

---

# It's Your Money!

## Equity Investing: A Better Approach

Presented by: Peter C. Kote, JD and Michael Allbee, CFP®

---



# Michael Allbee, CFP®

---

Principal, Senior Portfolio Manager



- Michael is a member of the Investment Committee. His main responsibilities include managing and monitoring client portfolios, researching and monitoring investments, and reviewing portfolios with clients. He has been with Benefit Financial Services Group (BFSG) since 2007. He became a principal at BFSG in 2020 and serves as BFSG's Chief Compliance Officer.
- Michael has a Bachelor of Science degree in Psychology from the University of California, Los Angeles (UCLA). He is a Certified Financial Planner™ (CFP®) and is a notary public.
- When not working with clients, Michael can be found having fun playing sports with his 2 sons (especially soccer), or in the mountains or at the beach with my wife and family. He loves to travel and have new experiences or help others through volunteer service.

<https://www.bfsg.com/our-team/>

# Ask First!

Click [HERE](#) For My “Ask First!”

## “Ask First!”

This form is to be filled out by any person who is offering legal, financial, retirement, insurance, accounting, estate, long-term care or similar planning services. Respond to ALL categories completely; sign and date at the bottom of the page.

### ① MY EDUCATION- I have achieved the following level of education (check HIGHEST level achieved):

<input type="checkbox"/> Some High School	<input type="checkbox"/> High School Diploma	<input checked="" type="checkbox"/> Bachelors Degree
<input type="checkbox"/> GED	<input type="checkbox"/> Some College	<input type="checkbox"/> Masters or other Advanced Degree

### ② MY CREDENTIAL(S)- I have the following specialized credential(s) and training (examples: CFP, ChFC, CLU, CPA, JD, MBA, years of relevant experience):

Certified Financial Planner (CFP)
Over 15 years of experience

### ③ MY RELEVANT LICENSE(S)- I have the following license(s) giving me the legal authority to provide the services I am offering to you (examples: bar license (attorney); securities license; insurance license):

License Type	Covers What Activities	Issued By	License No.
CFP	Investments, Tax, Estate Planning, Retirement & Insurance	CFP Board	253719
Series 65	Investment Advisor Representative - Portfolio Management	FINRA	N/A

### ④ LEGAL SERVICES- (Check ONE):

- ☒ I DO NOT practice law, and the services I am offering to you do not involve practicing law.
- ☐ I DO practice law, and have an active license to practice law in California.
- ☐ I DO practice law, but DO NOT have an active license to practice law in California. I am, however, under the supervision of the following attorney who has an active license to practice law in California:

Name of attorney:	Telephone:
Address:	

### ⑤ OUR BUSINESS RELATIONSHIP- Check TRUE or FALSE:

- ☒ True / ☐ False: In our business relationship, I will at all times serve as a fiduciary and put your interests before my interests and those of my employer.

### ⑥ MY COMPENSATION- I will be paid in the following way (commission, fee, salary, etc.), by the named person or company, in connection with the services I am offering to you:

Way(s) I'll Be Paid	Payment Will Be Made By (name each person or company)
Fee-Only (asset-based or fixed)	Client Only
Hourly (financial planning)	Client Only
*We do not receive commissions/bonuses on the sale of investment products	

### ⑦ FINANCIAL PRODUCTS / AFFILIATED ORGANIZATIONS- Check TRUE or FALSE:

- ☐ True / ☒ False: I offer or sell annuities, insurance, mutual funds or other financial products; or I am, or my employer is, affiliated with a person or organization that offers or sells annuities, insurance, mutual funds or other financial products.

### ⑧ I certify under penalty of perjury that the responses herein are true to the best of my knowledge.

Date: 04/23/21	Business Name: Benefit Financial Services Group (BFSG)
Signature: <i>Michael Allbee</i>	Address: 2040 Main Street, Suite 720, Irvine CA 92614
Print Name: Michael Allbee	Telephone: (714) 282-1566

# How to Find a Financial Adviser



**Not all advisers are created equal. Here are some important considerations:**

Fiduciary

Fee-Only

Proper Education (CFA®, CFP®, CPA)

How Will They Meet Your Needs?



3<sup>rd</sup> Party Custodian

Background Checks

- Broker Check  
(<https://brokercheck.finra.org/>)
- Disclosure Brochure (Form ADV)  
(<https://www.adviserinfo.sec.gov>)

# What Are Stocks and the Potential Benefits

- **Represents ownership** — stock certificates
- **Dividends** — Income from the ownership of stocks
- **Capital Appreciation** — Increase in the value of the stock

