ARS WEALTH ADVISORS

Volume 12, Issue 2 April 2016

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**2016 First Qtr Market Returns (through 3/31/2016)**

| Index | |
|---|---|
| S&P 500 | 1.4% |
| Dow Jones Ind Avg | 1.1% |
| Russell 2000 | -1.5% |
| MSCI EAFE (Int'l Stock Index) | -3.0% |
| Cohen & Steers Real Estate Index | 5.2% |
| Emerging Market Stock Index | 5.7% |
| Barclays Bond Aggregate Index | 3.0% |
| Dow Jones UBS Commodity Index | 0.4% |

# You First

Since ARS began over 19 years ago, one of our primary objectives has been to provide investment management and financial planning in a highly personalized approach. Today, ARS works with over 350 families each of whom have their own unique needs and circumstances. Given the firm's size and structure, we are able to personalize our service offerings in many different ways through the ability to customize the investment process, methods of communication, and reporting capability that clients receive.

INVESTING: At ARS we do not utilize a "cookie-cutter", "one size fits all" approach to investing. Each client is unique, thus each portfolio reflects the unique goals and objectives of the client. This is one reason why it's important on the front end of the relationship to gain a thorough understanding of your unique goals, income needs, risk tolerance, and investment restrictions. This is also why it is important for you to communicate with ARS anytime circumstances change in your life that may require us to adjust your portfolio. Only after we have a clear understanding of your goals and objectives can we then structure your portfolio to meet those goals.

COMMUNICATIONS: Since each client has a preferred method of communication, we seek to identify and tailor our communication around your preference. Periodic face-to-face meetings are important and valuable. We are flexible as to how often and where we hold these meetings; we can meet in our office, your home, restaurants, or local TD Ameritrade branches, whichever is most comfortable for you. In between face-to-face meetings, we are always available via phone or email. Our goal is to respond to emails and calls in the same day they are received. Given today's technology we are also able to hold meetings over the web via "GoToMeeting" or "Skype".

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# You First (continued from page 1)

REPORTING: There are also many different ways to monitor your investments. For those who prefer paper, you can receive monthly statements from TD Ameritrade, as well as, quarterly reports from ARS. For those who prefer to work online, you can access your TD Ameritrade accounts via their client website at advisorclient.com or through the ARS client portal, which provides a secure way to view account information and performance online. One thing that differentiates ARS from other providers is our ability to customize the information you see on client reports and the ARS client portal. While some clients prefer to see more details, others just want to see a summary. Fortunately, we are able to accommodate both. If you would like to see certain information on your ARS reports or portal, please let us know and we'll be happy to customize your reports or portal to show you exactly what you want to see in a format you prefer.

We continue to make business decisions based on putting our clients' interests first and offering a service that is truly unique compared to what our competitors are able to offer. We continue to look for ways to improve our service and are always open to suggestions you may have. Please contact us if you would like to schedule a review meeting or if you would like us to make any changes to your ARS reports or portal.

Regards,

Tony Anderson

# Financial Planning

As Mike Murray wrote in last quarter's newsletter, ***"The most important question is: What should I do now to give me the best chance to attain my goals in the future?"*** A good financial plan will present a range of potential outcomes based on your personal budgeting goals using various economic and market assumptions. These assumptions will "stress-test" your plan using historical data. These stress tests will help you address the probability of a successful financial plan.

Our financial planning software, MoneyGuidePro, was recently updated and enables registered clients to change their assumptions and view different "what-ifs" to determine the best-case scenario for succeeding in retirement. The portfolio managers here at ARS will be reaching out to those clients who could benefit from a comprehensive financial plan and will be emailing those clients to gather information to start the process.

Once the information is input clients can then interact with the program and input various "what-if" scenarios helping determine the best course of action to achieve their retirement goals. This "process" is completely flexible and dynamic and can be utilized for years to come as circumstances change. If you would like more information on how to get started with your personal financial plan please call your portfolio manager at ARS.

