

LANDMARK FINANCIAL ADVISORS, LLC

WEALTH MANAGEMENT

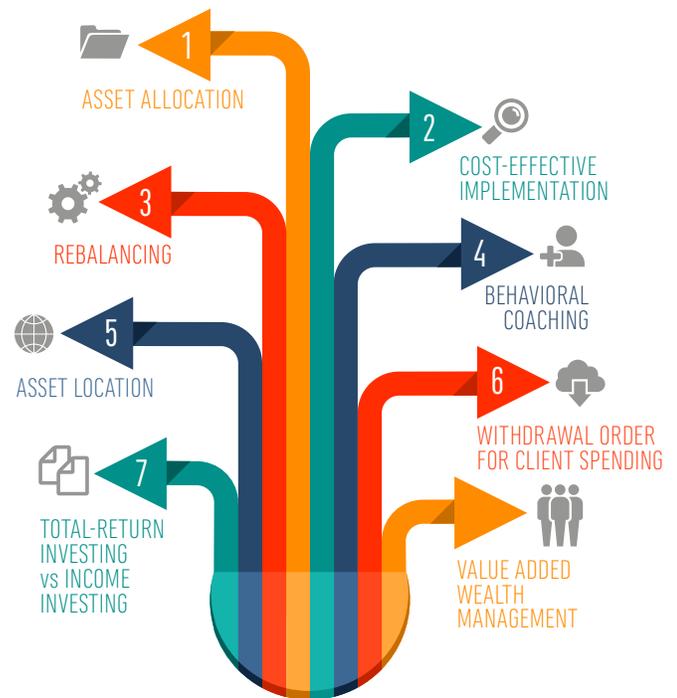
JULY
2014

WEALTH MANAGEMENT . . . VALUE ADDED

What makes one car with four doors and wheels worth \$80,000 and another worth \$30,000? The same thought could apply to our industry. Many individuals use financial advisors because they don't have the time, willingness, or ability to handle their investments with confidence. It is easy to see the benefits of risk-adjusted returns in your portfolio based on our reporting, but it is tough for us to quantify the extra value that we feel we provide at Landmark which differentiates us from our competitors.

The following are strategies that we focus on to create added value to our clients' experience:

- 1 ASSET ALLOCATION** This is the investment plan that outlines your financial objectives for the portfolio which includes the appropriate level of risk that should be taken. This is often ignored by some advisors because it is time consuming, however, at Landmark risk management is a crucial component of your investment plan.
- 2 COST-EFFECTIVE IMPLEMENTATION** Gross returns, minus costs, equals net returns. If you pay less—you keep more—regardless of whether the market is up or down. We focus on trying to keep costs down for our clients.
- 3 REBALANCING** The goal of rebalancing is to minimize risk, not maximize return. Investors that do not rebalance over time increase their portfolio risk levels. We provide the discipline to rebalance when it is needed most, which is often when it is the least palatable. It's tough to buy when things are down or sell when they are soaring. Keeping risk in check gives us this discipline.
- 4 BEHAVIORAL COACHING** College students looking for advice on this profession would be well-served to explore a minor in Psychology—over the years, having that expertise would have come in handy. Persuading clients not to abandon the markets when performance has been poor or dissuading them from chasing the next “hot” investment is critical. The key is that we strive to maintain a trust and rapport with our clients which helps keep the focus on the plan we have crafted for them. Many studies have been done on this issue—the average investor costs themselves 1.5% per year just because they lack a sounding board.
- 5 ASSET LOCATION** Depending on the asset allocation and type of account [taxable vs. tax-advantaged] the construction of the portfolio, with after-tax returns in mind, can be very beneficial to building wealth. This takes time and planning, but can yield substantial benefits to our clients.
- 6 WITHDRAWAL ORDER FOR CLIENT SPENDING** Consideration is always given to which account—taxable or tax-advantaged, should be used for client withdrawals. We spend time determining the order of which assets should be sold and cash withdrawn so that you potentially pay less tax, therefore extending your wealth.
- 7 TOTAL-RETURN INVESTING vs. INCOME INVESTING** Yields are very low and we see many investors grasping for yield [income] and, as a result, taking on significant risks they may not understand. We favor an earnings plan that includes not only income but also capital appreciation.



⊘ THE BIGGEST RISKS TO THIS PARTY ENDING The world has come a long way over the last five years, and these markets will not go up forever. We do continue to appreciate the long term benefits of owning companies and don't envision anything as ominous as what we experienced in the recent past. However, a hiccup is building in our opinion:

- **US ECONOMY** The Fed has been printing money at unprecedented levels. The presses will stop later this year, and a contraction is not out of the question as demand remains sluggish.

- **EUROPEAN ECONOMY** The ECB [equivalent of our Federal Reserve] are now charging banks to leave excess reserves on deposit to encourage lending. They are trying to combat an ever growing threat of deflation. Growth remains sluggish at best.

- **CHINA AND JAPAN** Japan has been battling deflation and growth for decades, and China's growth has slowed considerably the last few years. Sovereign debt issues in Japan looms and China's shadow banking system is troublesome.

- **WARS** It seems the majority of the countries surrounding the Mediterranean Sea have been in constant turmoil over the last several years. This is a big wildcard that is hard to plan around.

? WHAT ARE WE DOING ABOUT IT We have adjusted and rebalanced accounts back to or below their normal risk levels. Our objective is not to scare, but to educate our clients on potential issues that could temporarily rain on this party. We feel it is appropriate to be a bit conservative at this time. As always we encourage you to contact us with any questions or concerns you may have.

“ Success is the progressive realization of a worthy goal or idea. ”
 —Earl Nightingale

“ You can be young without money but you can't be old without it. ”
 —Tennessee Williams

