



# WEALTH ADVISORS

Volume 11, Issue 2

April 2015

## Table of Contents

Investment Risk Profile	page 1 & 2
First Quarter 2015 Review	page 2 & 3
Trading Activity	page 3& 4
Appreciation Lunches	page 4
401k Plan Evaluations	page 4

## 2015 Q1 Market Returns (through 3/31/2015)

### Index

S&P 500	1.0%
Dow Jones Ind Avg	1.7%
Russell 2000	4.3%
MSCI EAFE (Int'l Stock Index)	4.9%
Cohen & Steers Real Estate Index	5.2%
Emerging Market Stock Index	2.2%
Barclays Bond Aggregate Index	1.6%
Dow Jones UBS Commodity Index	-5.9%

## What Is Your Investment Risk Profile?

Tony Anderson, President

After a busy start to the year, we have plenty of information to cover in this quarter's newsletter. Please take a few minutes to read our review of the markets' performance during the 1<sup>st</sup> Quarter, as well as our outlook going forward. Also, Kurt has written a review & synopsis of general trading activity that took place during the 1<sup>st</sup> Quarter. In addition, we have Client Appreciation Luncheons scheduled in Sarasota and St. Petersburg over the next 2 months. Details about these and other upcoming Client Appreciation Luncheons, which we will continue to hold periodically around the state, can be found below.

I'm excited to share with you the rollout of a new portfolio risk analysis program we recently implemented. The program seeks to mathematically pinpoint your Risk Number and helps us ensure that your portfolio aligns with YOUR unique investment goals and expectations. Built on a Nobel Prize-winning framework, it replaces subjective terms like "conservative" and "aggressive" with a Risk Number, a quantitative way for us to establish an appropriate amount of risk for your investments.

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# Investment Risk Profile (continued from page 1)

## SO HOW DOES THE SYSTEM WORK?

### Capture Your Risk Number:

The first step is to take a 5 minute quiz that covers topics such as portfolio size, top financial goals, and what you're willing to risk for potential gains. Then we'll pinpoint your exact Risk Number to guide our decision making process. You can access the quiz from our website, [www.arswealth.com](http://www.arswealth.com), by clicking on the blue "Client Tools" button in the upper right part of the page and then clicking the "ARS Portfolio Risk Analysis" button on the far right side of the page.

### Review Your Current Investments:

Next, we'll determine the Risk Number of your existing investments to make sure your portfolio matches your personal Risk Number.

### Align Your Portfolio to Match:

After pinpointing your Risk Number, we'll be able to confirm that your portfolio aligns with your personal preferences and priorities, allowing you to feel comfortable with your expected outcomes.

The system allows us to Stress Test your investments, which illustrates how your existing portfolio would have fared through various market events over the past 8 years, including the financial crisis and recovery. We will also be able illustrate how your portfolio would react to a hypothetical 1% rise in interest rates. The final step will be to build a Retirement Map, which we'll use to monitor your progress toward your financial goals and probability of success.

Our hope for this new tool is that it will help provide our clients with peace of mind that their investments are structured in a way to help maximize the probability of success while taking the minimum amount of risk. I encourage you to take 5 minutes to visit our website and get your Risk Number. If you have questions or would like help going through the quiz, please contact our office and we'll be happy to walk you through it.

The continued success of ARS would not be possible without the vision and hard work of our employees and the continued support from partners like you. On behalf of everyone at ARS Wealth Advisors, thank you for being a valued client.

## First Quarter 2015 Market Review

Mike Murray, CFA

Stocks in the U.S. ended the first quarter essentially where they began the year. The S&P 500 rose 0.95%, while the Dow ended up 1.67%. The S&P 500 has risen for nine consecutive quarters. These benign performance numbers are not indicative of the actual price swings that we saw throughout the quarter. Volatility continued to pick up, the Dow had the most swings of at least 1% in a quarter since the fourth quarter of

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## First Quarter 2015 Market Review (continued from page 2)

2011. The S&P closed up or down 1% on 19 occasions; the most since the second quarter of 2012. The bumpy ride was attributed to several factors: including concerns about global growth rates, the sharp decline in oil prices, and the strength of the dollar. Geopolitical concerns particularly in the Middle East also contributed to the price swings. It wasn't just U.S. equities that saw increased volatility, at least 17 global indexes hit new highs during the quarter, as major central banks continued easing monetary policy.

Easing monetary policy also impacted global interest rates. The ECB began its QE program at the beginning of March and interest rates across Europe hit record lows. By the end of the quarter the yield on Germany's 10 year benchmark Bund was at 0.18%. In lower rated countries like Italy and Spain rates also declined to all-time lows of 1.13% and 1.15% respectively. The 10 year U.S. treasury ended the quarter at 1.93%. International investors are pouring money into U.S. denominated fixed income securities in order to pick up the higher yield and invest in the safety of the strengthening U.S. dollar. Barclays U.S. aggregate fixed income index finished the quarter up 1.61%. Even in this low rate environment, we are finding attractive opportunities in the domestic fixed income market.

