



QUARTER 1, ISSUE 1

EWS INVESTMENT FOCUS

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Beginning in 2019, I will be writing a short, semi-monthly, investment-focused newsletter. With the market and economic expansions over the past ~10 years, coupled with the recent unnerving correction, we feel that providing an inside look into our research and thinking would be a benefit to our clients. We'd like to keep this newsletter on the shorter side and aim to make it easy to understand and follow. The investment world is complicated, but part of our job is to translate complex items into plain English. We welcome feedback and questions and hope to incorporate "frequently asked questions" into our future correspondence. All the newsletters will be archived under a new "blog" section of our website (www.eaglewealthstrategies.com).

As financial advisors our primary jobs are investment management, financial planning, and general consulting on a broad range of topics. This newsletter will focus strictly on the investment management component.

There are a variety of ways for advisors to manage money, and there are now countless investment options to consider. We've developed and adjust-

ed our process over many years – crafting portfolios and monitoring them over time. We frequently examine our allocations – *"Is it time to have more / less in category X?"* – and continually monitor the individual investments - *"Is the manager doing as we expected?"* *"Should we use active or passive management in this category?"*. Putting together an allocation is like putting together a jigsaw puzzle: the pieces need to fit with one another and each has to be there for a reason. When selecting and monitoring investments, we examine approximately 50 data points, including cost, manager tenure, past performance, inflows and outflows, risk statistics, etc. In subsequent newsletters I'll discuss why these – and others – are of importance and how we use the information to drive decisions.

We strongly believe in broadening our knowledge and continuously educating ourselves. In 2018, I completed the CIMA designation process ("Certified Investment Management Analyst"). The certification process included hours of studying topics such as portfolio theory, behavioral finance, and portfolio construction, a week of in-person classes at the University of Pennsylvania's Wharton School of Business with renowned professors, and two 5-hour tests. In our world, having more knowledge is always a good thing, and we believe our commitment to higher learning



Upcoming Dates

Conferences:

- ◇ 1/30—2/1 Raymond James semi-annual "Portfolio Management Group" (Chris)
- ◇ 2/13—2/15 Raymond James "Winter Symposium" (Paul)

Economic:

- ◇ Federal Reserve Meeting—January 29-30
- ◇ 4th Quarter GDP Release (first estimate) —January 30



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“...when we’re customizing allocations for individual clients, we aim for a long-term target allocation that fits their needs and goals...At the same time, we allow for increases or decreases in risk based on shorter-term outlooks.”

Opinions are those of the author and are not necessarily those of Raymond James. All opinions are as of this date (January 16th, 2019) and are subject to change without notice. Any information is not a complete summary or statement of all available data necessary for making an investment decision and does not constitute a recommendation. Investing involves risk and you may incur a profit or loss regardless of strategy selected, including diversification and asset allocation.

will continue to enhance our process and pay dividends for our clients.

Though 2019 is now underway, we believe we’ll continue to hear about the economic challenges that dominated the tail end of 2018. Paul’s last newsletter – recently released and archived on our website – takes a deeper dive into what happened and our current expectations for moving forward, so I won’t dedicate too much space in this issue to the topic (though I will in the future).

We actively consult with money managers, asset management firms, and noted economists. We read both sides of each argument. As such, we believe that the economy will continue to grow, but will likely slow in 2019. However, “slow” doesn’t necessarily mean “recession”, nor is the possibility of a slowdown a surprise: fiscal stimulus in 2018 (such as the tax cuts) created a sugar high of sorts and will likely start to fade. As Dr. David Kelly—Chief Global Strategist—of JP Morgan Asset Management has said repeatedly in the recent past, the economy resembles a “healthy tortoise”.

As for the markets we believe much the same. Most of our clients’ portfolios are invested with the long-term in mind. Even those in or near retirement need to remember that their assets may need to provide income for decades. Running out of money is a very real danger for many of Americans, and sometimes investing for short-term comfort (trying to jump out of the markets when the road gets rough) can have a severe impact on

long-term security. However, we also believe that simply “staying the course” and never adjusting is also not prudent. For instance, when we’re customizing allocations for individual clients, we aim for a long-term target allocation that fits their needs and goals (for instance, 60% in stocks and other growth investments, and 40% in bonds and other conservative investments). At the same time, we allow for increases or decreases in risk based on shorter-term outlooks. Over the last few years, this tilt has been to the “increase” side of the scale, but this won’t always be the case. While we’re cautiously optimistic about the markets in 2019, we understand that slowdowns and negative years occur from time to time. Changing the tilt is inevitable at some point (as is changing it *back* at some point thereafter, as cycles are common and expected). The underlying investments also can be shifted. The makeup of the “growth” and “conservative” portions of portfolios can and will be modified. In future newsletters we’ll go into more detail describing our current thinking and expectations for future changes.

If there are any topics of interest or questions you would like to ask, please feel free to email me at:

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~ Chris Tully

We can offer you an array of personalized financial services, support and guidance that can help make a positive difference in the pursuit of your final goals.