Kurt Ulrich, CFA

# 2016 So Far

Revenant: (rev-e-nant): *One that returns after a long absence, or death*

If you have not seen The Revenant (2015 – 20th Century Fox) starring Leonardo DiCaprio as Hugh Glass, it is an Academy Award winning movie; as well as a fairly accurate representation of what many equity investors have figuratively endured over the past two years – mauled by a bear (market), left for dead (negative returns), only to return and seek redemption (outperform).

If you took a three month long nap starting on December 31, 2015 and woke up on March 31, 2016, you would think nothing much had happened in the financial markets. (Indeed, had you started the nap eighteen months ago you would think likewise.) On the contrary, specifically looking at the last three months, the sentiment alternated between doom and gloom and mild euphoria. Over that time frame the S&P 500 returned 1.4% or 0.45% per month; how it all played out was a bit more dramatic. January was down 5%, February was down slightly and March was up almost 7%. Those kinds of monthly moves are out of the norm and certainly in the first 45 days of the year investors were spooked.

Contributors to the gloom in January and early February were:

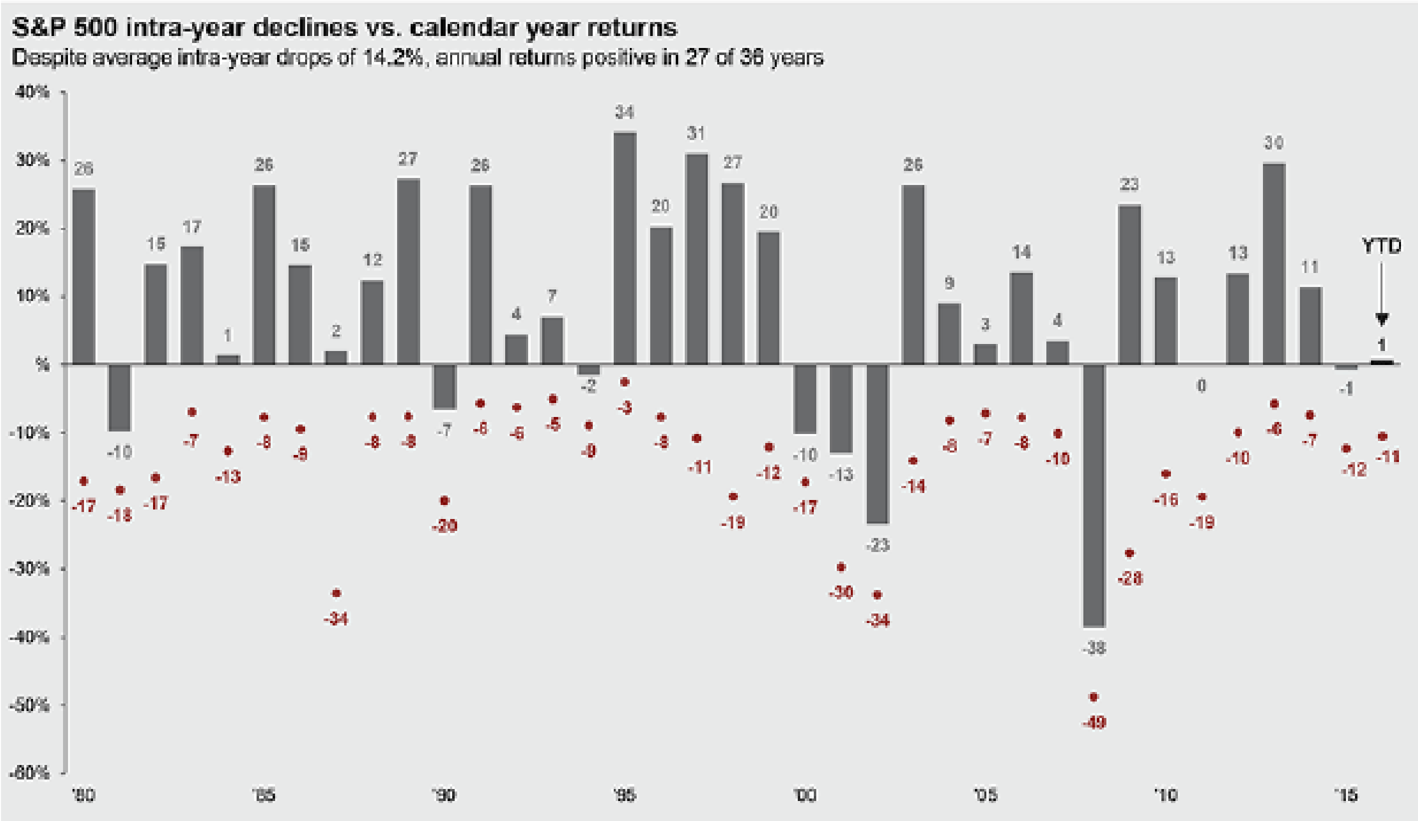
- a continued reaction to the US Fed's December rate hike
- oil prices falling to under $30 per barrel in mid-January
- a fear of wide scale credit defaults (particularly among borrowers in the energy and mining sectors)
- general economic malaise across the globe
- a growing belief among investors that central banks are either unable to jump start economic global growth or are pursuing the wrong policies to do so

