'll share what to do and what to ignore.



	2018	2017	2016	2015	2014	2013	2012	2011
20 / 80	-3.90%	4.71%	3.89%	0.29%	7.58%	4.86%	6.57%	6.70%
40 / 60	-4.70%	8.44%	6.12%	-0.08%	9.44%	11.74%	8.93%	5.55%
50 / 50	-5.09%	10.31%	7.24%	-0.26%	10.38%	15.18%	10.11%	4.98%
60 / 40	-5.49%	12.17%	8.36%	-0.45%	11.31%	18.62%	11.29%	4.40%
70 / 30	-5.89%	14.04%	9.48%	-0.65%	12.24%	22.06%	12.47%	3.83%
80 / 20	-6.29%	15.90%	10.59%	-0.82%	13.18%	25.51%	13.65%	3.26%
S&P 500	-7.74%	20.37%	9.54%	1.38%	13.34%	32.39%	16.00%	2.11%
Mid Cap	-13.19%	18.37%	9.59%	-2.81%	15.39%	33.5%	17.88%	-1.73%
Small Cap	-13.44%	15.51%	16.56%	-4.85%	8.14%	41.31%	16.33%	1.02%
MSCI EAFE	-14.82%	25.19%	1.77%	-12.67%	-4.08%	23.29%	17.90%	-11.73%
Emerging	-17.00%	30.52%	9.39%	-17.61%	1.02%	-2.27%	18.63%	-18.17%
Bonds	-3.01%	0.68%	0.04%	-2.29%	3.23%	-2.02%	4.21%	7.84%

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.

As we've noted 2018 was a year that offered "no place to hide". Sometimes when tragedy strikes it's human nature to look for the both the cause and the blame. Addressing the first point we simply need to remember what people have known for years but didn't prepare mentally enough for; the market had gone up for the better part of a decade without too much of a challenge and that eventually ends.

To the second point (blame) one could easily single out the Fed as taking that award. For years they didn't raise rates when they should have and now the pace of their balance sheet reductions really threw a stick in the wheel.

While we mute the talk of recession here, the economy has indeed hit some softer patches. Some are so quick to think we're on life support but when you ask them for specific numbers supporting that they will tell you they're busy and have to get back to work. (i.e. they're employed!)

All jokes aside the market had the worst 4th quarter in 80 years. If you managed to stay somewhat sane and not overreact you will likely be ok and hopefully stay disciplined with your next move. We have plenty to worry about right now; everything from government shutdowns, tariff worries, China slowdown, geopolitical concerns, debt and the list goes on. While it's not all unicorns and rainbows, please point to a time where it was? People have very short memories and we remind you to not make moves when emotional!

In the meantime... **"Stay disciplined to stay positive"** -MPG

EDUCATION CORNER

Bear market semantics!

“For those properly prepared, the bear market is not only a calamity but an opportunity.” -John Templeton



The “B” word

Perma-Bears and doomsayers will already have announced to you that we’re in a bear market. For their credibility to survive and whatever pitch they are slinging to stay relevant (gold, expensive annuities, can’t miss real estate deals etc), they need you to think we’re in a bear market.

By definition a bear market is one that is down at least -20% from its peak. Even though we manage million of assets and use the same lingo as everyone else, we could care less what moniker is given to the market. The S&P 500 barely missed touching that all important -20% mark at one point but to most people we talk to it certainly feels like a bear market.

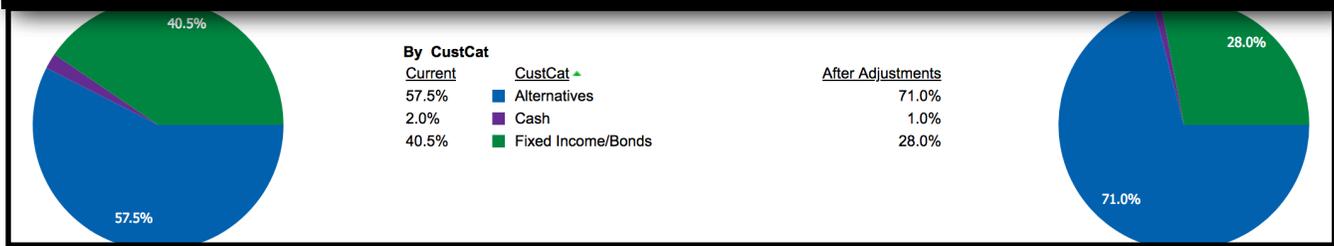
Furthermore there are parts to this market that did indeed touch the -20% point. If you take a look at our chart on page 5 of this newsletter you’ll notice that both the Small and Mid Cap asset classes hit those “bear market” measures during a three month stretch this past December.

