LANDMARK
FINANCIAL ADVISORS, LLC

WEALTH MANAGEMENT

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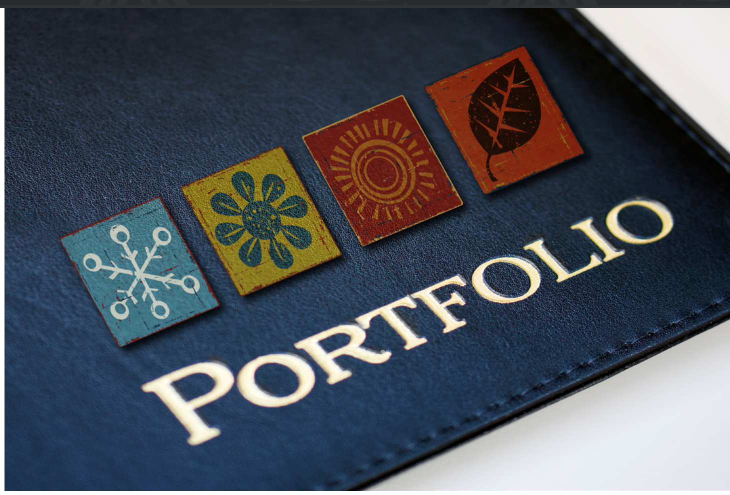

A PORTFOLIO FOR ALL SEASONS

We are starting to see subtle changes in the weather as summer has begun its transition into fall. We are hopeful that we actually get a fall season and not jump right into winter, as the spring season seemed very short this year. The weather can be analogous to the benefits of a diversified portfolio—expected to perform well in various economic climates. The performance of US equities has been very strong this year, however the changing of the season on this asset class could very well be soon upon us.

It is our thought that this is a good time to discuss the key components of our portfolios:

○ **US EQUITIES**—The pace of the economy has clearly quickened in 2018 due to the corporate tax cut. Profit growth has been very strong and equities are up 10.5% for the year ending in September. US Equities remain very expensive and we have seen further disparity in favor of momentum/hope (companies that burn through cash or trade at lofty multiples) versus quality (good profitable cash flow companies). We do not believe this trend will survive and feel the markets will revert back to underlying company fundamentals. The current bull market is now the longest on record, and we feel the "easy money" has been made for this asset class.

○ **INTERNATIONAL EQUITIES**—After strong returns in 2017 and a good start to this year we have seen this asset class suffer as returns are down -3.1% for the year ending in September. The underlying fundamentals of international companies have actually been quite solid, but negative headline news has caused earnings multiple contraction. The US dollar has been very strong (works against assets held overseas), include the trade war scares and you get the current sour sentiment. We feel that these concerns are beyond reasonable, and any improvement could cause a substantial rebound.

○ **FIXED INCOME**—The days of easy money are slowly coming to an end as the Federal Reserve steadily increases interest rates and shrinks its balance sheet. Interest rates have been on a downward trend for almost four decades, and it's a safe bet to assume that you will only earn your coupon (3.19% for a 10Yr US Treasury bond as of Oct 3, 2018) going forward. The uptick in interest rates has caused US fixed income to decline -1.6% for the year ending in September. The magnitude of public and private debt poses a real challenge for the Federal Reserve as they run the risk of pushing the economy into a recession if they become too constrictive with money supply, which eases our fear of rapidly rising interest rates.

○ **REAL ASSETS**—After ten years of monetary stimulus central bankers across the globe have not been able to generate any significant consumer inflation. The only things it seems to have inflated are home prices, bond prices, and stock prices. We continue to believe that technology is changing the inflation paradigm by depressing prices. However, could we soon be on the cusp of inflation due to upticks in wages and housing? Commodities are down -2.0% for the year ending in September, though historically will provide protection in the event of an unforeseen spike in inflation.

It becomes easy to question the benefits of diversification when we have back-to-back stellar years in a specific asset class such as we have seen from US equities. We continue to believe the global economy and elevated valuations warrant a diversified portfolio that will weather all the seasons.

TIME IS A LIMITED RESOURCE!

Life periodically throws you curveballs. A hitter can be ready for a curveball, yet still miss. Many of us have experienced dropping off our youngest child on a college campus. This is a curveball that we knew was coming, yet it still took time to adjust to this new lifestyle. The most common curveball is a health scare or the premature death of a loved one, which is unexpected and leads us to reflect on our lives and priorities. We should all take hold of the lesson that life (time) is precious! We understand time is priceless and want to partner with our clients in helping you make the most gratifying and enjoyable use of your time.

Based on our own personal experiences and shared journeys alongside our clients' lives we have several views that we want to share to make your time as rewarding as possible:

- **EXPERIENCES vs THINGS**—This is easier said than implemented, but we see examples of this all the time. Travel comes to mind, but even quality family time or visits with friends. We are wired to be connected to people, so spend your money and time living life not accumulating things.

- **BEWARE DEBT**—Obligations can become a major stress, and really can derail plans when the economy gets tough. We suggest that your goal be that your only lifestyle debt is your home. Debt has functioned in our favor as interest rates have fallen for 40 years, however the next 10-20 years will be very different. We find that clients that have no debt feel financially independent, which is hard to put a value on. Clients that are debt-burdened often don't have the capacity to spend on experiences.

- **LIVE FOR TODAY OR TOMORROW?**—Planning for our clients would be easy if we knew exactly how long they will live. We think the right answer is living for both today and tomorrow—in order to accommodate this you need a financial plan. A financial plan will illustrate how much you need to save for tomorrow, but also maximize your spending today.

- **DON'T COMPLICATE OTHERS TIME**—Spend some time organizing your affairs for a potential curveball. Protect your spouse and children from financial burdens in the future by making sure you have adequate life and disability insurance. Ensure that you have an estate plan (wills & powers of attorney) in place. Don't make a bad time worse by not having these important measures in place.

"LEAD THE LIFE THAT WILL MAKE YOU KINDLY AND FRIENDLY TO EVERYONE ABOUT YOU, AND YOU WILL BE SURPRISED WHAT A HAPPY LIFE YOU WILL LEAD.

—CHARLES M. SCHWAB

HEADLINES, IN A WAY, ARE WHAT MISLEAD YOU BECAUSE BAD NEWS IS A HEADLINE, AND GRADUAL IMPROVEMENT IS NOT."

—BILL GATES