

The Rational Optimist™

The Media's Effect on Investment Expectations

Beware of Financial Entertainers! *By Mitch Levin, MD, CWPP, CAPP*

One thing that affects most investor's behavior and expectations for their investments is the media. When we see stories of people or firms beating the markets on the local media, we often believe that this is what our own investments should be doing. Unfortunately, the "beat the markets" claim is often nothing more than smoke and mirrors.

For example the S&P 500, the largest U.S. companies benchmark, averaged an annual return of approximately 5.5 percent over the past 50 years. But simply adding back dividends, which have averaged 3.5 percent over that same period of time, brings the average annual return of the S&P 500 to 9 percent.

So when we buy these companies' stocks, the dividends are typically reinvested into the fund. In other words, these claims in the media of "beating the markets" are not counting dividends



"Creating rock-solid plans you can rely on."

when measuring market performance. Yet, when others measure their performance, they often include dividends. So, they are not comparing apples to apples. This is just one way that the media and other firms taint your expectations.

The Securities and Exchange Commission requires mutual funds to include dividend income in the performance of the index they are measuring against. Money managers abiding by voluntary guidelines known as the Global Investment Performance Standards, or GIPS, must do the same. Financial media and newsletter publishers, among other "pros," are not always covered by such rules.

One website shows the cumulative gain of the S&P 500 since January 2005 at 12.5 percent. Naturally, that number fails to include dividends. When dividends are included, the actual annual rate of growth soars to 28.1 percent. The portfolio manager in question boasts a 15 percent annual return over that time period, claiming that he beat the index by 3 percent. When you factor in dividends, however, he actually under performed by about 50 percent.

A prominent media personality once sent out an email that said, "My portfolio is CRUSHING the S&P 500." The email goes on to say that the portfolio's "total average return has averaged more than DOUBLE the

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Welcome Baby Elena!

Jacksonville Client Service Specialist Loredana Wollett's

Summit grows again!

Client Service Specialist **Loredana Wollett** gave birth to beautiful Elena on June 18, 2013 at 1:40 PM. Elena tipped the scales at 8 lbs, 6 oz and measured 21.5 inches.

Elena's proud big sister AnnaCristina was sure thrilled to meet her. Loredana and her family are all healthy and happy.
Congratulations Loredana!



Baby Elena with proud big sister AnnaCristina

Welcome to Sandra Blumer!

Summit's New Client Service Specialist in Naples, Florida

We are proud to announce a tremendous addition to Summit's Naples office! We take great pleasure in introducing Summit's new Client Service Specialist, **Sandra Blumer**.

Sandy's highly qualified background includes 24 years of combined legal and financial industry experience. Prior to joining Summit, she served as Client Services Manager for a Naples-based fixed income investment advisor.

During the 10 years with her former company, she was an integral part of the firm's growth, where she served as the point of contact for clients and third party service providers, participated in client investment and planning processes, generated and maintained all forms of client related communication and documentation, and achieved high client satisfaction.

Prior to her transition to the investment advisory field in 2000 as an Operations Administrator with Brown

Brothers Harriman, her career in the legal field in both Philadelphia and Naples was focused on estate planning, trusts and estates, which has proven to be an invaluable asset and complement to her skill set.

In addition to a strong commitment to providing superior client service, Sandy has a solid understanding of strict client confidentiality and has earned the respect of clients and professionals on a consistent basis. Sandy holds a Certificate for Introduction to Estate Administration from The Philadelphia Institute for Paralegals and is a Florida Notary since 1992.

We are pleased to welcome Sandy onto our team and we are confident you will be too. It is an honor working with and for you in pursuit of your unique financial goals - thank you for the opportunity to do so.



SOMETHING TO CONSIDER:

The people you care about are seeking financial guidance from someone.
Doesn't it make sense for them to receive this important guidance
from someone you know, like and trust?
Thank you for your continued trust and confidence!

Did you know that your Summit Wealth Partners has appeared in Forbes magazine and the Orlando Business Journal in recent weeks?

First, Summit appeared on the **Forbes "Top 50 Emerging RIAs"** list:

Forbes[®]

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Summit Wealth
Partners, Inc.

Orlando, FL

We also appeared in the recent **OBJ Book of Lists - "Top Financial Planning Firms."**

ORLANDO
BUSINESS JOURNAL

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While we value this recognition, we want you know that we remain committed to strengthening our ability to serve you and your family for generations to come.

Thank you for your trust and confidence!

Solid Growth | Safely Managed | Trusted Advice

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return of the S&P 500." And there is an accompanying bar graph that shows that the S&P 500 returned 15 ½ percent versus 39.2 percent for his portfolio. Once again, when you add in dividends, the S&P 500 returned 38.3 percent. This is a far cry from "CRUSHING" the S&P 500. In fact, the returns are nearly identical.

Had you bought and held these large companies' stocks, and then done literally nothing with it except reinvest your dividends, you too would have "doubled the market," as long as you did not factor in the dividends when making the calculation.

So, the next time you hear a portfolio manager boasting about consistently beating the markets, take it with a grain of salt. The sad truth is that many so-called professionals will say anything at all to attract investors. They are not looking out for your best interests.

Beware of Financial Entertainers

Financial entertainers, which are the faces you see on the TV all the time, have been jumping up and down crying about how we are facing the end of the world as we know it.

This can send many investors into a panic, yet this is just an example of the "Disaster du Jour." Remember 1991 and 1992, just after the savings and loan crisis and just before that powerful nine-year bull market?

During those years, you heard much of the same claims. They just did not seem as loud since we did not have the Internet. With the World Wide Web, it is much easier for the "noise makers" to get our attention.

