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~TO FORTIFY, PROTECT

Is Your Financial Advisor One of the Best?

February 2018 Has Given You Great Insight

Three Key Questions you can use to judge your financial advisor or banker.

How has your Financial Advisor performed on your behalf since the market turmoil began February 2nd?

Were they Prepared?

Did they make changes during the market volatility February 2nd - 11th or, did they stay the course?

Our firm, Moenio, evaluates financial advisors for our clients. Basically - we audit financial advisors in over 16 areas; performance, fees, investment products utilized, and more.

We have one simple goal for those who hire us:

Make certain our clients are working with the best financial advisors.

So how do we judge February?

*The market movement provided a great opportunity to tell if your financial advisor **actually is** one of the best.*

Let us explain.

If you read top financial publications these last six months, there were warning signs about the potential for a market correction;

Investors hedge against sharp stock market correction.

Financial Times, August 1, 2017

How big is the risk of another Black Monday equities crash?

Financial Times, October 17, 2017

A Onetime Super Bull is Getting Worried About the Stock Market.

Wall Street Journal, December 27, 2017

The Stock Market Has Been Magical. It Can't Last.

New York Times, August 19, 2017

For us, the biggest question was:

Did your Financial Advisor take heed of the warning signs?

Let's begin by stating the obvious: In defense of financial advisors, bankers, and brokers, they were not going to leave the market and try to make a "timing" play. This does not make sense, and if you take into account the oldest marketing chart available, it is just downright foolish.

Putnam Investments provides a great chart we share here.

From 12/31/2002 – 12/31/2017 (from 2003 – 2017) your returns would be:

Invested fully in the S&P 500	9.92%
Missed 10 best days	5.03%
Missed 20 best days	2.09%
Missed 30 best days	(-0.43%)

The moral of the story: don't try to time the markets - being in the market is the right bet.

So, what separates the best advisors -- those Top 5% -- during periods we are witnessing right now?

We list three key principles you can utilize right now to evaluate how effective your financial advisor has been.

Has your financial advisor been actively managing your portfolio the past six months?

Was your financial advisor prepared?

Communication – did it happen?

1) Has your advisor been "tweaking" your asset allocation?

We are in the midst of the second longest running bull market.

Whether the seventh or ninth inning, it does not matter. It is getting late in the game. With that in mind, what should your financial advisor have done on your behalf?

It has to do with small incremental changes in the portfolio.

Rather than sticking with the same allocation held the last year or two, the best financial advisors are making tactical shifts, taking into account the "potential" for market volatility.

A few examples:

An advisor has the ability to shift the allocation based on their outlook. There are multiple levers in the portfolio to increase return while taking on more risk, or to decrease return while lessening risk. Each of these moves is based on "their" outlook, or their firm's outlook coupled with "your very specific needs and risk-tolerances." If the advisor, or firm, consider the markets to be in the later stages, they could adjust the portfolio accordingly.

An example we like to share is from 2008.

We are not stating today is, or is not, the same as 2008, this is just an example of how shifting a portfolio can have an impact.

The below are the returns in 2008 from being invested in the Large Cap space.

Rather than being in Large Cap Growth, some advisors felt the market was in the later stages, so they shifted to Large Cap Value:

Morningstar Large Cap Value was down	-36.11%
Morningstar Large Cap Growth was down	-41.87%
S&P 500 was down	-37.00%

There was a difference in 2008 of 5.76% if an investor was in Large Cap Value versus Large Cap Growth

Another example is shifting the portfolio's small cap investment from Growth to Value.

Morningstar Small Cap Value	-31.67%
Morningstar Small Cap Growth	-39.92%

There was a difference in 2008 of 8.25% by shifting from Small Cap Growth to Small Cap Value

The better financial advisors and banker are incrementally shifting the asset allocation of portfolios rather than trying to continually ride the market up, they recognize a correction could be possible, but they don't want to time the market. They still want their clients fully invested.

In February, financial advisors could have "tweaked" a portfolio a few ways, but the best were making changes throughout 2017.

However, some of the best advisors we interviewed:

Took advantage of volatility, it has its own advantages

Used the downturn as an entry points, if they were dollar cost averaging

2) Planning for Situational Changes

There are few certainties in the markets, but one of them never changes: "The stock market will go down." A pretty simple statement, but one that has stood the test of time since the markets began over a century ago.

Since 1928, the S&P 500 has had 96 corrections (95 before now).

That is a little more than one a year if we do the math. Of those corrections, the median correction is down -16.4%. That is just the median, so we know there are periods of deeper corrections, and less.

