



### ARE YOU WORKING WITH A FIDUCIARY?

by: Margaret Wittkopp

A fiduciary is a fancy word being tossed around a lot these days. I've heard claims that this firm & that firm act as "fiduciaries". The question that both investors & retirement plan providers must ask is, what standard of "fiduciary" responsibility must they meet, and is their behavior consistent with that of a prudent fiduciary.

#### Best Interest

- Full legal fiduciary responsibility.
- Section (38) Fiduciary Liability under that section of ERISA Code.
- Registered Investment Advisor (RIA) firms.

#### Suitability

A lesser requirement used in the financial industry for

- Stock Brokers
- Investment Representatives
- Brokerage & Insurance firms

The biggest mistake I've seen in over 25 years in the investment advisory business is what I call the "Nice Guy/Gal" syndrome. This includes the assumption on the part of investors that advisors should at all times be "nice". Nice has nothing to do with your financial well-being. Sometimes it is in your "best interest" if you have someone who gives you push back on "ideas" that could harm you financially. So what does a true fiduciary really look behave like? What do they do that is different?

Here are a few principles that can help you:

#### 1. Full Disclosure:

Includes risks, fees, costs of managing, and costs of underlying investments

#### 2. Establish Objectives & Time Horizons:

Setting realistic & measurable expectations

#### 3. Specially Engineered Portfolios:

That meet the strictest ERISA Prudent Investment Guidelines, including MPT/EMH/3 factor model, in lieu of "ideas", "strategies" or "sales pitches" which are used to sell products.

Usually when you are called with a "good idea" it is more likely good for the agent/advisor and not necessarily for YOU.



### 2018 MID YEAR REVIEW

by: Jeremy Burri

2018 has been an up and down ride in the markets. Trade wars and geopolitical tensions have dominated the headlines thus far. The economy is strong, the housing market is hot, and interest rates are steady- but on the rise. How have different markets fared?

In the United States, US Large Cap Stocks are up about 2.81% as of 6/26 as measured by the S&P 500 Index. US Small Cap Stocks, as measured by the Russell 2000 Index, are up 9.27% year to date. Even within one country, there can be a difference between the performances of different market segments. Most investors have very little exposure to US Small Companies, thus are missing out on these returns.

The MSCI EAFE Index (Large Intl Firms) is down 4.16%. International Small Caps are down 2.37%. Here again, small firms are outpacing large, although both are negative. But diversification is functioning as it should. The US market is up, the international market is down.

This is reverse from 2017 when international vastly outpaced the US. US Bonds, as measured by the Barclays US Aggregate Bond Index, are down 1.85%. Interest rates have been ticking up, and as rates rise longer-dated bonds will fall in price.

As interest rates continue to rise, fixed income investors will feel the pain of rising rates.

Many panic-stricken investors flooded into bonds at the depths of the 2009 stock market correction, a low point in interest rates, and will suffer declines in their portfolios as rates rise.

In summary, 2018 has been a mixed bag. We don't know what the rest of the year holds for investors. But the beauty of a disciplined and academically sound investment philosophy is that we don't have to know the future to be successful. A well-built portfolio is designed to function during volatile times. The game plan for ALL markets remains the same:

#### Diversify

Own thousands of companies from around the world, large and small, and fixed income to reduce volatility.

#### Own Equities

Own stocks to outpace inflation. While no one knows what direction the next 20 or 30% move in stocks will be, the next 100% move is up.

#### Rebalance

Sell off or trim back what is high, buy what is low. If the markets sell off later in the year, it will be a good time to sell bonds, and buy stocks. If stocks rise later this year, it's a good time to rebalance and buy bonds.



# #investingwithveritas

Recently, we started a campaign on Facebook to empower and educate. We are all at differing levels of understanding terminology and let's face it, there are a lot of terms in investing! That is why we wanted to offer up quick and easy ways to get you the information you deserve!

# Did you make it to our last event?



Keep intouch!



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# HAPPENINGS

## The Savage Truth

Featuring: *Terry Savage*

We cut to the heart of the fiduciary debate. You may have heard of the “fiduciary standard” in recent months, and we uncovered what it means, who must adhere to it, and who does NOT! We also tackled how it affects individual investors and discussed the D.R.A.G.O.N.S of the investment industry.



Thank you to Terry, a nationally recognized author, writer, and speaker. We were lucky to have gotten this wonderful information from a woman who has won numerous awards and has been a board member to more than one fortune 500 company. If you didn't get a chance to make it you can learn more about her at [www.terrysavage.com](http://www.terrysavage.com) and because we want you to have this information, you can watch the live footage we recorded for you on our Facebook page.

**We were so fortunate to have this event and we thank all who came!**

Join us for Special Presentations of  
**“Separating Myths from Truths”**  
**July 24th and 25th** at 506 E Mill St in Plymouth. Both days at 11:30 am and 6:00 pm, with light food and refreshments to be provided.

As a follow up from “The Savage Truth with Terry Savage”, you may have questions on how exactly a prudent fiduciary should invest on behalf of their clients. This presentation walks us through common investing myths and the contradicting investing truths that support prudent investing. We will do that by looking at the robust academic principles that underpin a sound investment process.

Even if you have seen these presentations before, this is a great opportunity for a refresher on why we do what we do. Information has been updated.

Please call our office at 920-893-5262 to make your reservations.

**We will see you there!**

## Can We Help You With That?

As a Registered Investment Advisor, there is a lot we can help you with. Are you utilizing us to the fullest extent?

Do you need advice on your employer's 401k plan? College savings options and college borrowing? Retirement planning and projections?

Long-Term Care or Estate Planning? How about insurance questions or tax questions?

There are many areas that we can help you with, and if we are not the expert on your subject matter, we can help you get in touch with one through our various professional contacts. Don't ever hesitate to contact us with your questions or concerns.

**As a fiduciary, that is what we are here for!**

## WI Back to School Sales Tax Holiday

Sales of certain items are exempt during a five-day period in August 2018. The temporary exemption period, referred to as a sales tax holiday, will begin on Wednesday, August 1, 2018, and continue through Sunday, August 5, 2018. This generally means more cash in your pocket when you shop during these days!

During the sales tax holiday, the following items are not taxable: Clothing, if the sales price of any single item is \$75 or less (sorry, no Gucci shoes) A computer purchased by a consumer for the consumer's personal use, if the sales price of the computer is \$750 or less. School computer supplies purchased by the consumer for the consumer's personal use, if the sales price of any single item is \$250 or less. School supplies, if the sales price of any single item is \$75 or less.

There are of course, always questions and exceptions. See [www.revenue.wi.gov/DORFAQ/STH-School-Supplies-List.pdf](http://www.revenue.wi.gov/DORFAQ/STH-School-Supplies-List.pdf) for more details. This reminder courtesy of our friends at ACE CPA LLC