

INVESTMENT UPDATE

Saltmarsh
Financial Advisors, LLC
AN AFFILIATE OF SALTMARSH, CLEVELAND & GUND

2nd Quarter 2018

Thank You for Attending Our Night at the Ballpark Event!



We weren't going to let a little rain stand in the way of hosting our 5th Annual Night at the Ballpark for our great clients and friends. The Pensacola Blue Wahoos game against the Tennessee Smokies ended in the 5th inning due to weather, but not before everyone was able to enjoy the good food and cold drinks on the Coors Light Party Deck. Thank you to the Blue Wahoos staff for treating us to a great time, and thank you to our wonderful clients for enjoying the night with us.

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Top Recognition in 2017 Advisor Choice Awards



Advisor Perspectives, Inc., a leading publisher of investment and practice management-related content for financial advisors, recently released **The Advisor Choice™ awards** for the 2017 rankings on the asset managers advisors are most likely to recommend to their peers. Of the seven categories surveyed, **Dimensional Fund Advisors**

(DFA) came in first place in four of the seven categories surveyed and took second place in the three remaining categories. Significantly, DFA claimed the top spot as the fund company advisors were most likely to recommend "overall". To learn more about this announcement and our relationship with DFA, visit: saltmarshfa.com/blog/advisor-perspective-recognition.asp

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We are excited to share that we now have a LinkedIn Company Page. Please take a moment to "follow" their page by searching for *Saltmarsh Financial Advisors* on LinkedIn.



Gregg Noble, CPA
Managing Member

gregg.noble@saltmarshfa.com
(800) 477-7458
saltmarshfa.com



Christina Doss, AAMS
Managing Director

christina.doss@saltmarshfa.com
(800) 477-7458
saltmarshfa.com



WEATHERING THE MARKET STORMS

BY: Chris Stennett, CFP®

Every year, from June to November, Florida residents experience "Hurricane Season". This is the time of year when Atlantic waters warm, and severe weather systems develop quickly. Every hurricane season, experts warn residents of the dangers these storms produce and, over the years, we've seen first-hand their potential for devastation. So, every hurricane season, we prepare. We buy flashlights, water, batteries, and other supplies. We understand the risk of living in the Sunshine State, and we're comfortable with it because we've prepared. Yet, when faced with the risk of storms in the stock markets, many Floridians fail to properly prepare their portfolio.

Working with clients as a Registered Investment Advisor in Florida, I've often compared the declines in the stock markets to hurricanes. Both develop quickly, create a noticeable impact, and leave those effected feeling uncertain. A market decline is a reality that many people have not properly accounted for as they try to grow their investments. But it's something that can cause tremendous worry, especially for those near or in retirement.

When I was a kid I watched Gilligan's Island re-runs during the summer. Part of the mystery and draw of that show was the idea that this unlikely group of people would have to figure out how to survive for many years when they only prepared for a short three-hour tour...a three-hour tour. I thought, "They should have known that something can always go wrong!"

Depending on where someone lives in Florida the chances of being affected by a hurricane vary from 10% (Jacksonville & Pensacola) to 15% (Miami). ...But, the chances of that same Floridian experiencing at least one

period of severe market volatility in their lives? 100%! So why then are Floridians doomsday hurricane preppers, but Gilligan investment managers? I think confidence has a lot to do with it.

Last year, when Hurricane Irma was closing in on Florida, my wife and I were glued to our local weather channels. We were unsure as to the path of the storm, and when it unexpectedly turned north, my city was put directly in the cross-hairs. We had just had our first child, and we were faced with an important decision: do we shelter in place or evacuate the state? We discussed our options, the potential risks for each, and decided to shelter in place. Our view: our home was newly constructed, situated far inland, and had hurricane windows. We even had a backup generator! To us, we felt that traveling out of state with a newborn (and pets) for an unknown amount of time was riskier than staying. We were confident in our decision and we planned accordingly.

Confidence is tied to knowledge. My family made a confident decision to stay because we had a good understanding of the risks and potential outcomes. But how can someone feel confident in meeting their investment outcomes if they don't have knowledge of, or confidence in, their investment plan? My answer: don't try to do it alone. Instead, partner with an advisor who will build a solid plan and provide education and guidance on your money, so when the next 'market' hurricane comes, you'll be prepared.

QUESTIONS?

Email me at chris.stennett@saltmarshfa.com if you have any questions, or contact a member of the Saltmarsh Financial Advisors team by visiting saltmarshfa.com.

About the Author | Chris Stennett, CFP®

Chris serves individuals and organizations as a comprehensive financial planner and coordinator of investment activities. His areas of expertise include investment management, income planning, tax and estate planning, incapacity protection, and liability management.

Tuning Out the Noise

Exhibit 1: Hypothetical Growth of Wealth in the S&P 500 Index
May 1999–March 2018



For investors, it can be easy to feel overwhelmed by the relentless stream of news about markets. Being bombarded with data and headlines presented as impactful to your financial well-being can evoke strong emotional responses from even the most experienced investors. Headlines from the “lost decade”¹ can help illustrate several periods that may have led market participants to question their approach.

