

THE ADVANCED CONNECTION

August 2016



Greetings

We are pleased to announce that the newest member of our family, Sebastian Theodore Haley, was born on August 7th. He weighed 8 pounds 7 ounces, measured 21 ½ inches long, and is a healthy and happy baby! Lindsey and I are overwhelmed with love and are enjoying getting to know him. Grandma and Grandpa are enthusiastic about their new roles!



Initially Lindsey and I will take some time away from the office as we transition in to our new roles as parents, however, we know that we leave you in the very good hands of our outstanding AWM team. I look forward to talking with you all again soon and updating you on Sebastian's growth. Until then, best wishes, enjoy the rest of the summer, and thanks for all your kind wishes!

Sincerely, Ted

Politics and Market Fluctuation | Bob Haley

We are now fully into the Season of Politics! For some it is a period of great enthusiasm, for others one of great dismay. My experience is that many people cannot wait for Election Day in November, so that these campaigns will be over!

Once again, many people believe if Candidate A wins, the country will be ruined. Others, of course, feel that it is Candidate B whose election is to be feared. Taking advantage of this kind of anxiety, there are all kinds of investment experts predicting how the financial markets will react, and many projections about which companies will prosper or suffer depending upon the outcome.

The reality is that election outcomes do not lead to predictable results in the financial markets. For example, in 2009 the prevailing sentiment was that within a few years there would be runaway inflation, dramatically higher interest rates, continued high unemployment and a long-term bear market in stocks. Now the fear is that there is not enough inflation to keep the economy growing, interest rates keep finding new historic lows, employment numbers are not perfect but better, and the stock market keeps hitting new historic highs. So much for predictions based upon election outcomes!

But, does it make a difference as to which party is in power? The answer depends upon who is doing the research, and which factors they are considering. One set of research indicates the stock markets do better under Democratic presidents. Other research would indicate that is only true if there is a Republican Congress. And then of course there are all the other possible combinations. But "behavioral" research reveals something more important – that many people make investment decisions based upon their approval or disapproval of the election outcome. In doing so, they end up trading more than is helpful, and their selections are usually driven by emotional issues. Investors would be better served by staying true to a long-term investment strategy. (See *Wall Street Journal*, Page R1, August 8, 2016.) And – don't forget to vote!



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Having trouble logging in to view your accounts online on Investor 360? Give our office a call! We can walk you through the log in process, reset your password, and help you navigate the website all over the phone.

Haven't logged in to view your accounts online and would like to? Contact us and we'd be more than happy to set up your online access for you and help you get logged in.



Mailing Address

As we phase-out the use of our PO Box, we want to remind you that our preferred mailing address is our office address: 10220 SW Greenburg Road, Suite 210, Portland, OR 97223.

BUILDING FOR THE FUTURE, ENJOYING THE PRESENT



Observations | Bob Haley

Bunny Market

I ran across this term recently, and find it interesting. We know there are Bull Markets and Bear Markets. A writer labeled our current environment the Bunny Market, because no clear trend is apparent. Instead, investor sentiment seems to hop quickly from one focus to another. For example, at the end of one month the stock sector "utilities" might be the worst performing group in the US market. Two months later, it might be the best performing sector. Biotech is up, then it's down. Emerging Markets are hot, no, they are cold. Interest rates are rising! Interest rates just hit another record low! And so on. While this is most often described as "a directionless market," I like the term "Bunny Market" better. So, feel free to use this at your next social gathering and see if you impress your friends.

Aggressive versus Conservative Investors

Aggressive investors tend to be overly optimistic, and believe that their investment choices will work out exactly as desired. They usually do not maintain adequate cash reserves and are at risk of significant loss. Conservative investors tend to be overly pessimistic, and believe that they must avoid account fluctuation in order to remain solvent. Overly conservative investors put themselves at risk of not out-pacing inflation, and of not having their money last as long as they do.

People ask us if we are aggressive or conservative investors. Our answer is that most aggressive investors think we are too conservative, and most conservative investors think we are too aggressive. It is not that we are attempting to be difficult. Instead, we think successful investing requires a well-thought-out strategy that allows them to benefit in good times but does not threaten their financial stability in bad times – and no matter what the plan might be, it is important that investors not change their strategies in the middle of major swings.

Brexit | Ted Haley

It has been an "interesting" year so far in the financial markets. Of course, every year of our investing lives has been "interesting," and in hindsight every year had several developments or crises that felt like game-changers, in the moment. Most of these past events did not, in fact, "change the game."