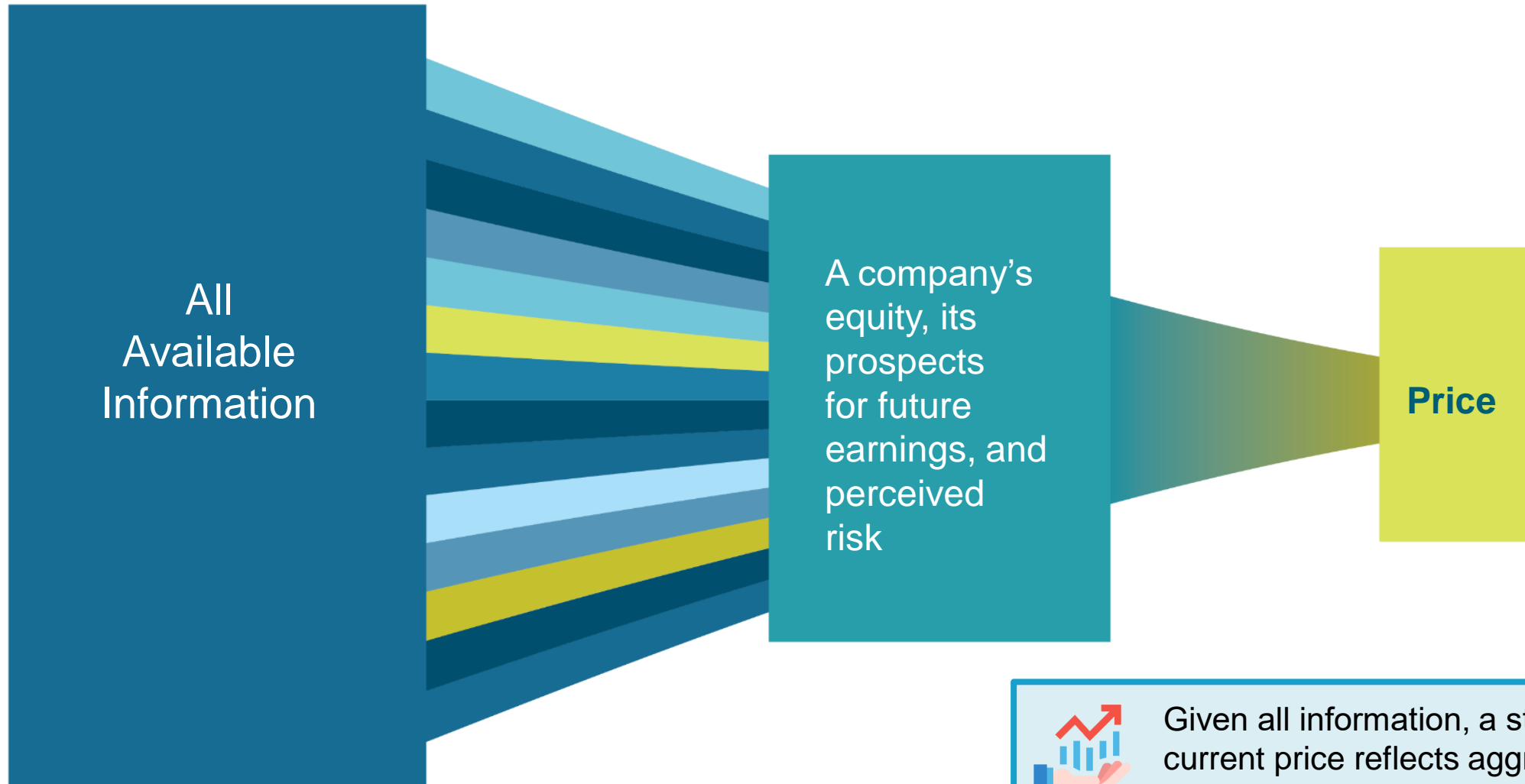
© Randy Glasbergen  
glasbergen.com

INVESTMENTS AND  
FINANCIAL SERVICES



"The good news is, nobody will ever hate you for being rich."

# What Affects a Stock's Current Price?



Given all information, a stock's current price reflects aggregate expectations about risk & return.