We bring this up because if you have a fairly well diversified and intelligently designed portfolio you are likely going to have more

than just Large US companies in it. If you look at the performance grid we produce each quarter on page 2, you’ll see that of the equity benchmarks aside from US Large Cap (S&P 500) everything was in double digit negative territory! This is a whole other discussion but one area that many investors get tripped up on is comparing their returns to the wrong benchmark.

Your benchmark is **not** the Dow Jones, the Nasdaq, or even the S&P 500. Your benchmark is also certainly not your neighbor, Mr. Jones, who always seems to be a step ahead of the herd and has never lost in Vegas either. For a more in depth discussion on what your benchmark is please reach out to us because if you don’t have one or know what it is, you’re basically driving to an unknown destination without a map.

So for all intents and purposes we are in a bear market. Great...but what do you do about it?!? Sometimes the old adage of “doing nothing is actually doing something”. That mindset is actually what we would normally lean towards and recommend having in a typical stock market correction. For those environments (corrections) you cannot time them, they’re often sharp in nature but over quickly, and are completely



unpredictable.

60/40 = 50/30/20

If you've read any of our past newsletters or over 150 articles that we've published, you'll know that we have long taken a different approach to building portfolios. The typical boilerplate financial advisor slams you into what's roughly a 60/40 allocation (60% stocks and 40% bonds) and then when things get nasty they either put their hands up in the air and say "ride it out" or "let's rebalance".

We have been barking about building up another part to your portfolio for this exact rainy day scenario (call it a bear market if you must). For simplicity let's just say we took 10% off of stocks and 10% off of bonds. With the 20% we separated from the traditional model we allocated to alternative investments. (nicely defined as anything that doesn't necessarily behave like stocks or bonds; think real estate, metals, commodities, managed futures etc)

We're not digging deep into this topic in a condensed newsletter but at the end of the day a portfolio like this now has options once 'you know what' hits the fan! We're not only able to sell part of the 20% that hasn't behaved like stocks/bonds but we can do so methodically and with the utmost of discipline.

Our decision is then to buy back stocks in 5% phases. For arguments sake we would do this four times over the course of a full calendar year. While nobody can predict how long a bear market will last we can tell you this: They are far shorter than a

bull market! For your own knowledge they last on about 1.4 years with a cumulative loss of -41%. Hopefully you can see how on average using this very simple and emotionless approach, you'll not only outlast the bear but come out way better than the typical investor.

The "R" word

One definition we will fight tooth and nail on, however, is when someone throws out the "R" word. Sorry folks...we'll keep this short but there is no **recession**. Some people act and talk as though they want to see one but let's just get to the facts before throwing that word around.

A recession, by definition, is two consecutive quarters of negative GDP growth. Is one coming....sure...eventually it will! Is it going to happen in 2019? The odds are an overwhelming NO. One of our favorite jokes sums it up well: "Economists have predicted 9 out of the last 3 recessions".

The "C" word

We could easily insert an educational paragraph here about the "C" word. While a definition or discussion on what a stock market **correction** could seem appropriate we're more inclined to leave you with a different "C" word.

For those of you not familiar with our Columbus Strategy this might be as good a time to learn about it as any. While it's not meant to be for every type of client and portfolio, we use it to help "read the tea leaves". Long story short, the Columbus Strategy is a propriety algorithm that we had devised for us to help gauge the market and how much risk we want to take on.

There will be times it lags but overall it plays better defense than any strategy we've come across. Take a peak at the header at the top of this page but you'll note that our Columbus Strategy is currently over 70% in alternatives (with 33% of that being in gold).

Fear, Facts & Football

Below are two sets of facts that will sit differently with everyone; one actually happened and the other did too but is totally coincidental and has no statistical reliance. The financial media is eager to point out certain correlations but most of the time they make us worse off or emotionally rattled.

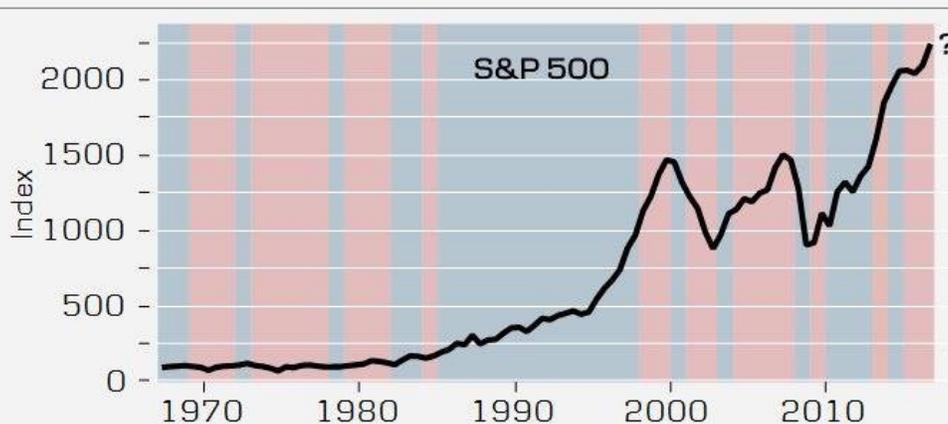
The first chart was one we created while publishing an article this past Christmas Eve. While families were hopefully enjoying time together, Santa Claus was delivering everyone a lump of coal. Read more in our Dear Mr Market blog but basically there was no place to hide in 2018. Remember this though: 2018 has zero predictive power as to what 2019 will do.