Just when everyone was ready to give up, the price of oil began to climb based in part on data indicating US output was meaningfully declining, talk of large national oil producers agreeing to a production freeze, the US dollar weakening a little and general economic indicators in the US indicating the economy was continuing to muddle along.

What can we expect for the balance of the year? It looks like the US economy is OK, not great but OK, and the rest of the world is suspect. The good news for us is we import $40 to $50 billion per month more in goods and services than we export. For multinational companies this represents a significant challenge but it is probably helpful to US consumers as imported goods are likely to remain affordable. Inflation is likely to stay low. Interest rates will remain at historically low levels, however, it is probable the Fed will raise short term rates once and possibly twice this calendar year. US employment is strong, companies are hiring at a decent rate and the unemployment rate is low at 5%. With more people working new car sales are relatively strong, although not as robust as last year's record setting pace. A combination of more people working and low interest rates is certainly helping the housing market as prices have mostly recovered from the recession and new home construction is strong.

Stock valuations do not appear to be stretched, a market multiple of seventeen times earnings and a dividend yield of 2% in a world where the ten year treasury yields 2% does not look overheated to us. We think it is reasonable to expect the market to return in the mid-single digits for the year.

# 2016 So Far (continued from page 3)




Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.
Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest market drops from a peak to a trough during the year. For illustrative purposes only. Returns shown are calendar year returns from 1980 to 2015, except for 2016, which is year to date.
*Guide to the Markets – U.S.* Data are as of March 31, 2016.

Perhaps the most important takeaway from the first quarter's activity is that investing is a marathon (26.2 miles) - maybe it is more like an ultramarathon (50+ miles). A marathon is akin to dozens of three month time periods not just one. Over long periods of time investing in large companies with leading market share and shareholder friendly management yields on average nine to ten percent per year compounded. In the first quarter of 2016 the average monthly return was forty five basis points (0.45%) which works out to 5.5% per year. Unfortunately the huge monthly variances to get to that average caused a lot of pain. The chart above is an excellent illustration of the inherent volatility in the stock market. The grey bars show the return for a given calendar year. Historically 70%+ of the years are positive. The red dots reflect what the biggest intra-year period decline was in any given year. For example, in 2009 the market was up 23% but at one point in 2009 there was a period of time when it was down 28% peak to trough! The average intra-year period decline in the above chart is 14% while the average annual return is a positive 9.5%!

The lesson is to own quality and be patient; there will always be a crisis in the headlines (or on CNBC) because bad news sells. The good news is in time problems get solved and markets adjust.

Drew Swenson

# Welcome Rich Heiman

ARS Wealth Advisors is thrilled to announce the addition of Richard Heiman to our team. Rich comes to us with over 25 years of experience in the financial industry. Prior to joining the ARS team, he was the Executive Vice President at Doyle Wealth Management, overseeing more than $250 million in assets. As a key point of contact for these clients, Rich provided full financial planning for income strategies, wealth management and retirement services. Before joining Doyle Wealth Management, Rich worked in client advisory and management roles at Raymond James and Fidelity Investments.

Rich earned his Bachelor of Business degree from the University of South Florida. He and his wife Mary have been married since 2012. Outside of work they enjoy spending time with their families and traveling.

