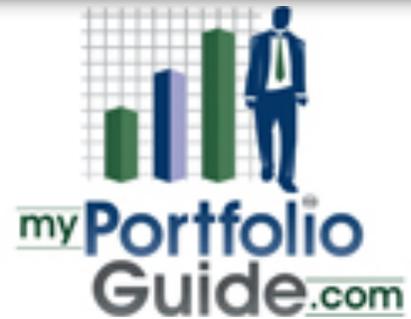


the Guide



INSIDE THIS ISSUE :

HAPPY NEW YEAR !!! NEW PORTFOLIO ???

Do the markets know we turned the calendar? Does your portfolio need a new look?

MARKET RECAP

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

EDUCATION CORNER

What are "Alternative Investments" and do you need them in your portfolio?

NEWS & NOTES CALENDAR

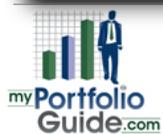
How is your 401(k) managed? Does it deserve a fresh set of eyes or at least a strategy that lines up with your other assets and overall investment goals?

Five, Four, Three, Two, One.....

What does the New Year mean to you? For so many it is a time for reflection on the past year and also an opportunity to look forward to a fresh start and brand new year ahead. This mindset could not be more appropriate for most investors as they evaluate their overall portfolio, financial goals, and assess if they are on track.

Every year brings up a new economic or broad market challenge as well as opportunities. We ended 2012 with such media buzz and coverage of the overhyped Fiscal Cliff that a fairly quiet start to 2013 is perhaps welcomed. In the weeks to come we will inevitably be exposed to stories surrounding the debt ceiling debates along with natural spillover effects from last years headlines.

That being said, don't fool yourself and believe that Mr. Market knows what month we're in or that you haven't started that diet yet. Humans know what month it is but the stock market could care less. Why bring this up? Because we've never seen a January where the media or talking heads haven't discussed the merits of the "January Effect". This supposed theory states that investors with tax concerns sell towards year-end and then buy stocks back in January with the hopes of a lower cost basis. One could speculate that this phenomena would be amplified this past December due to so much tax uncertainty and attention the subject received. Our take: Make sound and disciplined investment/tax decisions throughout the year and wait for the cute articles to entertain you. "Don't let the tax tail wag the investment dog".



	2012	Month of December	Trailing 3 Months	2012	2011	2010	2009	2008
20 / 80	6.58%	0.07%	0.10%	6.58%	6.89%	14.06%	10.11%	-4.56%
40 / 60	8.95%	0.28%	-0.02%	8.95%	5.84%	27.60%	14.27%	-13.65%
50 / 50	10.13%	0.38%	-0.08%	10.13%	5.28%	11.69%	16.34%	-17.94%
60 / 40	11.31%	0.49%	-0.14%	11.31%	4.69%	12.47%	18.40%	-22.06%
70 / 30	12.49%	0.60%	-0.20%	12.49%	4.08%	13.21%	20.44%	-26.03%
80 / 20	13.66%	0.70%	-0.26%	13.66%	3.45%	15.51%	22.47%	-29.83%
S&P 500	16.00%	0.91%	-0.38%	16.00%	2.11%	15.06%	26.46%	-37.00%
Mid Cap	17.28%	2.25%	2.88%	17.28%	-1.55%	25.48%	40.48%	-41.46%
Small Cap	16.35%	3.56%	1.85%	16.35%	-4.18%	26.85%	27.17%	-33.79%
MSCI EAFE	17.90%	3.21%	6.60%	17.90%	-11.73%	8.21%	32.46%	-43.06%
Emerging	18.63%	4.90%	5.61%	18.63%	-18.17%	19.20%	79.02%	-53.18%
Bonds	4.22%	-0.14%	0.21%	4.22%	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”. This 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 24 developed International countries except for the US or Canada.

At My Portfolio Guide we are constantly entertained with how the media spins the current news and headlines. From one quarter to the next we see the words and emotions change but the science and discipline behind investment strategies remain consistent.

What are we saying or dare we “predict”? Well...if you spoke to us or read our Blog and Twitter recaps, you will without question know that we felt the “Fiscal Cliff” issue was real but also **hyped** up by the media. Most investors were led to go to cash or run for the hills and we boldly stated that this was a media driven and hyped up event akin to Y2K. Without intending to pat ourselves on the back, we were right. What’s next?