The most recent "interesting" event was the referendum on June 23, 2016 in which voters in the United Kingdom chose to leave the European Union, in what has been referred to as "Brexit." Allowing the people to vote on whether to stay in the European Union fulfilled a campaign promise made by the (now former) Prime Minister David Cameron, and it was seen as a safe bet that British citizens would vote to remain in the Union. Even as the vote got closer and polls suggested the "Leave" vote was gaining momentum, the possibility of Brexit seemed far-fetched and certain to not happen.

When they did in fact vote to leave everyone was taken by surprise, including the financial markets, the media, and (seemingly) the very same British politicians who were advocating for Brexit. The U.S. stock market dropped sharply for two days after the vote, and some people thought this would turn into a financial crisis in addition to a geopolitical one. Then, the U.S. stock market promptly rose again, erasing the losses from the previous days, and since then has gone on to reach record highs. The Brexit crisis turned out to not be a crisis after all, at least not for U.S. stock investors.

This episode helps to reinforce the lesson that no matter how momentous current events seem to be, their long-term effects are impossible to predict. Often, staying the course and avoiding emotional reactions is the best thing that prudent investors can do (Keep Calm and Carry On!). Keep this in mind as we approach what will undoubtedly be an "interesting" election this November.



Connect with Bob



Connect with Ted



IRA Maintenance Fee Changes | Operations Corner

As you have probably read, National Financial Services LLC (NFS) is changing your options for how the Annual IRA Maintenance fees can be paid for your NFS IRA.

Beginning this October, 2016, NFS will no longer issue an invoice for the annual payment. Instead, a fee notice will be included in the Messages and Alerts section of your September account statements, reminding you of the \$35 maintenance fee and the November due date.

ALSO, NFS will no longer accept checks for this payment.

Here are your options. First, you can do nothing and the fee will be automatically deducted from your IRA account. We think this option makes the most sense.

Second, if you would like to pay this fee with a transfer from your bank account, please call our office because we can easily set this up for you.

Third, if you would like to have a non-IRA brokerage account with us pay this IRA maintenance fee, again, contact us because we can also easily set this up for you.

Here are the answers to some commonly asked questions about the IRA fees and the payment process.

Q: What happens if you do not respond to the NFS notice?

A: By default, the fee will be debited from the cash position in your IRA account.

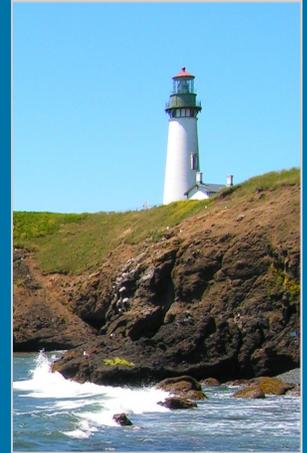
Q: When is the fee due?

A: The fee will be collected in mid-November, and each affected account will have \$35 deducted from the cash portion of the account.

Q: What is the reason for this fee, and is it new this year?

A: The \$35 fee has always been assessed to cover the expense of annual tax reporting.

Please call or email our office if you have other questions.



Click here to visit our website!



Employee Spotlight | Traci Vanaken



Traci began with AWM seven years ago, when she worked part time in the summers while attending college. Now, she is a full time member of our operations team and since obtaining her securities licenses, she also helps on the investment side of the business.

When Traci graduated from college and began working at AWM full time, she looked for opportunities get involved in her community and chose to become a leader with her church's High School Youth Group. In 2013, Traci spent a week volunteering in New Orleans, Louisiana with the teens rebuilding homes that were damaged by Hurricane Katrina.

This June, Traci took a week away from her duties at AWM and led 35 teenagers on a week-long Mission volunteering with Habitat for Humanity in the local community. The group consisted of teens from the local area, as well as a Youth Group from New Orleans, Louisiana. They worked with Habitat on a construction site to assist in building several affordable homes, painted homes for low income elderly individuals, and worked at the ReStore.

While the teens from Louisiana were in Oregon, the Youth Group showed them around the beautiful state with trips to the Oregon Coast, Silver Falls State Park, and even eating at the Food Carts downtown. A great week was had by all!

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Office Closures

Labor Day
September 5th

Thanksgiving
November 24th & 25th

Christmas
December 25th

New Year's Day
January 1st

