VERITAS NEWSLETTER

240 Algoma Blvd
Oshkosh, WI 54901
(920) 251-4862

506 E Mill St Suite 101
Plymouth, WI 53073
(920) 893-5262

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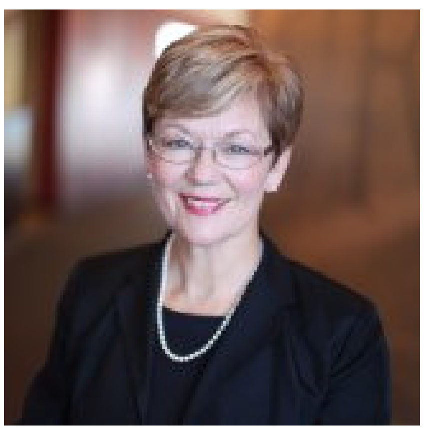
The F Word ...

No this is not about profanity (although, some investment firms might think it is). It is the word Fiduciary as used in the investment industry, and what it means to you as an investor.



In April 2016 the Dept of Labor (DOL) issued a ruling regarding the Fiduciary rule as it applied to the investment industry, and the relationship of the advisor to investors. This put the investment industry into a 'tailspin' of activity, as it sought to find a way out of acting as a true fiduciary, acting in the BEST interest of the client.

In March of 2018 an appellate court overturned the rule, eliminating the fiduciary standard for Brokerage firms, and returning to a suitability standard. The suitability standard requires only that a product being presented to an investor is "suitable", not necessarily in the best interest of the investor. It does not require full disclosure of fees and commissions, etc.

How did this effect Veritas Clients?

There is NO effect on Veritas clients. Veritas Financial Services is a RIA (Registerd Investment Advisor) and is held to a fiduciary standard. Our platform partners Matson Money and Symmetry Partners are also RIA's and act as fiduciaries; and do abide by the stricter rules of the fiduciary standard, as opposed to the 'suitability standard'.

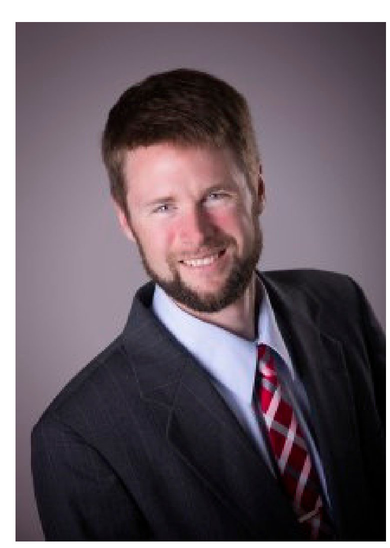
Author and columnist Terry Savage addressed this issue in her last newsletter and has some good advice for consumers (you can find her at www.terrysavage.com, or call our office and we will provide you with the full article). Is the overturn of the ruling really a bad thing? It would be nice if everyone would 'play nice in the sandbox'. But often this is not the case. The fiduciary rule also allowed loopholes for industry players. One was called BICE (Best Interest Contract Exemption). In other words, in small print they could wash their hands of the fiduciary standard.

I think a law or rule which misleads the consumer into believing they are being treated according to a higher standard when they are not… well is deceptive and dangerous.

You are always your best advocate & working with a fiduciary is always in your best interest! -Margaret

Reading the Subtle Cues

While I make the long morning commute from Oshkosh to Plymouth, often I tune into sports radio to catch the scores from the prior night. This station often features a prominent money management firm from northeast Wisconsin, who will do a 3-5 minute infomercial. It is interesting to hear what the competition is focusing on, and perhaps how investors at large are interpreting their message.



On a recent episode, they walked through what a potential customer might experience, and said something that caught my attention: "We will meet with you every quarter, to discuss how your investments are doing", and "we will manage your money so you won't have to worry about it". Funny how a few words can speak volumes about a firm's investment philosophy.

To the investor, that might sound GREAT! You are going to take away all my stress, manage my money, and strategize with me every quarter. However, what may sound good, may actually hurt you. We must discern "activity" from "control".

First, from quarter to quarter the market fluctuates. Making any decisions based on what happens in one quarter is silly. Making changes based on what happens during a quarter creates a lot of activity, but what good is it really doing? Activity just for its own sake is very productive for the firm—but not the investor.