The 4th quarter of 2012 saw equities run up but most investors were not given the “all-clear” signal. We see value in the European and even the Japanese markets. Most do not but then again the “herd” is almost always wrong. We also see an opportunity in **commodities**. Goldman Sachs has made numerous statements that commodities could present a major opportunity. We specifically believe that as the global recovery ensues, we will see the return and need for commodities appreciate. Part and parcel to our current view is that the need for appropriate alternative investment exposure is greater than ever.

EDUCATION CORNER

What are “Alternative Investments and Does Your Portfolio Need Them?”

In this section of ‘the Guide’ we will take a closer look at what Alternative Investing means and whether it deserves a closer look.

An investment that is not one of the three traditional asset types (stocks, bonds and cash). Most alternative investment assets are held by institutional investors or accredited, high-net-worth individuals because of their complex nature, limited regulations and relative lack of liquidity. Alternative investments include hedge funds, managed futures, real estate, commodities and derivatives contracts.

(definition by Investopedia)



It isn't 1950 anymore...

Have you ever heard the advice of “don't put all your eggs in one basket”? Of course you have. What does that mean though? More importantly...has the question (or the basket) changed over the past 50 years? At My Portfolio Guide, LLC we think it has.

Most financial advisors and their firms who essentially train and educate them on what the “Kool-Aid” is, dictate them to tell clients that one should own a certain mix of stocks and bonds based on their goals and risk tolerance. Super... Now what?

Sixty years ago that was a combination of Large domestic (U.S.) stocks and Bonds. International and Small company stocks were likely left out of the equation. While the old formula of “take 100 minus your age” and that's what you should have in stocks still applies

(somewhat)...we think that this whole approach is a bit stale. The markets have changed drastically but the boilerplate advice has not changed as it should. All one has to do for a refresher on this stale thinking is to recall what a good balance of stocks and bonds did during the “Great Recession” in 2008. How did that work out?

What are “Alternative Investments” anyway???

Alternative investments are simply just that...”alternatives” to traditional stock and bond investments. They essentially “behave” differently and ideally have negative correlations which therefore enhance true diversification and simply help the potential for better returns. You may own some alternatives and not even know it. They range from real estate, long/short strategies, private equity, hedge funds, and commodities. Again, the idea here is to find investments that are negatively correlated to stocks and bonds.



What is the “Smart Money” doing???

Pop quiz...What is the number one performing asset class over the past 10 years? Ready? Got it?

We often ask this and get answers like Apple or Tech stocks. Seriously?! First off..what is an “asset class” and then secondarily was it even on your radar? The best performing asset class over the past decade was REIT’s (Real Estate Investment Trusts). Does that mean you double down and get all in now? No. It means you need to reeducate yourself on what true diversification means.

The proverbial “smart money”, like some of the largest endowments and managed money in the country, has been ahead of the curve for quite some time. The Yale University endowment has systematically changed from a typical 60% Stock and 40% Bond model in the late 1980’s to what now looks like a 80% *alternatives* and the remainder a combination of stocks and bonds. While that’s not what we exactly advocate due to liquidity reasons....it begs the question of how the “Yale Model” has performed? Simply put...the Yale Endowment has *drastically outperformed* a traditional 60/40 model. My Portfolio Guide will soon post a Blog article on these studies so make sure to check in soon if you haven’t already. While we don’t preach mimicking an endowment’s portfolio mix, we have to state ahead of time that once the “bond bubble” pops...portfolios that are diversified like the proposed models of the 1950’s will get **blasted**.

Gold, Silver, or Pork Bellies?!?!

Investors are faced with an immense challenge in navigating this “new asset class”. The majority of investment advisors are only trained to sell or pitch products. Do not expect a trained economist to pick up the phone when you call. How do you get your portfolio to get in line with the changing market and investing landscape?

Get Your Allocation in Line with YOUR Goals

Every investor needs to clearly identify what their specific investment goals, needs, and risk tolerances are. That being said, until an investor meets with a qualified and currently educated advisor, they may never truly realize what their actual goals are. Too often investors are making financial decisions based on what the talking heads in the media are spouting.

We ask you one simple question - Are you invested according to how the markets were in 1950 or how they are in 2013? Think about it. Most investment advisors are simply sales people. Shouldn’t you have someone who is thinking of you and how the markets have changed over the past 60 years? The markets have changed and so have your choices...