# The Risks of Investments

---



Stocks

- Liquidity Risk
- Market Risk
- Credit Risk
- Operational Risk



Bonds

- Inflation Risk
- Interest Rate Risk
- Credit Risk



Cash

- Inflation Risk
- Opportunity Cost

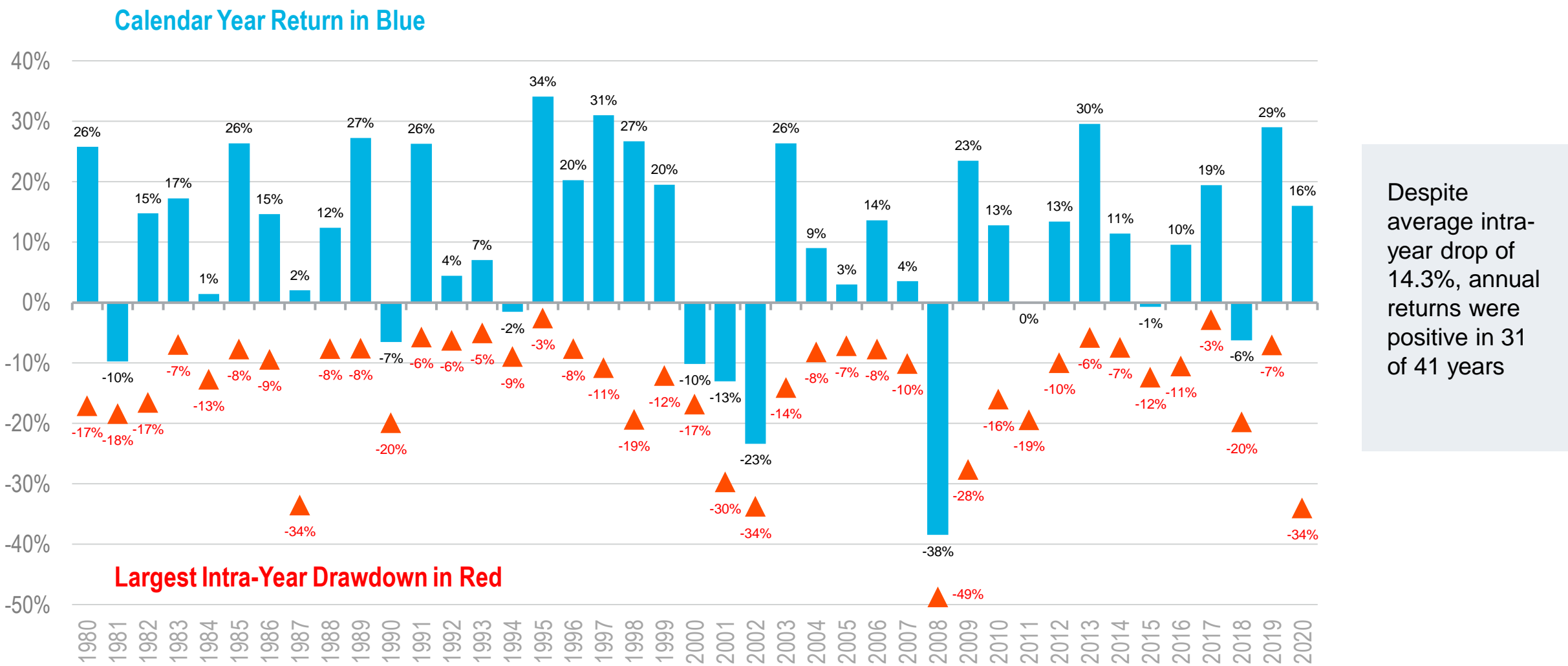
## Reasons to Sell





# Market Declines Are Normal

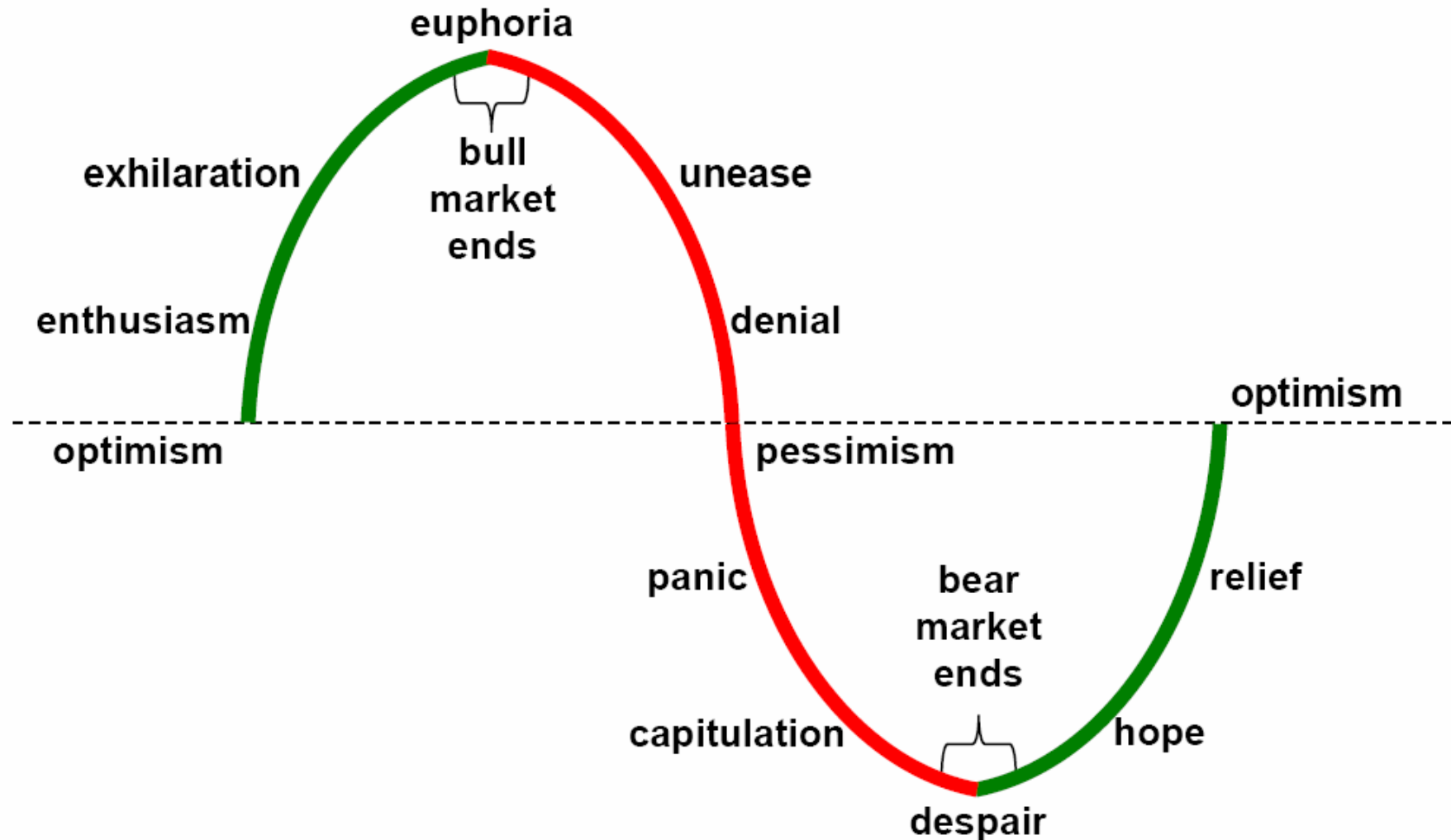
Stocks have declined at some point every year since 1980, but ended **positive** in 31 of the 41 years



# Emotional Market Cycles



Time in the market, not trying to time the market



# Don't Chase Performance



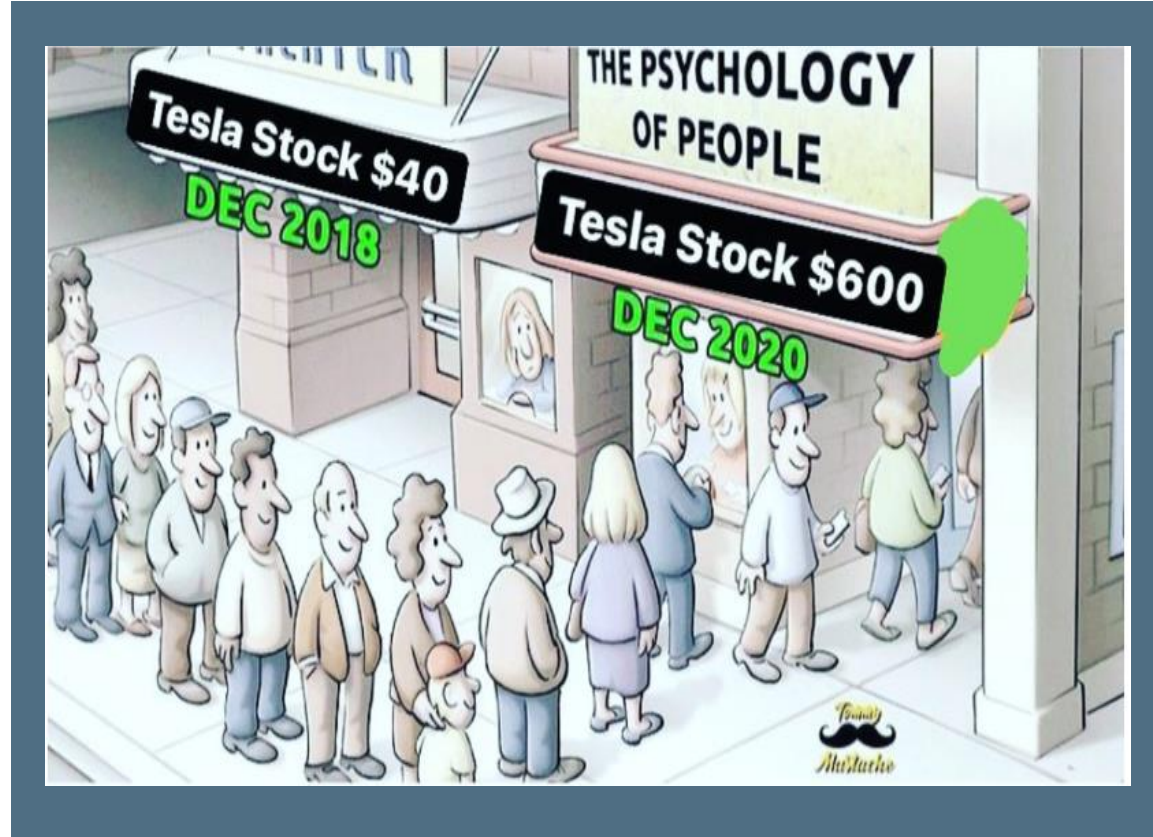
Invest in prior year's top performing asset class?