As Senior Vice President, Rich will be working closely with new clients and prospects to introduce them to ARS Wealth Advisors and our services. His experience in business development and client management make him an invaluable resource to our team.

# Treasure Hunting

Did I forget anything?

That question is always on your mind when you are on the way to the airport for a big trip. The way travel works now, it is unlikely you can turn around and get whatever you left behind and still make your plane. Perhaps you have moved several times and have wondered if you forgot about a bank account or brokerage account or a rebate?

Thanks to the internet and various consumer protection laws, if you did forget something it may be waiting for you to reclaim it. And the good news - it is very simple. For our Florida clients, a good way to start is to go to www.fltreasurehunt.org . This is the official website for the state of Florida for unclaimed property. Once there, simply click on the "Search Unclaimed Property" icon, type in your last name and first name and see if any results are found. If there is unclaimed property belonging to you, the instructions are simple and straightforward for recovering it. You can search on behalf of relatives and friends as well. If you have lived in another state(s) we recommend googling "unclaimed property [state name]" and searching that website. All the state sites are similar in terms of setup.

If you need any help with your treasure hunt, feel free to call us.

Happy hunting!

# What is a Fiduciary and Why Should I Care?

This month marked the end of the long debate to accept a proposal by the Department of Labor to set stricter standards and more carefully define the role of financial advisors and their compensation. The proposed changes were met with opposition by lobbyists and large broker dealers (firms like Merrill Lynch and Morgan Stanley) who argued that making vast changes to their business model would create substantial additional costs to doing business.

The final rule expands the circumstances in which broker-dealers, investment advisers, insurance agents, plan consultants and other intermediaries are treated as fiduciaries to ERISA plans and individual retirement accounts (IRAs). Additionally, the rule seeks to preclude advisors from receiving compensation that varies with the investment choices made or from recommending proprietary investment products absent an exemption.

This ruling attempts to better distinguish when an advisor is acting in a fiduciary capacity and when they are not. While the ruling set forth does not completely eliminate the conflict of interest in broker dealer pay, it is a step in the right direction towards a more transparent and fair system for clients.

To best understand the impact of this ruling, it is helpful to define the terms at the center of the debate:

***What is the fiduciary standard?*** The fiduciary standard of care requires that a financial adviser act solely in the client's best interest when offering personalized financial advice.

***Why is the fiduciary standard of care an issue of concern?*** Consumers are harmed by the absence of a uniform fiduciary standard that applies to all financial professionals who provide personalized investment advice, from paying excessive fees and commissions to receiving substandard performance. Consumers are exposed to even greater and unnecessary risks from products that may be deemed suitable for them but are inferior to other available options and not necessarily in their best interests.

***Who follows the fiduciary standard?*** Registered investment advisers and their firms are required to provide services to their customers under the fiduciary standard. This would include our firm, ARS Wealth Advisors. CERTIFIED FINANCIAL PLANNER™ professionals providing financial planning services also must abide by the fiduciary standard, as defined by CFP Board.

***Who does not?*** Broker-dealers are not required to provide services to their clients under the fiduciary standard of care. Instead, broker-dealers provide services under the "suitability standard of care," which generally requires only the broker-dealer's reasonable belief that any recommendation is suitable for the client. It is important to recognize that a financial recommendation that is "suitable" for a client (as legally required for broker-dealers) may or may not be a financial recommendation that is in the client's best interest (as legally required for investment advisers). Broker dealers would include firms like Charles Schwab, Vanguard and E*trade.

Jennifer M. Facini, CFP®, MBA

2015 TOP 100 FEE-ONLY WEALTH MANAGERS

FT FINANCIAL TIMES | Top Financial Advisers 2015

FT 300 Ranking June 2015

## Mission Statement

*To focus solely on meeting the unique needs of our clients and to help them prepare for life's most important financial decisions, by providing objective advice, free from conflicts of interest, based on time-tested, proven strategies. To give our clients peace of mind by placing their best interest first and always acting in a fiduciary capacity.*

## ARS Team

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If you would like a copy of the most recent version of our Form ADV Part II, one is always available to you upon written request

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