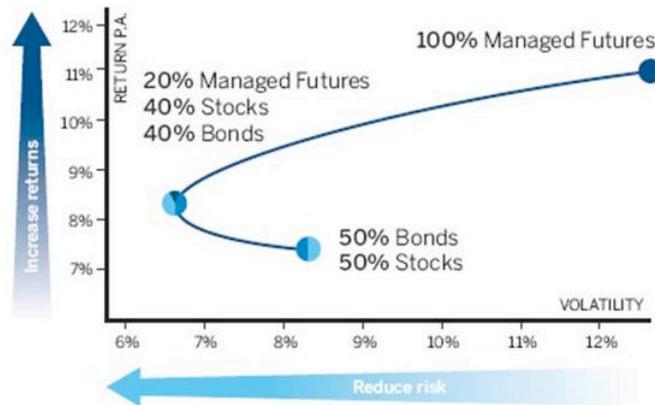
Lastly, we point you to the My Portfolio Guide blog article written on 10/31/12. Check it out...it’s scary out there - like Halloween scary.

IS IT TIME FOR A REVISED VIEW OF THE “EFFICIENT FRONTIER”?

In 1990 Harry Markowitz was awarded the Nobel Prize in Economics for his research and introduction of the Efficient Frontier. His findings revealed and demonstrated the power of true diversification. Different combinations of securities produce varying levels of return. A graphical curve then exhibits the optimal mix of a maximum level of return for a given level of risk. This is the foundation of Modern Portfolio Theory but Markowitz's work was produced in 1952. Can we all agree that the market environment has changed over the past 60 years?

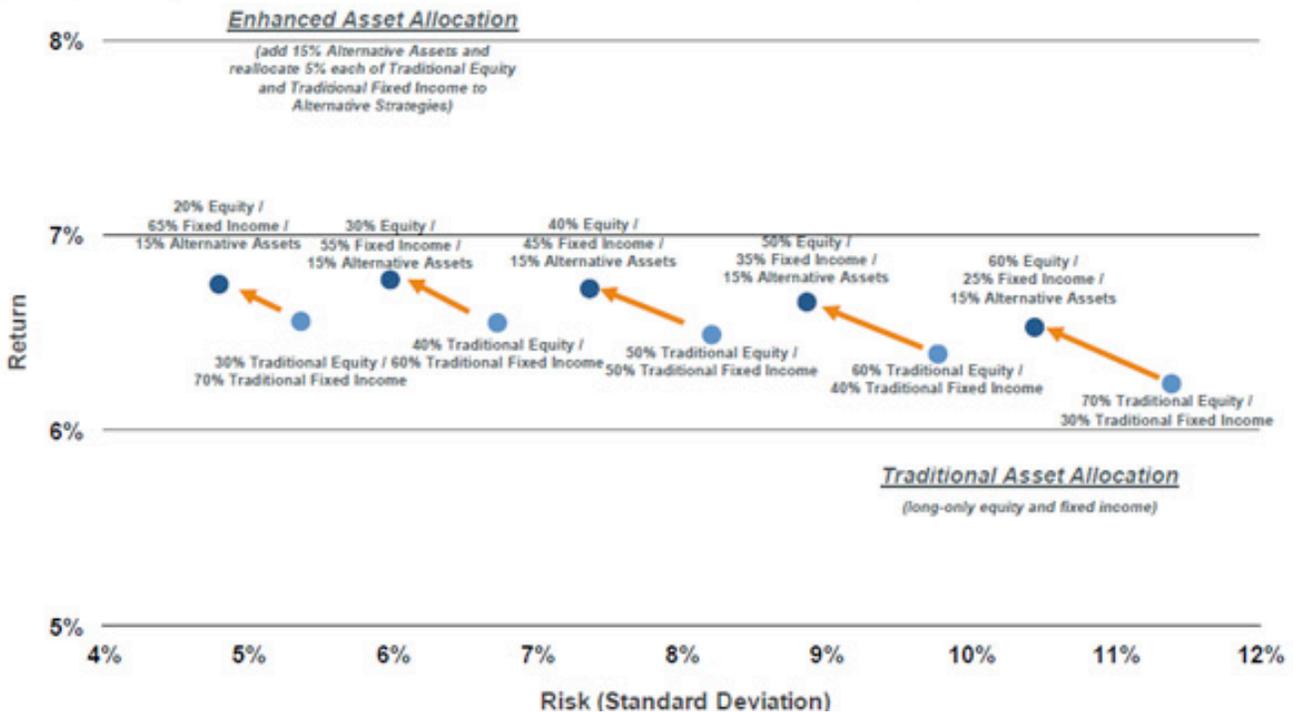
When the average investor hears of investing in soybeans, “derivatives”, arbitrage, or distressed debt...the natural reaction would be to either run away or ignore it. Why buy something that appears risky? Looking at the charts below may paint a different picture. Adding 15% + of alternatives to a traditional portfolio mix actually moves the risk down (to the left) and the return up. Isn't mitigating risk and maximizing the potential return the ideal goal of investing? It's time to reassess traditional portfolio modeling...