2.71% vs 4.39% in S&P 500<sup>1</sup>



Invest in prior year's top performing investment newsletter portfolio?

Minus 17% vs. +9% Diversified Stock Index<sup>2</sup>



<sup>1</sup> Time period: Dec. 1998 - Dec. 2013. "Stop Chasing Performance", On Wall Street (Dec. 2013)

<sup>2</sup> Time period: Dec. 1993 - Dec. 2013. "Why Following the Winners is for Losers", Wall Street Journal (1/3/14). Stock index: Wilshire 5000 dividend-adjusted index

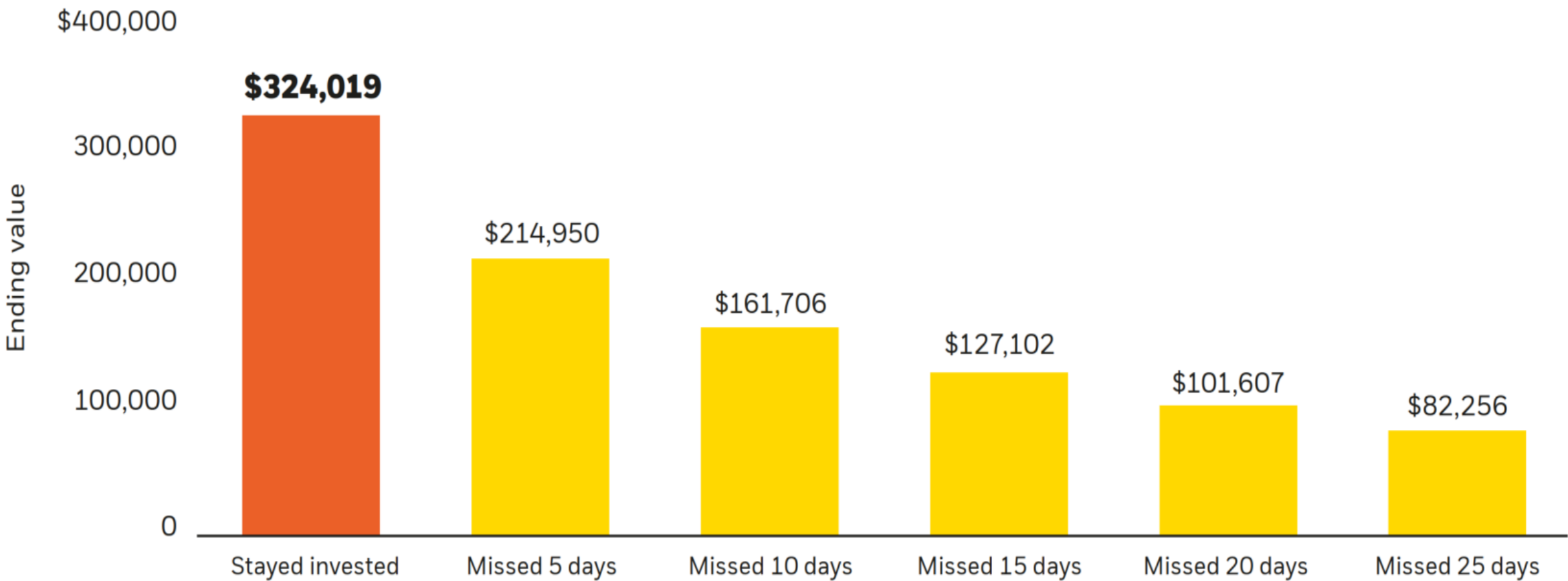
- How much would \$100,000 be worth if invested in the S&P 500 from 2000 - 2019
- \$100,000
- \$200,000
- \$300,000
- \$400,000



# Choose Time In The Market Over Timing The Market

## Stay invested: Missing top-performing days can hurt your return

Hypothetical investment of \$100,000 in the S&P 500 index over the last 20 years (2000-2019)



Sources: BlackRock; Bloomberg. Stocks are represented by the S&P 500 Index, an unmanaged index that is generally considered representative of the US stock market. Past performance is no guarantee of future results. It is not possible to invest directly in an index.

# Do Stay Invested

---

**9 times** in the past **50 YEARS** the stock market has experienced prolonged price declines



If invested at the peak, and did nothing for **5 years**, how often would you have made money?

**EVERY TIME, as long as you stayed invested**

# Do Know Your Comfort Level With Risk

To stick with your plan during tough times, you have to know your limits



## Don't Ask

- “Are stocks overvalued or undervalued?”
- “Is this a good time to buy or sell?”

*(No one knows for certain)*



## Do Ask

- “How much can I lose before I will deviate from my plan?”

# Time Horizon Matters

Knowing your time horizon is extremely important when it comes to choosing your investment and asset allocation.