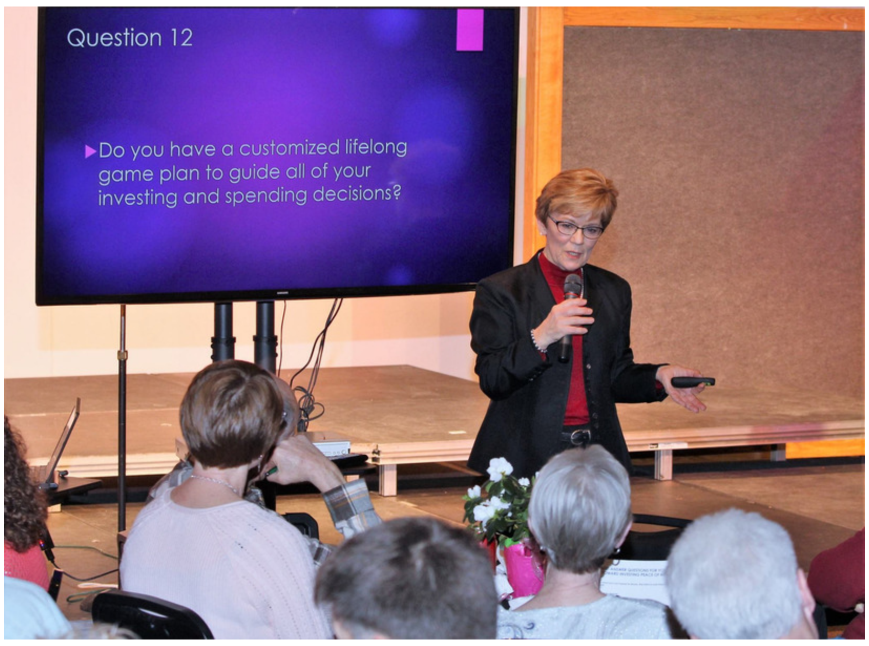
And that leads me to my second point. What are they trying to do with all of that "activity"? Are they trying to anticipate, guess, and predict the future? Probably. Are those predictions implemented in your portfolio then? More than likely. Is forecasting and predicting a good strategy? Likely not. According to the most recent SPIVA scorecard ending December of 2017, the vast majority of money (mutual fund) managers who do this failed to beat their market or benchmark. Specifically, **92.33%** of large-cap managers, **94.81%** of mid-cap managers, and **95.73%** of small-cap managers failed.

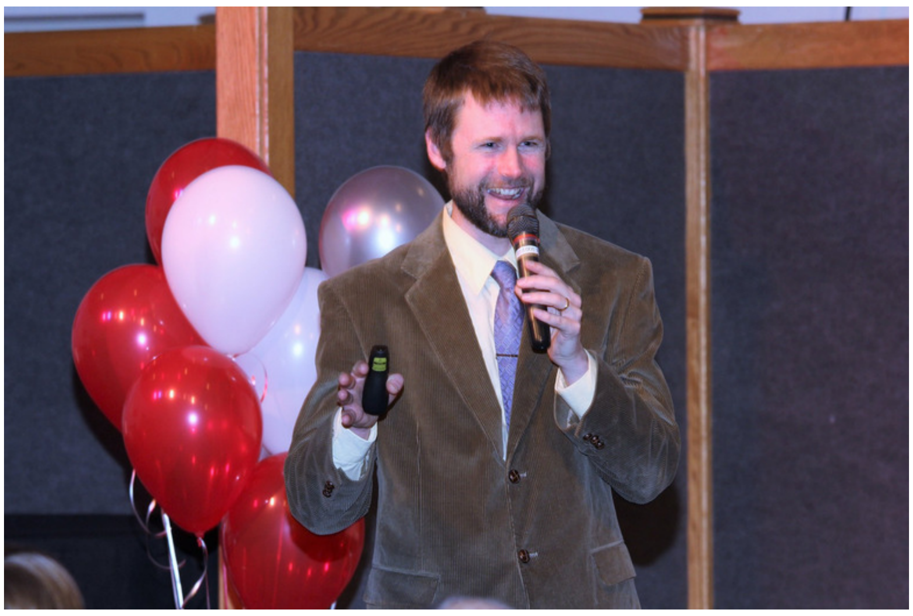
While frequent activity and strategizing may seem prudent, and even exciting, the evidence clearly shows that those who engage in that activity usually come up short.