OPTIMUM PORTFOLIO MIX (01/1987 – 02/2008)*



*1) Managed futures: CASAM CISDM CTA Equal Weighted;
 2) Stocks: MSCI World;
 3) Bonds: JP Morgan Government Bond Global;
 Source: Bloomberg

Expanding the Efficient Frontier Over the Last 15 Years (1997-2011)



News & Notes

Your Current 401(k)...You work hard to fund it but is it working hard for you?

If you are like the average hard working American you fund your retirement account with deductions taken out of every paycheck but what happens once those funds are deposited? Most participants view their account on a quarterly basis at best when they receive their statements and are not familiar with what they own or why they own it. New contributions are distributed to the mutual funds that they picked years ago when they started their 401(k)/403(b) plan and selected from the laundry list of mutual funds available. For most individuals their retirement account is second to only their home as far as the percentage of their net worth, however, most individuals are not managing these assets in a professional manner.

According to Fidelity, "...the average 401(k) balance reached \$75,900 at the end of the third quarter on September 30, 2012, up 18 percent from \$64,300 a year ago. This is the highest average 401(k) balance Fidelity Investments has recorded since it began tracking this number more than 12 years ago." While it is apparent that individuals are disciplined in funding their retirement accounts there is very little discipline if any when it comes to *managing* the investments within the plan. According to Vanguard "...the average retirement plan balance plunged from \$78,411 in 2007 to \$56,030 in 2008. But then balances climbed to \$79,077 in 2010, before declining to \$78,276 at the end of 2011."

It is important to note that individuals continued to fund their accounts through these volatile markets and when these numbers are compared to the market or even a standard asset allocation model, they drastically underperformed the markets.

As referenced on page 2 of this newsletter a diversified portfolio with a balanced allocation of 50% equities and 50% fixed income would have posted drastically different results than those reported by Fidelity and Vanguard retirement services. According to JP Morgan's Asset Management group a standard asset allocation (50% equities & 50% fixed income) would have averaged a return of 8.1% over the last 10 years while an all equity allocation would have posted results a full percent lower. Results like these illustrate why it is important to not only have a strategy but the need to be disciplined with any account and that retirement accounts certainly should not be neglected.

My Portfolio Guide, LLC is pleased to announce a unique service to help individuals actively manage their retirement accounts and ensure that those funds are working for them and not simply riding market volatility or being managed based on emotions. Through a secure and encrypted technology platform we have the ability to view clients' retirement plans (or any type of account that has online access) and make recommendations specific to a client's goals and risk tolerance.

If you are an existing client of MPG we can manage your "total portfolio" and allow your various accounts to compliment and truly work with each other. We offer this service at a discounted rate relative to our standard fee structure. If you have your other investments managed doesn't it make sense to have your retirement assets also managed and not simply staying in a stagnant allocation?

We encourage you to contact us to discuss this service in more detail. We can be reached at 888-47-GUIDE or 888-474-8433.



CALENDAR:

January 2013

1/29/1013 @ 6 pm

Seal Beach, CA

**“More Steak Less Sizzle”
Dinner Event Series !!!**

Call (888) 47-GUIDE or email
info@myportfolioguide.com
for details

February 2013

1/30 to 2/2/13 - San Diego, CA

@ TD Ameritrade National
Investment Conference

2/12/13 - Fort Collins, CO

2/14/13 - Colorado Springs, CO

March 2013

3/25/13 to 3/29/13

Tucson, AZ and Scottsdale, AZ

Baseball Spring Training
games and by appointment
only meetings for Arizona
residents/clients.

Come join us at one of our upcoming events!

Portfolio Education Series : Dinner Event

My Portfolio Guide has obviously expanded over the past few years and with that being said, we continue to explore new venues and areas to meet with our clients and other interested investors.

If you are unable to attend but have interest in a particular topic, just call or email us and we'll make arrangements to suit you.

We will be meeting with clients and prospective clients throughout the Western and Rocky Mountain regions with a focus on certain cities as listed in the calendar section.

If you are not near one of these cities please let us know and we can arrange for a personal visit in the near future.

Our exclusive event to kick off the year is our “More Steak & Less Sizzle” Dinner Event. We will host another series of these throughout the year so please inquire for upcoming dates.

Lastly, for any of you hardcore baseball fans out there, we are giving away tickets to select Spring Training games in Arizona. Please call and let us know what your favorite team is for tickets!