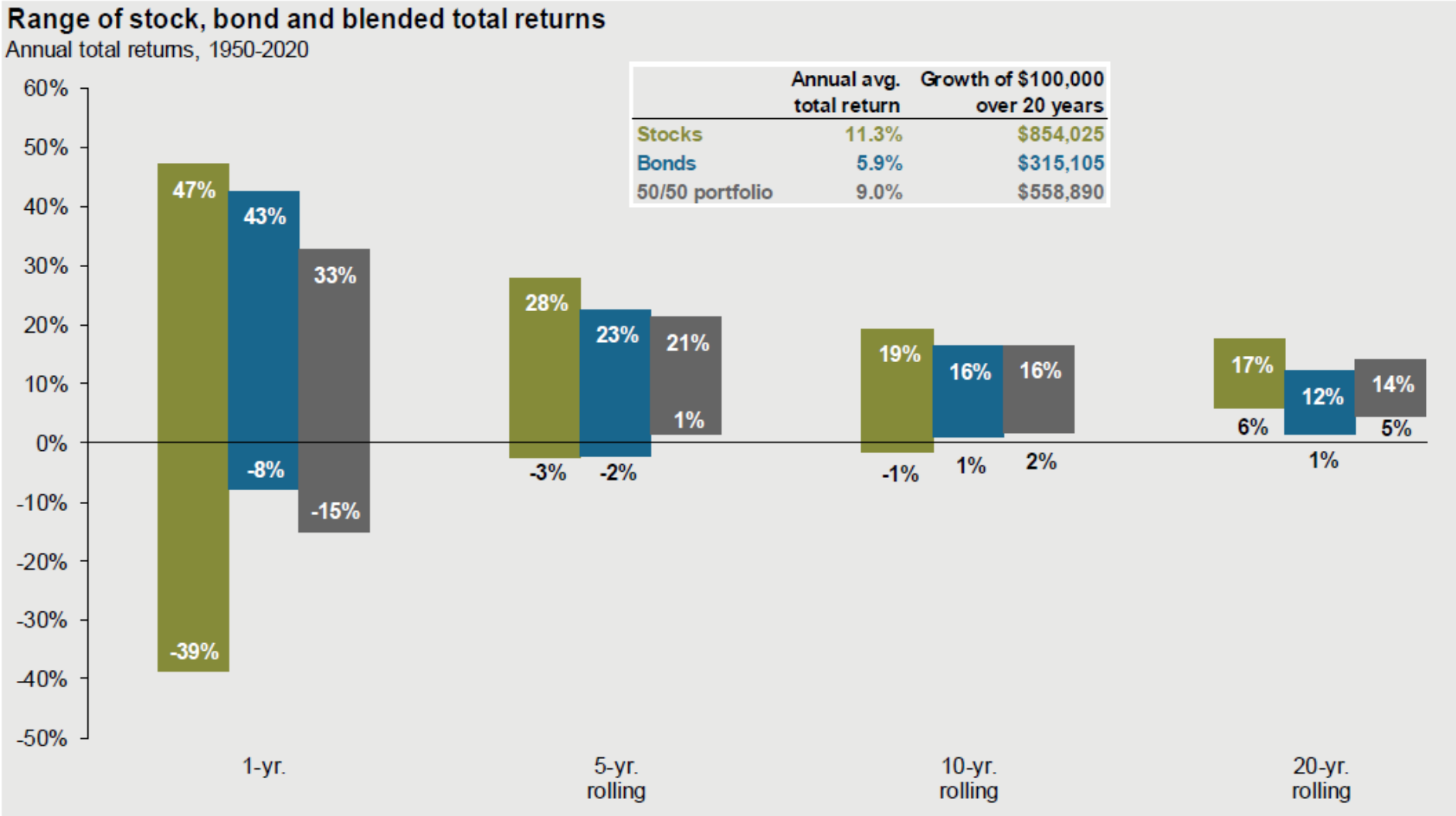


Chart Source: JP Morgan Guide to the Markets 1Q 2021 Source: Barclays, Bloomberg, FactSet, Federal Reserve, Robert Shiller, Strategas/Ibbotson, J.P. Morgan Asset Management. Returns shown are based on calendar year returns from 1950 to 2020. Stocks represent the S&P 500 Shiller Composite and Bonds represent Strategas/Ibbotson for periods from 1950 to 2010 and Bloomberg Barclays Aggregate thereafter. Growth of \$100,000 is based on annual average total returns from 1950 to 2020.





# Do Diversify To Help Manage Risk

---

**Protect against different economic, inflation, interest rate, market scenarios that may occur**

***During 2020, many growth stocks and bonds had positive returns***

***During 2008, bonds overall and cash had positive returns***

***During 2000-2002, many value stocks and bonds had positive returns***

# Don't Predict Performance

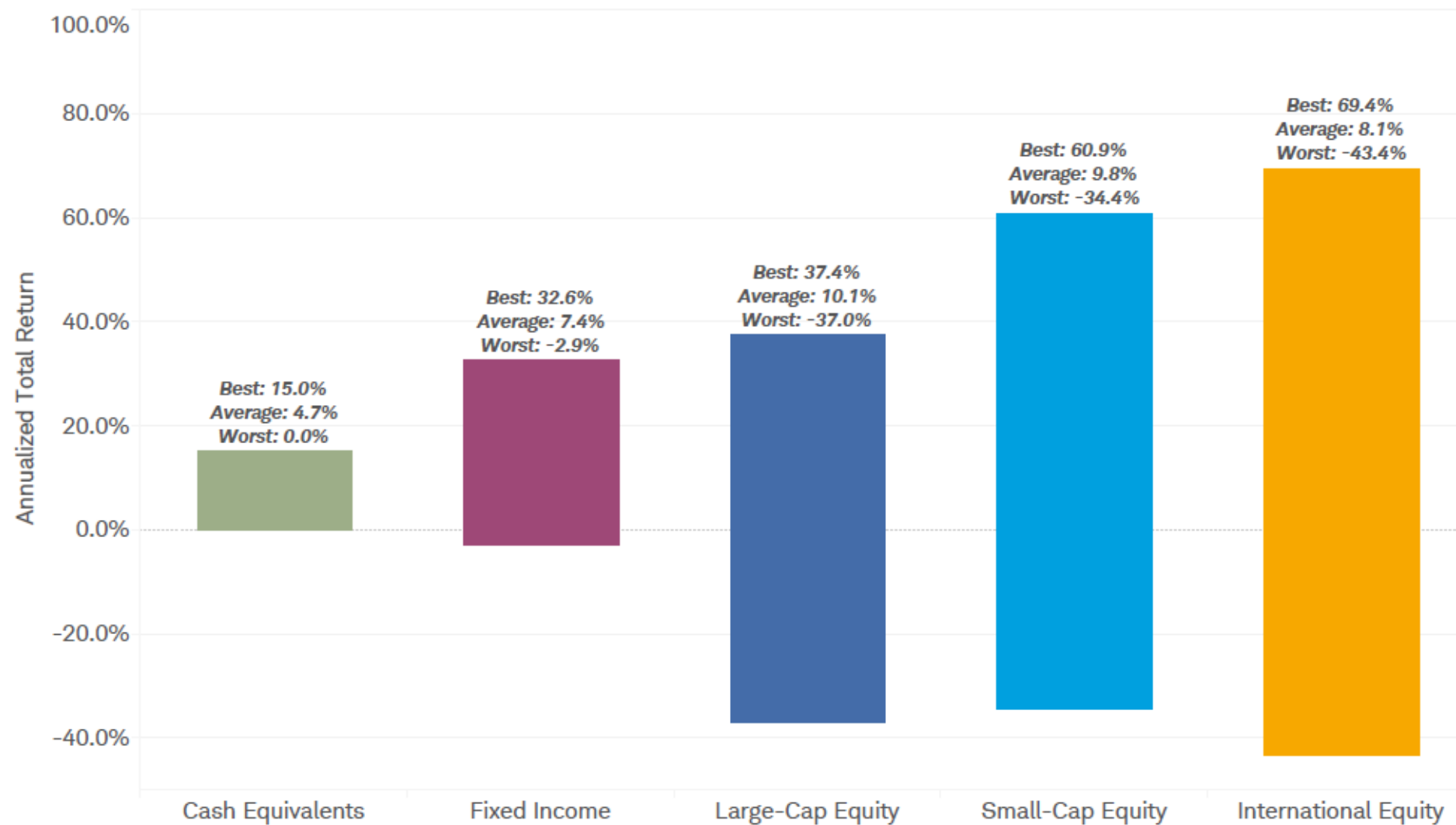
Performance of different investment indexes, **2005 – 2020**. Do you see any predictable patterns?