Earnings season is just getting started, analysts expect first quarter earnings for the companies in the S&P 500 to fall 4.9% from a year ago. Most of the decline can be attributed to the energy sector and large multinationals that will be impacted by the strength of the dollar. Even with this slight decrease in overall earnings we think that valuations remain reasonable for where we are in the economic cycle. Corporate balance sheets are strong and companies are generating a lot of free cash flow. This powerful combination is allowing companies to return record amounts of cash to shareholders through increased dividends and share buybacks.

As we have mentioned many times, the current bull market is in its seventh year, making it one of the longest on record. While we are cognizant that the bull market won't last forever, trying to predict when it will end based on time alone doesn't make investment sense. We prefer to analyze data as its being reported to formulate our investment strategy. Based on our analysis, we continue to like our defensive positioning in the equity markets. Our overweighting in the healthcare sector continues to work very well, last quarter IHE (iShares U.S. pharmaceuticals ETF) was up 14.1%.

Our tactical approach to investment management allows us to strategically tilt our client's asset allocation and sector weightings based on current market conditions. This flexibility allows us to design portfolios that will not only meet their goals and objectives but to do it with less volatility (or risk).

## Trading Activity in the First Quarter 2015

Kurt Ulrich, CFA

During the quarter both Gabelli ABC Advisor fund (Gabelli) and iShares Floating Rate Bond (FLOT) were sold. Gabelli seeks absolute returns and has done an adequate job over the past 20 years but performed

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## Trading Activity in the First Quarter 2015 (continued from page 3)

poorly on a relative basis the past year, thus it was liquidated. FLOT is a high quality, floating rate bond fund which provided very conservative returns. It was originally purchased to offset the risk of rising rates.

The proceeds from the sale of these two funds were reallocated into MetWest Total Return, Angel Oak Multi-Strategy Income Fund and Angel Oak Flexible Income Fund. The combination of these three investments should increase the amount of income generated as the yields of these three funds average over 4%. Both of the Angel Oak funds are niche bond funds with unique characteristics that should provide accounts with additional income and the potential for capital appreciation. In addition, both funds have built-in strategies to protect against rising rates and, therefore, should experience low interest-rate sensitivity.

As always, changes made to portfolios are instituted as a result of under-performance by a particular investment and/or to participate in a better investment opportunity. In this case these funds were sold due to underperformance and the capital reinvested in funds which should offer the prospect for improved returns.

## Upcoming Client Appreciation Lunches

Lois Conger

The ARS Team is pleased to announce the next round of Client Appreciation Luncheons beginning with the Sarasota area on April 29<sup>th</sup>. Invitations have already been mailed for Sarasota, and the invitations for the St. Pete/Tampa area will be sent in the next few weeks. The confirmed locations and dates are listed below with dates and locations for Orlando, The Villages, Daytona Beach, Naples and Jacksonville coming soon!

### **April 29<sup>th</sup> 11:45 to 2:00 - Sarasota**

Chart House Restaurant  
201 Gulf of Mexico Drive  
Longboat Key, FL 34228

### **June 3<sup>rd</sup> 11:45 to 2:00 – Tampa/St. Petersburg**

Vinoy Resort & Golf Club – Sunset Ballroom  
600 Snell Isle Blvd NE  
Saint Petersburg, FL 33704

## We Can Help You Evaluate Your 401k Plan

Drew Swenson

Do you have a 401k plan, an annuity or another investment account and are wondering what is in it? We have many clients with investments in accounts that we at ARS Wealth Advisors do not manage. If you fall into that group and are wondering what exactly you own or what your options are and don't know where to turn, please feel free to contact us. For our clients we are always happy to review their investments, whether we oversee them or not. If you provide us with a statement we can provide you with a report detailing your options and our recommendations to maximize your returns. In the case of a former employer's 401k plan, you may be able to consolidate it in an existing IRA or roll it over into a current employer's 401k plan. As for an annuity you hold, we can show you your investment options and tell you what, if any, surrender fees remain and if there are embedded fees you may not be aware of. Please consider us to be an investment advisor that is not limited to the assets we currently manage for you.

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# ARS Wealth Advisors

## Mission Statement

*To focus solely on meeting the unique needs of our clients and to help them prepare for life's most important financial decisions, by providing objective advice, free from conflicts of interest, based on time-tested, proven strategies. To give our clients peace of mind by placing their best interest first and always acting in a fiduciary capacity.*

## ARS Team

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If you would like a copy of the most recent version of our Form ADV Part II, one is always available to you upon written request

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