- **May 1999:** Dow Jones Industrial Average Closes Above 11,000 for the First Time
- **March 2000:** Nasdaq Stock Exchange Index Reaches an All-Time High of 5,048
- **April 2000:** In Less Than a Month, Nearly a Trillion Dollars of Stock Value Evaporates
- **Oct. 2002:** Nasdaq Hits a Bear-Market Low of 1,114
- **Sept. 2005:** Home Prices Post Record Gains
- **Sept. 2008:** Lehman Files for Bankruptcy, Merrill Is Sold

While these events are now a decade or more behind us, they can still serve as an important reminder for investors today. For many, feelings of elation or despair can accompany headlines like these. We should remember that markets can be volatile and recognize that, in the moment, doing nothing may feel paralyzing. Throughout these ups and downs, however, if one had hypothetically invested \$10,000 in US stocks in May 1999 and stayed invested, that investment would be worth approximately \$28,000 today.²

THE VALUE OF A TRUSTED ADVISOR

Part of being able to avoid giving in to emotion during periods of uncertainty is having an appropriate asset allocation that

is aligned with an investor’s willingness and ability to bear risk. It also helps to remember that if returns were guaranteed, you would not expect to earn a premium. Creating a portfolio investors are comfortable with, understanding that uncertainty is a part of investing, and sticking to a plan may ultimately lead to a better investment experience.

However, as with many aspects of life, we can all benefit from a bit of help in reaching our goals. The best athletes in the world work closely with a coach to increase their odds of winning, and many successful professionals rely on the assistance of a mentor or career coach to help them manage the obstacles that arise during a career. Why? They understand that the wisdom of an experienced professional, combined with the discipline to forge ahead during challenging times, can keep them on the right track. The right financial advisor can play this vital role for an investor. A financial advisor can provide the expertise, perspective, and encouragement to keep you focused on your destination and in your seat when it matters most. A recent survey conducted by Dimensional Fund Advisors found that, along with progress towards their goals, investors place a high value on the sense of security they receive from their relationship with a financial advisor.

Exhibit 2: How Do You Primarily Measure the Value Received from Your Advisor?



Having a strong relationship with an advisor can help you be better prepared to live your life through the ups and downs of the market. That’s the value of discipline, perspective, and calm. That’s the difference the right financial advisor makes. For a short video on this topic, please see the following link: us.dimensional.com/tuning-out-the-noise.

1. For the US stock market, this is generally understood as the period inclusive of 1999–2009.

2. As measured by the S&P 500 Index. A hypothetical portfolio of \$10,000 invested on April 30, 1999, and tracking the S&P 500 Index, would have grown to \$28,408 on March 31, 2018. However, performance of a hypothetical investment does not reflect transaction costs, taxes, or returns that any investor actually attained and may not reflect the true costs, including management fees, of an actual portfolio. Changes in any assumption may have a material impact on the hypothetical returns presented. It is not possible to invest directly in an index.

Dimensional Fund Advisors LP is an investment advisor registered with the Securities and Exchange Commission. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. There is no guarantee investment strategies will be successful. Investing involves risks including possible loss of principal. Investors should talk to their financial advisor prior to making any investment decision. There is always the risk that an investor may lose money. A long-term investment approach cannot guarantee a profit. All expressions of opinion are subject to change. This article is distributed for informational purposes, and it is not to be construed as an offer, solicitation, recommendation, or endorsement of any particular security, products, or services. Investors should talk to their financial advisor prior to making any investment decision. Exhibit One Source: © 2018 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Not representative of an actual investment. Indices are not available for direct. Exhibit 2 Source: Dimensional Fund Advisors. The firm surveyed almost 19,000 investors globally to help advisors who work with Dimensional better understand what is important to their clients. investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio.

Saltmarsh

Financial Advisors, LLC

AN AFFILIATE OF SALTMARSH, CLEVELAND & GUND

Saltmarsh Financial Advisors

Pensacola:
900 North 12th Avenue
Pensacola, Florida 32501
Phone: (850) 435-8300

Tampa:
201 N. Franklin St., Ste 2720
Tampa, Florida 33602
Phone: (813) 287-1111

Email:
gregg.noble@saltmarshfa.com
christina.doss@saltmarshfa.com
george.peaden@saltmarshfa.com
chris.stennett@saltmarshfa.com
beth.bernos@saltmarshfa.com
brett.snyder@saltmarshfa.com

New Technology, Same Old Scams

By: Bob Woock, MCSE



So, the major tax filing season is at an end, and once again scammers are ready to ramp up fraudulent phone calls. Phone technology has grown by leaps and bounds, but these are the same old scams the IRS warned us about back in 2013.

For those of us who are not aware of these scams, criminals will act as if they work for the IRS and are calling to notify you of an impending audit. Even worse, they will threaten you with an arrest warrant if you do not follow their instructions. Unfortunately, many follow the instructions and call the number the scammers provide.

If in fact the IRS has initiated an audit, they will notify you via "SNAIL MAIL." The notification will arrive in your old postal mailbox on physical paper. You **will not** learn about an IRS audit from anything that arrives in your email box or over the phone. And even then, you should go to the IRS's website (www.irs.gov) and call one of their numbers listed there -- Or call your CPA.

And if the IRS has issued an arrest warrant, you will not be notified at all. Which means if anyone is attempting to warn you about an IRS arrest warrant, you can ignore that and keep your hard-earned cash in your pocket. So, remember these 3 things if you do get such a phone call!

1. Get the Facts, then Hang Up

If you have anyone asking for money over the phone from a supposed government agency, find out what department they are from, employee name, badge number, call back number and caller ID or similar information. Then hang up!

2. Report a Scam

The IRS encourages reporting this type of activity. They provide lots of detail about the latest scams and where and how to report the scammers.

3. Don't Do It Alone!

If it is an IRS issue, contact your CPA for assistance.

About the Author | Bob Woock, MCSE

Bob is a manager in the IT Services Department of Saltmarsh, Cleveland & Gund. He has over 30 years of IT experience working in network administration as well as cyber security.