Is Your Investment Strategy on Track?

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One of the more attractive benefits of having a financial advisor is the client review process. A good financial advisor knows that an annual review for each of their clients is one of the best services they can provide. For our clients, we understand that meeting regularly to hold a discussion about real life values and providing a progress report on their financial goals is a key component of the value we bring. In addition, we know the ability to call us with questions and concerns can always be helpful to our clients and fruitful towards achieving theirfinancial goals.

The current and second strongest bull market in history passed its 8th year in March of 2017. Many investors wait untila pullback or a market correction to revisit their investment strategies. We meet with clients regularly because careful planning and a reality check is not just something to do when your investments are down. It is something you should do at least annually or whenever your goals and needs change. A common question amongst investors is, "When is the best time to hold your regular annual investment strategy review?" A good rule of thumb to follow is to treat your investment review as you do your annual medical checkup. There is no one magical time, but it should be done.

Review Your Risk Tolerance

According to Investopedia, "Risk tolerance is the degree of variability in investment returns that an investor is willing to withstand." They go on to say that, "You should have a realistic understanding of your ability and willingness to stomach large swings in the value of your investments; if you take on too much risk, you might panic and sell at the wrong time."

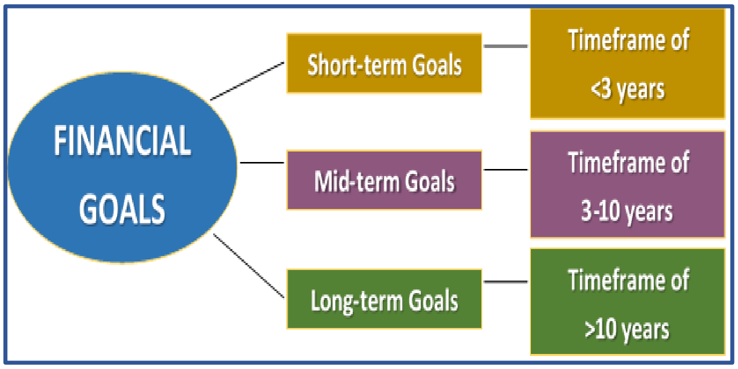
One of the fundamental guidelines of selecting investments for your portfolio is to understand your risk tolerance. This will many times dictate which investment choices are most appropriate for you. Over timeand at a review, if your conditions have changed, we can make adjustments as necessary.

Review Your Timeframes for Your Primary Financial Goals

It's important to know the approximate time frame of your primary financial goals. When you are investing for short-term goals your choices can differ from investments you select for long-term goals. Through a process of establishing and understanding your timeframes, we can help you understand your possibilities. Your personal investment strategy could vary depending on how long you can have your money invested. Most investors try to categorize their primary goals into one of the three main categories: short-term; medium-term; and, long-term.

Short-Term Goals(less than 3 years)

Typically, the shorter the time that you need to reach your goal, the less risk you generally want to take. Remember, this is the money you've already accumulated to use for that goal and your investments should match that thought process. The money you have earmarked for short-term goals will need to be available relatively soon, so you might want to focus on safety and liquidity rather than more risk and growth. For your very short-term portfolio or funds you need to have available in one year or less, you might be more inclined to put your money into liquid areas, lower volatility investments or cash equivalent investments, which aren't likely to lose as much value in six months or a year. Liquid investments are those you can sell easily with little or no loss of value, including Treasury bills, money market accounts and funds, and other low-risk investments that pay interest. If those investments have maturity dates, the terms are very short. For example, Treasury bills have maturity dates of 13 or 26 weeks.



You also should consider alternatives that don't impose potential penalties or fees for accessing your money before a maturity date. For example, a 10-year CD might be safe, but the early withdrawal penalty is likely to cut into the money you are counting on for a short-term goal such as a tuition payment that's due next September.

Many of today's cash equivalent investments are paying lower interest rates that potentially would not be enough to outpace inflation over the long term. However, if your plan is to use the money relatively quickly, inflation shouldn't have a major impact on your purchasing power.

Mid-Term Goals (3 to 10 years)

Choosing the right investments for your mid-term goals can sometimes be even more complex than choosing them for short or long-term goals. Your goal is to achieve the growth that can help you build your assets while still protecting the assets you've worked hard to accumulate. Mid-term goals are typically those for which you can allow some time to accumulate. The more time you have, or the more flexible your actual time frame is, the more risk you can possibly afford to consider with your investments. As the timeframe for those goals gets shorter, you can gradually move some of those assets into lower volatility investments.

Long-Term Goals (more than 10 years)

Long-term goals are the ones that can sometimes allow the most flexibility. For many people, a long-term goal is a financially secure retirement. It can also be a goal with a long time horizon. When your goal is paying for a car, for example, you think in terms of paying costs up front or over a reasonable period of years. However, when you think about retirement, think in terms of managing your expenses, you may have to account for 20 years, 30 years, or maybe even longer that you'll be living after retirement. Since you will need some income for that entire period, it is important to attempt to earn a rate of return that outpaces inflation and allows your initial investment to grow over that time. A general rule is that the more time you have to reach a financial goal, the more investment risk you might be willing to take. For many investors, that means considering growth investments. As time passes, you can consider shifting towards less volatile investments.