Debt "doomers" come in a variety of styles. Some point to debt as the foundation for a banking crisis, while others point to the real estate implosion. Sometimes they are linked with claims that "falling real estate prices will bankrupt the banks which will cause chaos."

Some also point to the tapped out consumer, who can't or won't borrow, who is causing the anemic recovery. These talking heads say they expect this to continue until finally we enter a double dip recession. In their minds, this is inevitable.

Does this sound like what we are seeing today? You might be surprised to know that the information presented in italics above was actually written in 1991 by Ken Fisher,



even though it clearly applies to today's markets. Yet, the 1991 recession did not destroy the world. We recovered. People will always say that "this time is different," but we believe this to be untrue.

"This time is not different, because this time is never different."

In fact, "this time is different" are the four most dangerous words in investing, according to the late Sir John Templeton. Instead of worrying about the "what ifs" of the future, we are ready to help you create a high quality, prudently invested financial portfolio that is diversified, properly allocated and rebalanced in a disciplined way.

Make Great Decisions,

Mitch

TRAVEL & LEISURE:

Nature Calls at Sekoma Island

By Samuel Coleman

What about cruising to the Robinson Crusoe Island? Make a dream about fishing at the exotic island surrounded by wide species of flora and fauna become reality. Come down to enjoy the most adventurous moments of your life at Sekoma?

This island boasts of more than 70 varieties of fish species. Cruise over to Sekoma Island for unlimited fun. You can choose to stay from two different



Talking about the accommodation, what you get is a spacious wooden safari tent that can occupy 2 or 4 pax. You can get 4 sleepers along with a full bathroom suite for a family.

Queen-size beds are also available to occupy single or two pax. You get bedding, towels and linens in the safari space. You can also get tasty pure drinking water.

An adventure at the island is never fulfilled without fishing. The fact that annual flooding brings the flora and fauna back makes it a visual retreat to those looking for time with nature. You can take the opportunity to fish the Kasai channel, which is great for both the beginner and the more experienced.

You should take the Yellow Fever injection on returning back to South Africa from Zambia. This has to be done 10-14 days prior to your departure for Zambia. This vaccination has 10 years validity.

A similar retreat is rendered on staying at Ilombe Island Lodge. It consists of five luxury beds with bathrooms. Each tent offers a waterfront view located at the bank of Zambezi River. These rooms are convertible to two single or one queen-size bedroom. You get all bathroom amenities in the tent. Ilombe has its exclusive dining area, bar apart from fire place to watch the twinkling stars and the background symphony of the bushveld.

If you are crazy about fire camps and bird watching, visit <http://www.sekoma.co.za> and chill down on the naturally marvelous carpet with accommodations at Ilombe Island Lodge.



Lodges- Sekoma Island Lodge and Ilombe Island Lodge.

Spread amongst the group of Mambova Rapids, Sekoma Islands are located near to the Caprivi Strip that unites Zimbabwe, Zambia, Botswana and Namibia.

Cruising is all fun in a mokoro or dug boat at Sekoma Island. Nature calls back at Sekoma Island.

Home to Sekoma Lodge staffs, guests and bachelor elephants, you can also find varied species of birds to give a memorable sight for your adventure.

Understanding the “Fiduciary Standard”

By Mitch Levin, CEO and Managing Director

The term “fiduciary standard” is often used here at Summit. Here’s a good summary of what that means and an example of an alternative approach:

By law, a fiduciary standard of care means that I have one loyalty and that is to the client, only to the client. The interest of the client must be a priority above mine. Any recommendations I make are in line with that standard and I take them seriously.

Many brokers follow the “suitability standard” of care wherein there is a split loyalty. They put their loyalty first to their brokerage firm, and any products they sell must fit to your current situation in order for you to qualify for the product(s). This requirement does not necessarily mean it is in your best interest.

Even if a person in this environment knows what’s right for you or if they are capable of doing the right thing, there can be a built in conflict of interest. Their standard of care and the decisions to be made for you may not align. This potential conflict of interest can cause problems. This is one of the reasons we believe in and provide the fiduciary standard of care.

Fiduciary (Summit Wealth Partners)	Broker (Traditional)
Wealth Advisors	Sales People
Independent (Fee Based)	Biased (Commission Driven)
Comprehensive	One-dimensional
Utilizes Academic Research	Uses Marketing Tactics
Responsibility to You	Accountable for “Bottom Line”
Your Success is Our Success	Success Determined by Profits

THE WALL STREET JOURNAL.



D. Burstein
“This just in ... oops, too late,
the bloggers got there before us.”

“Finglish” (n) Financial English

Past Due Balance Method - A system for calculating interest charges based on any outstanding loan or credit charges that remain unpaid after a certain date. The past due balance method is used by credit companies whereby credit card holders have until a specified date to pay balances off before beginning to accrue interest fees.

Alternate Beneficiary - In a will, an alternate beneficiary is usually named in case a person who is the named beneficiary refuses or disclaims the inheritance. In an insurance policy, an alternate beneficiary is usually a secondary or contingent beneficiary who receives the proceeds if the primary beneficiary has died.

Conduit IRA - A traditional IRA that holds only assets that were distributed from a qualified plan. Typically, the intention of using this type of plan is to store assets until they can be rolled into a new employer’s qualified plan.



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"I learned I can solve all this worry and decision-making anxiety by taking action. By admiring action. By having action plans, by asking, whenever stuck, WHAT'S MY NEXT ACTION? And then, doing that action NOW. Action. Movement. Decisive energy. Solves most everything!"

~ Steve Chandler from Time Warrior