If we know the market must go down at some point and it has happened 96 times since 1928, what intelligence can we pull from this simple data? To us it means – Planning for situational changes.

"And when his chance came,
he was prepared to make the most of it,"
– Sun Tzu

We have been asking financial advisors this month:

What have you done the last two weeks with client's assets?

How were you prepared, and can you share with us your plan?

The best financial advisors had a plan.

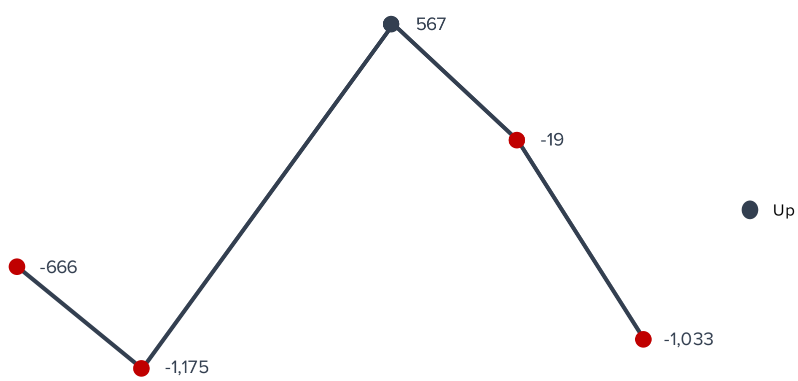
They knew the market has corrected 96 times since 1928.

They knew the median pullback was -16.4%

They realized we were overdue for a pullback but to be fair, they could never predict "when" it was going to happen. But they had a plan.

3) Communication

The last point is the easiest, communication. Did it happen?



This was the setting for the Dow Jones starting February 2nd. Down substantially, then down again. Then up and continually up through the end of February.

The question we ask our client's is simple: How did your financial advisor communicate with you over this period of time?

The financial advisor probably had no reason to contact you for investment purposes. The communication was basic – we are fine, we have done all the planning we need, and we were prepared for this to happen.

The best financial advisors were proactively reaching out to their clients with a purpose; calm the nerves of those clients who might be concerned, or, for those clients who potentially did not understand what was happening, let them know how the markets were reacting and reassure them in case others started talking about how horrible the last two weeks had been.

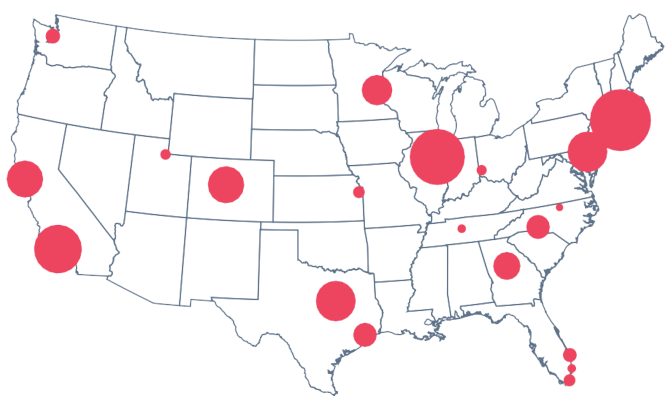
Communication and being proactive is a key aspect to how we judge and evaluate financial advisors.

As an investor who is utilizing a Financial Advisor, Banker or Broker, recognize the simple facts:

There are over 600,000 registered investment advisors in the United States.

Of those 600,000, close to 300,000 are actively working with clients every day.

The three points we shared should help you answer the question.



Is your Financial Advisor one of the Best?

Who are we?

We are **MOENIO** - a client advocacy firm working on behalf of our clients to make certain they work with, or will work with, a great financial advisor.

With over 600,000 registered advisors in the United States, how do you know the advisor you might choose is one of the best?

We have four core areas clients entrust us to help:

1.

EVALUATE your current financial advisor in 16+ areas; fee's being charged, investment returns, investment products being used, background check on the advisor and firm, to name a few.

2.

FIND a great financial advisor with a customized search based on your needs and goals but making certain the advisor delivers good, risk-based returns for a fair fee.

3.

PERFORMANCE GUARD is focused on providing periodic check-ups on your investments and returns. We give you comfort in knowing your investments are being managed correctly with the right risk-adjusted returns you've agreed to and want from your advisor.

4.

ADVISOR BACKGROUND CHECK helps you understand who you are working with currently or who you might hire; do they have the right experience, client complaints or fines, are they truthful in what they said about education, credentials, and background? We verify this information on behalf of our clients.

Your interest is our sole interest.

* We are unaffiliated with any financial firm
* We do not manage assets or investments
* We do not accept fees or commissions from the advisors we recommend or evaluate