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
EM Equity 34.5%	REITs 35.1%	EM Equity 39.8%	Fixed Income 5.2%	EM Equity 79.0%	REITs 27.9%	REITs 8.3%	REITs 19.7%	Small Cap 38.8%	REITs 28.0%	REITs 2.8%	Small Cap 21.3%	EM Equity 37.8%	Cash 1.8%	Large Cap 31.5%	Small Cap 20.0%
Comdty. 21.4%	EM Equity 32.6%	Comdty. 16.2%	Cash 1.8%	High Yield 59.4%	Small Cap 26.9%	Fixed Income 7.8%	High Yield 19.6%	Large Cap 32.4%	Large Cap 13.7%	Large Cap 1.4%	High Yield 14.3%	DM Equity 25.6%	Fixed Income 0.0%	REITs 28.7%	EM Equity 18.7%
DM Equity 14.0%	DM Equity 26.9%	DM Equity 11.6%	Asset Alloc. 25.4%	DM Equity 32.5%	EM Equity 19.2%	High Yield 3.1%	EM Equity 18.6%	DM Equity 23.3%	Fixed Income 6.0%	Fixed Income 0.5%	Large Cap 12.0%	Large Cap 21.8%	REITs -4.0%	Small Cap 25.5%	Large Cap 18.4%
REITs 12.2%	Small Cap 18.4%	Asset Alloc. 7.1%	High Yield -26.9%	REITs 28.0%	Comdty. 16.8%	Large Cap 2.1%	DM Equity 17.9%	Asset Alloc. 14.9%	Asset Alloc. 5.2%	Cash 0.0%	Comdty. 11.8%	Small Cap 14.6%	High Yield -4.1%	DM Equity 22.7%	Asset Alloc. 10.6%
Asset Alloc. 8.1%	Large Cap 15.8%	Fixed Income 7.0%	Small Cap -33.8%	Small Cap 27.2%	Large Cap 15.1%	Cash 0.1%	Small Cap 16.3%	High Yield 7.3%	Small Cap 4.9%	DM Equity -0.4%	EM Equity 11.6%	Asset Alloc. 14.6%	Large Cap -4.4%	Asset Alloc. 19.5%	DM Equity 8.3%
Large Cap 4.9%	Asset Alloc. 15.3%	Large Cap 5.5%	Comdty. -35.6%	Large Cap 25.5%	High Yield 14.8%	Asset Alloc. -0.7%	Large Cap 16.0%	REITs 2.9%	Cash 0.0%	Asset Alloc. -2.0%	REITs 8.6%	High Yield 10.4%	Asset Alloc. -5.8%	EM Equity 18.9%	Fixed Income 7.5%
Small Cap 4.6%	High Yield 13.7%	Cash 4.8%	Large Cap -37.0%	Asset Alloc. 25.0%	Asset Alloc. 13.3%	Small Cap -4.2%	Asset Alloc. 12.2%	Cash 0.0%	High Yield 0.0%	High Yield -2.7%	Asset Alloc. 8.3%	REITs 8.7%	Small Cap -11.0%	High Yield 12.6%	High Yield 7.0%
High Yield 3.6%	Cash 4.8%	High Yield 3.2%	REITs -37.7%	Comdty. 18.9%	DM Equity 8.2%	DM Equity -11.7%	Fixed Income 4.2%	Fixed Income -2.0%	EM Equity -1.8%	Small Cap -4.4%	Fixed Income 2.6%	Fixed Income 3.5%	Comdty. -11.2%	Fixed Income 8.7%	Cash 0.5%
Cash 3.0%	Fixed Income 4.3%	Small Cap -1.6%	DM Equity -43.1%	Fixed Income 5.9%	Fixed Income 6.5%	Comdty. -13.3%	Cash 0.1%	EM Equity -2.3%	DM Equity -4.5%	EM Equity -14.6%	DM Equity 1.5%	Comdty. 1.7%	DM Equity -13.4%	Comdty. 7.7%	Comdty. -3.1%
Fixed Income 2.4%	Comdty. 2.1%	REITs -15.7%	EM Equity -53.2%	Cash 0.1%	Cash 0.1%	EM Equity -18.2%	Comdty. -1.1%	Comdty. -9.5%	Comdty. -17.0%	Comdty. -24.7%	Cash 0.3%	Cash 0.8%	EM Equity -14.2%	Cash 2.2%	REITs -5.1%

Source: Barclays, Bloomberg, FactSet, MSCI, NAREIT, Russell, Standard & Poor's, J.P. Morgan Asset Management.

Large cap: S&P 500, Small cap: Russell 2000, EM Equity: MSCI EME, DM Equity: MSCI EAFE, Comdty: Bloomberg Commodity Index, High Yield: Bloomberg Barclays Global HY Index, Fixed Income: Bloomberg Barclays US Aggregate, REITs: NAREIT Equity REIT Index, Cash: Bloomberg Barclays 1-3m Treasury. The "Asset Allocation" portfolio assumes the following weights: 25% in the S&P 500, 10% in the Russell 2000, 15% in the MSCI EAFE, 5% in the MSCI EME, 25% in the Bloomberg Barclays US Aggregate, 5% in the Bloomberg Barclays 1-3m Treasury, 5% in the Bloomberg Barclays Global High Yield Index, 5% in the Bloomberg Commodity Index and 5% in the NAREIT Equity REIT Index. Balanced portfolio assumes annual rebalancing. Annualized (Ann.) return and volatility (Vol.) represents period from 12/31/05 to 12/31/20. All data represents total return for stated period. The "Asset Allocation" portfolio is for illustrative purposes only. Past performance is not indicative of future returns. Guide to the Markets – U.S. Data are as of December 31, 2020.