Market rates of return are good, and available to those who remain disciplined. – Jeremy

ROSES ARE RED, VIOLETS ARE BLUE, MAKING FINANCIAL SUCCESS FOR YOU!

Thank you to everyone who took part in our February event.
We had a great time connecting with you all!



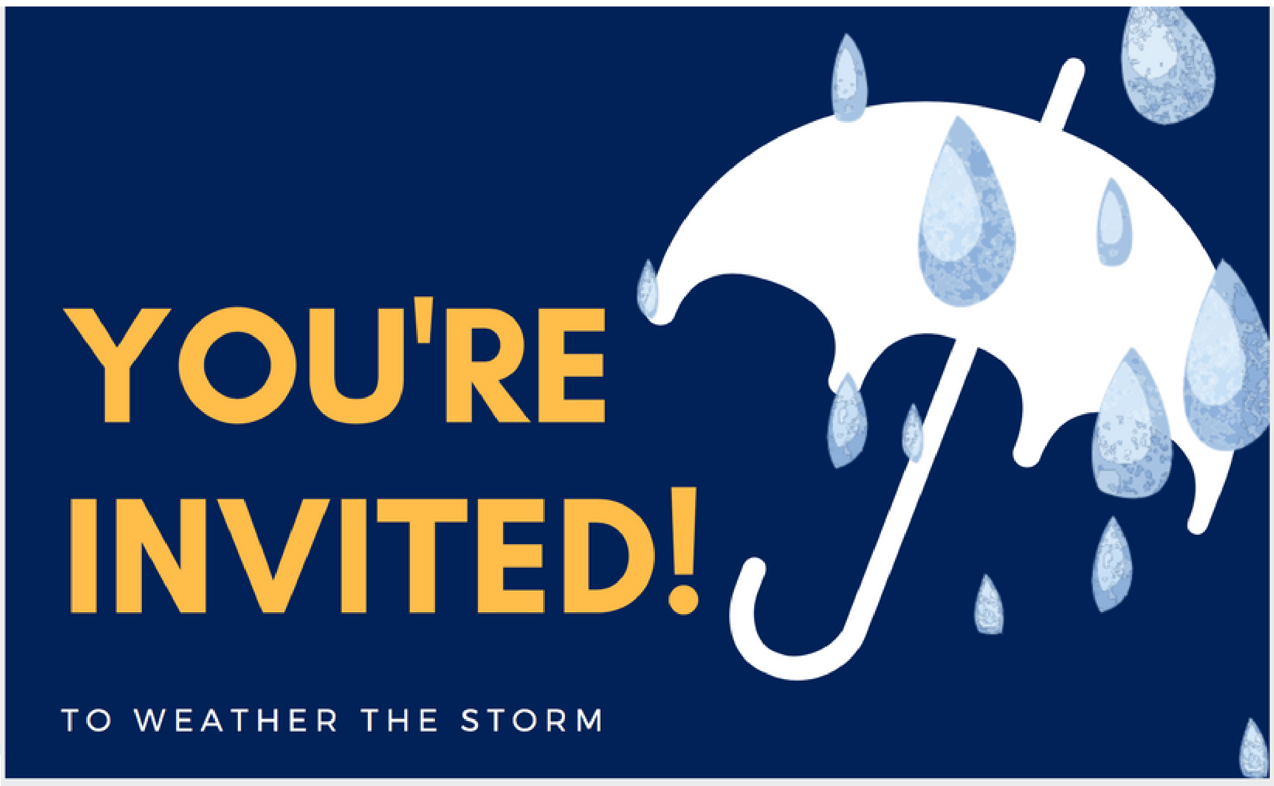


See you May 1st or 3rd

YOU CAN STILL RSVP

(920) 893-5262
VJOHNS@VERITASINVESTING.COM

Did you get your invitation for our event "Weathering the next Market storm" in the mail or see it on facebook?!



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