The second picture gives anyone rooting for an NFC team some hope that the market will go up this year. As we always remind you...train your brain to ignore eye candy and noise.

2018 Index/Benchmark Returns

INDEX	1 MONTH	3 MONTH	YTD
LARGE (S&P)	-10.18%	-18.25%	-11.61%
MID	-14.50%	-22.47%	-17.14%
SMALL	-15.00%	-24.30%	-17.21%
INTERNATIONAL	-7.50%	-16.11%	-16.90%
EMERGING MKTS	-3.90%	-8.14%	-18.59%
REAL ESTATE	-9.20%	-11.46%	-11.79%
BONDS	+1.20%	+0.51%	-3.31%

'Super Bowl Indicator' suggests that stocks will go up in years where a NFC team has won the Super Bowl (blue) and go down in years where an AFC team has won (red) - 80% hit ratio BUT of course this is a spurious correlation (coincidence).



Source: Bloomberg, Macrobond, Wikipedia, Danske Bank Markets

News & Notes:



Come in and see us!

While we love sitting at the kitchen table or breaking bread at your favorite restaurant...it's also productive to spend some time with us in person at our offices. This year we're making it a point to invite everyone who works with us to come in for their annual or quarterly review.



We get it...everyone is different. While some of our clients have the “let the barber cut the hair” mentality and “just let me know if something is urgent”...we know others that like to meet at least quarterly even if there is not much to adjust.

That all being said, there are tools and services we offer to our valued clients that sometimes can only be shared in the office.

Write it Down!

Once you set up your quarterly/annual review with us, let's agree to both break out a pen and write something down. If you haven't read this before you will now:



Goals are far more likely to be achieved when they're written down.

Lots of financial planners *talk* about goals; we want you to write yours down and in turn we will commit to writing down our role in helping you achieve them. Setting goals is the process of turning the invisible into the visible. Only about 3 out of every 100 people actually write down their goals on paper. Add to that about 14% of people have goals in mind but good luck attaining them as they mix in with the over 1,500 thoughts per minute that the average human processes!



CALENDAR:

February 2019

2/14/19:

SB Chamber of Commerce

Old Ranch Country Club

Seal Beach, CA

2/28/19:

Beach Cities Business Group

My Portfolio Guide offices

Seal Beach, CA



March 2019

3/4/19 - 3/6/19:

Bay Area Client Meetings

San Francisco & San Jose , CA

3/7/19 - 3/11/19:

Spring Training

Arizona Cactus League

Tempe & Scottsdale, AZ

RSVP (562) 799-5595

What an exciting time of year! Although by this time 92% of people who set New Years Resolutions have broken them...we're offering ways to start fresh (at least as it relates to your finances!)

Before you know it Spring will be here and that will take us on the road a bit. We're not traveling quite as much as last year; that's partly by design and also due to Mr. Market keeping us glued to our chairs and trading screens!

For our clients in the Bay Area and in Arizona you can expect to see us in your neck of the woods a couple of times in March. We also encourage any of our "snowbirds" that make the annual trek to Spring Training for some sun and baseball, to please let us know your travel dates. As always we'll either meet you out there if it lines up or find a way to get you a ticket to a game of your choice!

On a more local front we are bringing back a focus on

sitting with people in our offices. We're hosting two Lunch & Learns for local company retirement plans and their employees. One of our New Year's resolutions is to focus and reconnect with trusted professionals and fellow business owners. With that in mind we're reviving the Beach Cities Business Group with a kickoff breakfast meeting on February 28th. If you would like to meet other successful business owners and professionals over coffee and some breakfast treats, please consider joining us at the My Portfolio Guide office. These meetings will be ongoing and held in our conference room so seating is limited to the first 15 that RSVP. Bring your positive energy and some business cards!

As always if you're interested in meeting in person please contact us directly on our office line at (562)799-5595 or you can email us at info@myportfolioguide.com to reserve a time to meet.