# Higher Returns = Higher Risk



Source: Schwab Center for Financial Research with data provided by Morningstar, Inc. The return figures represented are the average, minimum, and maximum annual total returns of indices used to represent an asset class in Schwab's hypothetical asset allocation plans. Returns include reinvestment of dividends and interest. The indices representing each asset class are S&P 500® Index (large-cap equity), Russell 2000® Index (small-cap equity), MSCI EAFE® Index-Net of Taxes (international equity), Bloomberg Barclays US Aggregate Bond Index (fixed income), and FTSE U.S. 3-month Treasury Bill Index (cash equivalents). CRSP 6-8 Index was used for small-cap stocks prior to 1979, Ibbotson Intermediate-Term Government Bond Index was used for fixed income prior to 1976, and Ibbotson U.S. 30-day Treasury Bill Index was used for cash investments prior to 1978. Indices are unmanaged, do not incur fees or expenses, and cannot be invested in directly. **Past performance is no guarantee of future results.** © 2020 Charles Schwab & Co., Inc. All rights reserved. \*YTD as of March 31, 2020

# Portfolio Construction Helps



The selection of investments across various asset classes and understanding how those different asset classes impact each other, their performance and risk.

EQUITY					
GROWTH					
LARGE CAP GROWTH					
MID CAP GROWTH					
SMALL CAP GROWTH					
INTERNATIONAL GROWTH					
Developed Markets					
Emerging Markets					
VALUE					
LARGE CAP VALUE					
MID CAP VALUE					
SMALL CAP VALUE					
REAL ESTATE					
COMMODITIES					
FIXED INCOME					
GOVERNMENT					
SHORT TERM GOV					
INTERMEDIATE TERM GOV					
CORPORATE					
SHORT TERM CORP					
INTERMEDIATE TERM CORP					
HIGH YIELD					
MUNICIPAL					
SHORT TERM MUNI					
INTERMEDIATE TERM MUNI					
INTERNATIONAL BOND					
CASH					
TOTAL ALLOCATION					

Benefit Financial Services Group					
CURRENT ALLOCATION	VALUE	TARGET %	REQUIRED \$	CHANGE	COMMENTS
01		70.00%			
IV/01		49.00%			FUNDS ONLY
#DIV/0!	\$0	14.00%	\$0	\$0	
#DIV/0!	\$0	8.00%	\$0	\$0	
#DIV/0!	\$0	3.00%	\$0	\$0	
#DIV/0!	\$0	18.00%	\$0	\$0	
#DIV/0!	\$0	6.00%	\$0	\$0	
IV/01		16.00%			
#DIV/0!	\$0	9.00%	\$0	\$0	
#DIV/0!	\$0	5.00%	\$0	\$0	
#DIV/0!	\$0	2.00%	\$0	\$0	
IV/01	\$0	2.00%	\$0	\$0	
IV/01	\$0	3.00%	\$0	\$0	
01		30.00%			
IV/01		11.00%			
#DIV/0!	\$0	4.00%	\$0	\$0	
#DIV/0!	\$0	7.00%	\$0	\$0	
IV/01		15.00%			
#DIV/0!	\$0	4.00%	\$0	\$0	
#DIV/0!	\$0	7.00%	\$0	\$0	
#DIV/0!	\$0	4.00%	\$0	\$0	
IV/01		0.00%			
#DIV/0!	\$0	0.00%	\$0	\$0	
#DIV/0!	\$0	0.00%	\$0	\$0	
IV/01	\$0	4.00%	\$0	\$0	
01	\$0	0.00%	\$0	\$0	
01	\$0	100.00%	\$0	\$0	



