LANDMARK FINANCIAL ADVISORS, LLC

WEALTH MANAGEMENT

JUL 2016

KEEP CALM AND CARRY ON

This slogan is utilized in all kinds of tee shirts in various ways, but where did it come from? Keep Calm and Carry On was a motivational poster produced by the British government in 1939 in preparation for the Second World War. The poster was intended to raise the morale of the British public, threatened with widely predicted mass air attacks on major cities. I guess we can draw some similarities to the financial panic over the Brexit vote last week to this slogan.

It is a fact that stock markets go up and down, and occasionally (usually once a year) they do so violently. We also know that reacting to every violent swing that occurs in the markets is a recipe for disaster. The outcome of an issue impacting capital markets might be obvious after the fact, but it is usually the flip of a coin beforehand as to which issue will be the problem, when it will unfold, and how to react. Trying to predict the unknown and making big bets with other peoples' money is irresponsible and imprudent.

At Landmark, we manage portfolios with the awareness that we can't predict when events like Brexit might rock the markets—just that markets will be rocked on occasion. We manage client funds based on specific risk levels, and are diversified across asset classes and managers. Boring, steady portfolios can withstand about anything you throw at them as long as you remain calm and disciplined.

As always, we remain on course and diligent. We will quantify the changes that are occurring in capital markets, their risk and return opportunities, and will be running our process and reviewing our strategies in the coming weeks and months. We always invest with our downside risk targets in mind. However, after bouts of downside volatility like we are currently seeing, we are often able to buy equity assets at lower prices (and therefore higher expected returns). Therefore, volatility such as this can actually improve the long-term performance of client portfolios.

We will keep you informed of further developments as they unfold. In the meantime, let us worry about achieving the returns needed to reach your goals and you focus on living them!

DONALD R. KURTZ: In the investment game risk and returns are inseparable.

It never is your thinking that makes big money, it's the sitting. — JESSE LIVERMORE

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WHAT IS TAX LOSS HARVESTING?

There are many ways to get your investments to work harder for you—better diversification, downside risk management, and the right asset allocation for your risk level. The recent volatility caused by the United Kingdom's decision to leave the European Union may open the door for another way to get more out of your portfolio. This can be done by using investment losses to improve your after-tax returns with a method called tax loss harvesting.

Tax loss harvesting is the practice of selling a security that has experienced a loss. At its most basic level, tax loss harvesting is selling a security that has experienced a loss—and then buying a correlated asset (i.e. one that provides similar exposure) to replace it.

Your portfolio remains in balance with your targeted asset allocation, but you have added some incremental tax benefits. The less you pay in taxes the quicker your portfolio will grow.

Tax loss harvesting can reduce your tax liability as realized losses on investments can be used to first offset taxable gains and then to reduce ordinary income up to $3,000 per year. If this strategy is employed a regular basis over a long period of time, the benefits can be substantial.

As with all tax matters, we recommend that individuals consult their tax advisor to evaluate their particular situation.

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