3 Steps to prepare for an aging bull market.

Actionable retirement portfolio insights you can't afford to miss.

Fiduciary Financial Group

208-401-3747 richard@ffgwealth.com Boise, ID

Hello, we're FFG.

We guide clients through the various challenges of shifting from the accumulation phase of life to the distribution phase… namely the significant impact it [should] have on the client's investment strategy, distribution strategy, social security elections, insurance coverage, and mortgage financing.

Meet the Author: Richard Davey, CPA, CFP®

Richard is the founder of Fiduciary Financial Group, an independent fee-only registered investment advisor in Idaho and California. By 30 years old, his firm had eclipsed $50 million in assets under management. He's been featured in RIA Business Journal and made several appearances on California's Wall Street Business Network radio. He is a resident of Eagle, Idaho.

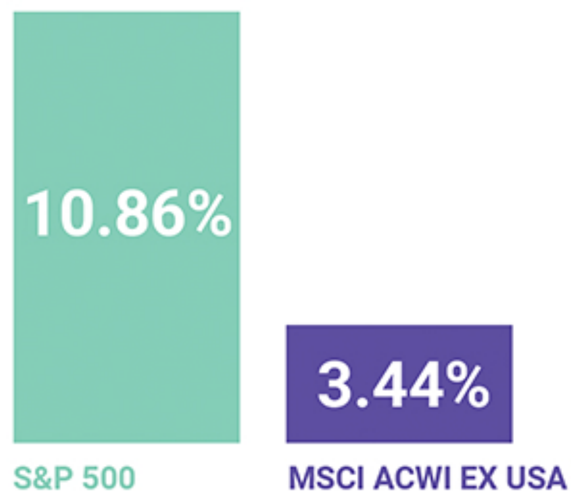
01. Assess your stock holdings.

The last 10 years have been marked by superb US stock market appreciation with the S&P 500 returning nearly 11%/year during that time. If your portfolio, like most people in our country, was biased toward US securities, (particularly stocks) you'd be a happy camper. Unfortunately, if you'd invested in the "the stock market" across the globe with the exception of US equities, your returns have likely been less than half as attractive.

Assessment questions to ask your advisor:

- ? What % of your overall portfolio is made up of stocks (aka equities)?
- ? What % of your equities are US stocks vs. international?
- ? Of your stock portfolio, what % of stocks are value stocks and what % are growth?
- ? Are you heavily concentrated in any one industry? Tech? Telecom? Utilities? Industrials?
- ? If you own stock funds, do any of them use leverage (i.e. borrowed funds to buy more stock)?

Global Stock Performance
Annualized Returns Aug 2008 - Aug 2018



The bottom line.

These are just a few questions you should be asking yourself to assess the risk of your portfolio, particularly if you were lucky enough (yes it was probably luck) to be mostly in US equities this past decade.

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02. Review your bonds.

When reviewing your bond holdings the two main areas of concern should always be credit quality and duration of the bond. During the last 10 years many investors have allocated capital to lower credit quality issuers (junk bonds and some EM bonds) in search of much needed interest income. Likewise many investors have stretched the duration of their holdings in an attempt to increase their returns. The danger with this practice is as we approach the end of the bull market investors are faced with potential credit losses and price declines as a result of the Federal Reserve increasing short term interest rates.

What % of your portfolio is bonds?

What % of your bonds are US bonds and what % are international?

What % of your bonds mature in more than 7 years (i.e. are longer-term duration)?

Do you own any mortgage bonds, government bonds, or all corporate bonds?

The bottom line.

Investors rely on bonds to be the foundation of their portfolio and as the bull market ages its critical that investors assess their holdings to ensure their bonds provide the valuable diversification benefits that they expect.

03. What are your tangible assets?

After a long run of strong returns bonds now face an uphill climb as higher interest rates are driving bond prices lower. Stocks are trading at high valuations despite market uncertainty, increased protectionism and changing political climates. All of these dynamics will help shape global capital markets for years ahead, positioning tangible assets as a critical tool in helping investors diversify risk.

What are tangible assets?
Think precious metals (gold, silver, copper), commodities (oil, grains, natural gas), and real estate (shopping centers, commercial property, apartments).

Many renowned investors shun gold while others think it's a must for a well-diversified portfolio. Do you own any? If no, why not?

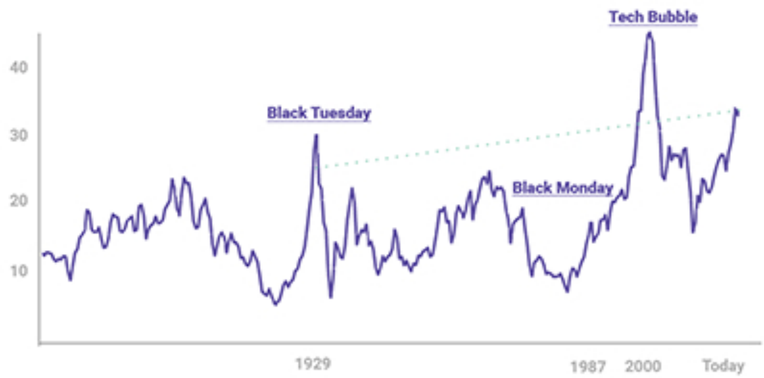
Did you know that commodities' relative valuation to the S&P 500 as measured by the numerator / denominator relationship of the S&P 500 to the S&P GSCI Commodity Index is near its lowest point since 1970?

The bottom line.

Adding tangible assets helps investors diversify their portfolio, improve return potential, and preserve the purchasing power of their investment dollars.

04. Next steps.

The last 10 years has only served to further the domestic bias here in the US creating massive risk exposure to an asset class (US stocks) that are priced at levels relative to earnings, GDP, and sales that are matched only by periods of prior extreme bubbles when fortunes were lost and lives ruined (1929 and 2000).



Shiller PE Ratio S&P 500

A Careful Analysis of Risk (and really the adequacy of your diversification) has probably never been timelier. If you are interested in a portfolio review to see where you could be missing the mark with your diversification plan, call us today. Don't bank on "getting lucky" for another 10 years.

Get help understanding your financial plan and get a free portfolio stress test.

Visit www.ffgwealth.com or call us at (208) 401 - 3747

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References and Disclosures

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