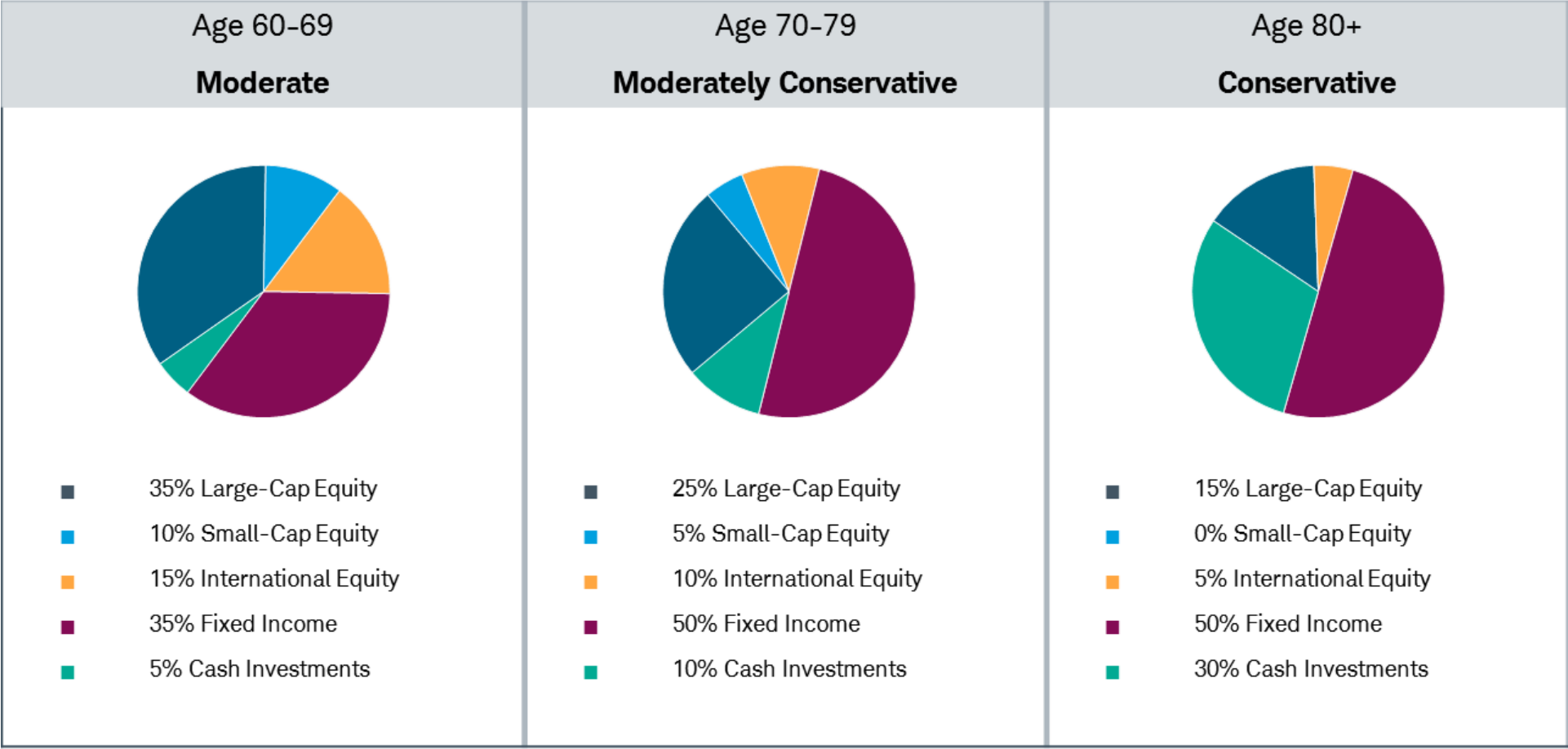
# Rebalance To Manage Risk

---

Periodically adjust your investments to maintain a target level of risk that makes sense for you



# Asset Allocation Shifts Over Time



In the earlier years of retirement, your goal may be to keep a portion of your savings growing to help counteract the long-term effects of inflation. A higher percentage of stock investments may help to do this.

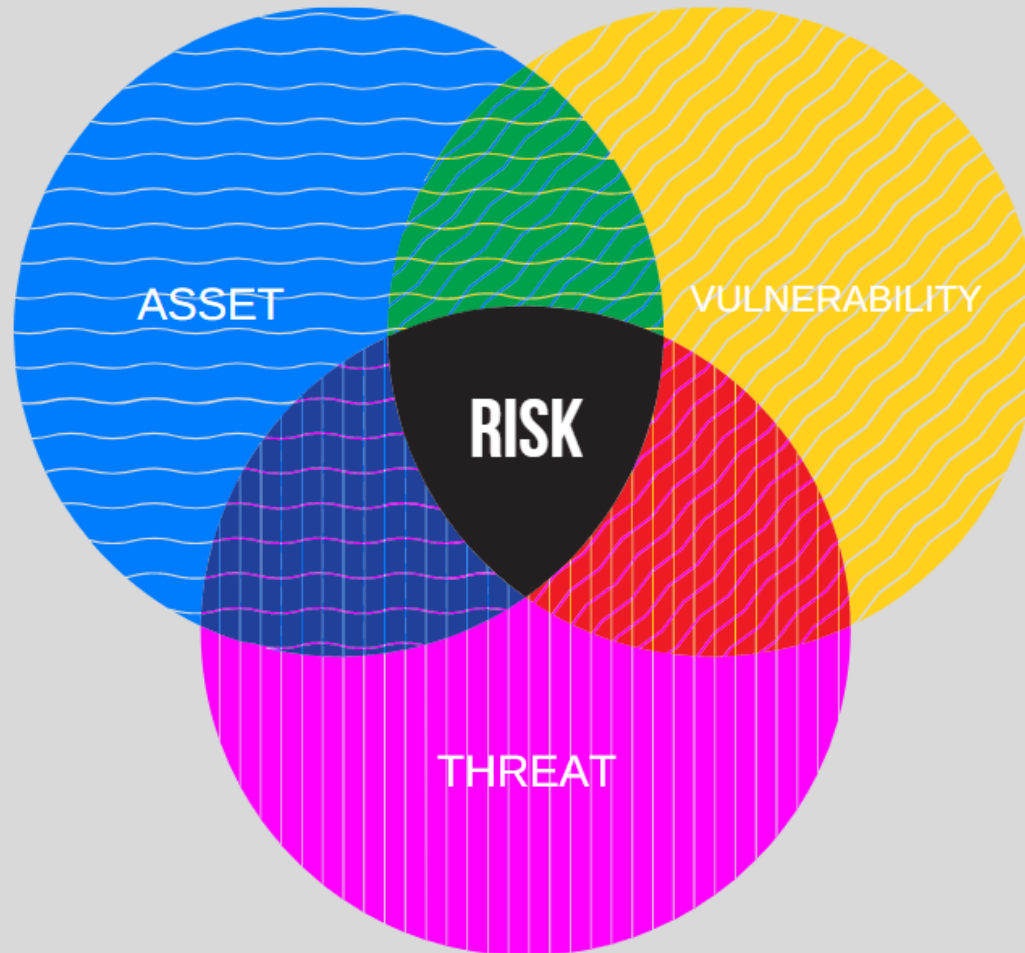
As your retirement progresses, you may choose to reduce your allocation to stock investments and increase your allocation to fixed income investments to potentially reduce the risk of your portfolio.

In the later years of retirement, your need to take risk for growth may decline and you might consider shifting more assets towards fixed income investments.

Source: Schwab Center for Financial Research  
Note: Though it's generally recommended that you shift to a more conservative investing approach during retirement, your asset allocation still depends on your own circumstances and tolerance for risk. For illustrative purposes only. © 2020 Charles Schwab & Co., Inc. All rights reserved.

# How Much Risk Is In Your Portfolio?

## Complimentary Risk Analysis



# Follow a System, Not Emotions

---

**KNOW YOUR RISK:** Create an investment plan to fit your needs and risk tolerance

**DIVERSIFY:** Structure a portfolio around dimensions of returns

**REBALANCE:** Maintain target level of risk





# THANK YOU



**MICHAEL ALLBEE, CFP®**  
**Senior Portfolio Manager**  
**Benefit Financial Services Group**  
**mallbee@bfsg.com**  
**714-282-1566**

# BFSG Disclosure

---

Benefit Financial Services Group (BFSG) is a Registered Investment Advisor. These materials are provided for general information and educational purposes based upon publicly available information from sources believed to be reliable - we cannot assure the accuracy or completeness of these materials. The information in these materials may change at any time and without notice. We are not soliciting any action based upon this material. You should not assume that any discussion or information contained in this webinar serves as the receipt of, or as a substitute for, personalized investment advice from BFSG. To the extent that a viewer has any questions regarding the applicability of any specific issues discussed, you are encouraged to consult with your professional advisor. BFSG is neither a law firm nor a certified public accounting firm and no portion of the presentation content should be construed as legal or accounting advice. A copy of the BFSG current written disclosure statement discussing our services and fees is available for review upon request.