While past performance is no guarantee of future results, historical returns consistently show that a well-diversified equity portfolio can potentially be a rewarding investment over the long term. It's also true that over shorter periods-say less than 10 years-investing heavily in equities can lead to portfolio volatility and sometimes even to losses. According to finra.org for, “Investors that have 15 years or more to meet your goals, you have a good chance of being able to ride out market downturns and watch short-term losses eventually be offset by future gains.” We help clients list and think about their major financial goals including;

- ✓ **Buying a new car**
- ✓ **Buying a home**
- ✓ **Paying for children's education**
- ✓ **Saving for or living through retirement**

Keep in mind that no goal stays short-, medium-, or long-term forever, and so the timetable for your financial goals will evolve over time. For example, retirement is typically a long-term goal when you're 30, but for most, it's a short-term goal when you're 60. An investor's methodology and choice of investment will need to be reviewed as they draw closer to each of their goals.

Also, over time your priorities or life circumstances can change. This can result in delaying certain goals by a year or two, while others you may want to try to meet sooner. And some, such as a second car that you were planning to buy or an expensive family trip, you may decide to forego altogether. It's important to stay flexible and adapt your timetable to your changing needs and priorities.

Conclusion: What Can I do?

Investors are always concerned about the market. For all investors, at least once a year, check your target investment asset mix to ensure that it continues to meet your timeframe, risk tolerance, needs, and preferences, and to perform any rebalancing that might be necessary in light of the past year's market performance.

Although the equity markets have performed reasonably over the last few years, **CAUTION** is still the principal notion for investors. Unfortunately, safety comes with a price. According to bankrate.comon June 1st 2017, "this week's survey showed money-market accounts, which are savings accounts that often pay higher rates than conventional savings accounts and come with limited check writing privileges, are paying an average of 0.12 percent interest annually. That's an increase of 1 basis point from last week and above the 52-week average of 0.11 percent. A basis point is one one-hundredth of one percentage point. **(Source: www.bankrate.com)**

As for the rates on one year certificates of deposit (CD's), on June 1, 2017, bankrate.com wrote, "This week the average interest rate on 1-year CDs rose to 0.35 percent, 1 basis point above where it was last week. That's higher than the 52-week average of 0.32 percent." Investors are not typically excited with interest rates less than 1%. **(Source: www.bankrate.com)**

For many investors, these rates will not help them achieve their desired goals. Most investors attempt to build a plan that includes risk awareness. Many times, this can lead to safer but lower returns. Traditionally, bonds have been the de facto standard to hedge against market risk, but with bond values near historical highs they no longer offer the kind of protection they once did and quite possibly pose a greater threat of loss than stocks. Investing is not about keeping pace with the market (who likes losing 40% during years like 2008?) or beating the market; many times it's all about hedging risk so your portfolio suits your individual needs regardless of market performance.

Focus on your own personal objectives. During confusing times, it is always wise to create realistic time horizons and return expectations for your own personal situation and to adjust your investments accordingly.Understanding your personal commitments and categorizing your investments into near-term, short-term and longer-term can be helpful.

Key areas we assess that could provide value for clients can include a review of:

- Your goals
- Your income requirements
- Your tax efficiencies
- Your retirement plan
- Your estate plan
- Your protection needs
- Your overall asset allocation
- Your beneficiary designations
- How your plan affects your loved ones

Call us if you need a review.

Discuss any concerns with us!

Our advice is not one-size-fits-all. We will always consider your feelings about risk and the markets and review your unique financial situation when making recommendations.

We pride ourselves in offering:

- ✓ consistent and strong communication;
- ✓ a schedule of regular client meetings; and,
- ✓ continuing education for every member of our team on the issues that affect our clients.

A good financial advisor can help make your journey easier. Our goal is to understand our clients' needs and then try to create a plan to address those needs. We continually monitor your portfolio. While we cannot control financial markets or interest rates, we keep a watchful eye on them. No one can predict the future with complete accuracy, so we keep the

lines of communication open with our clients. Our primary objective is to take the emotions out of investing for our clients. We can discuss your specific situation. You can call anytime to schedule an appointment. As always, we appreciate the opportunity to assist you in addressing your financial matters

Complimentary Financial Check-up

If you are currently not a client of First Mate Financial Advisors, we would like to offer you a complimentary, one-hour, private consultation at absolutely no cost or obligation to you.

To schedule your financial check-up, please call Jeri at 918-794-5544 and we'd be happy to assist you.

If you are not a client, we would welcome the opportunity to meet with you! For clients, we:

- ✓ **Assess their current situation;**
- ✓ **Identify their goals and objectives;**
- ✓ **Create a list of recommendations;**
- ✓ **Evaluate and implement financial strategies;**
- ✓ **Monitor and update their situation; and**
- ✓ **Communicate with them!**

Jeri Barrientos is a Financial Planner with First Mate Financial Advisors, LLC, a registered investment advisor not affiliated with Woodbury Financial Services, Inc. She also offers securities as a Registered Representative of Woodbury Financial Services, Inc. – Member of FINRA/SIPC

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