



Warren Financial
Investing for a Greater Purpose

July 1, 2017

Q3 2017 Client Strategy Update

by Randy Warren, Chief Investment Officer

Randy Warren

is Chief Investment Officer of Warren Financial, an investment management firm catering to

- self-made individuals,
- dual-income families
- and family-owned or small businesses

WHY do we do what we do?

We are fundamentally shifting the gears of wealth management, opening up more unique investment opportunities to the hard working wealth builders.

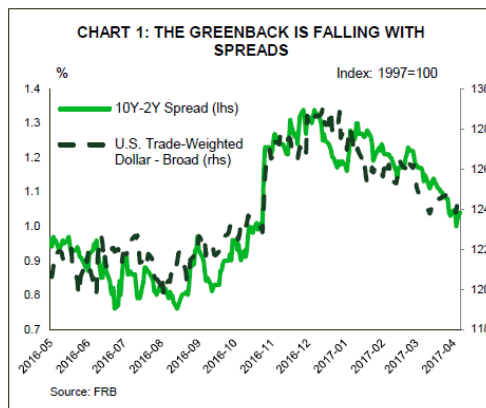
We believe we are helping our wealth builders to achieve their Greater Purpose.

Did you see our **Forbes** story on “Athleisure”. If you wonder what’s going on with **Under Armour**, we recommend you read it. To find it, google: “Forbes Randy Warren”, and pick “4 Stocks Caught in the Athleisure Trend”

Finally, Time to Go International

The American economy is healthy, although recently faltering. In the past few years, the first quarter of each year (Jan-Mar31) has been weak. And the economic numbers coming at us during the first quarter of 2017 have also been weak. However, sentiment is high and consumers are optimistic, while investors are pessimistic.

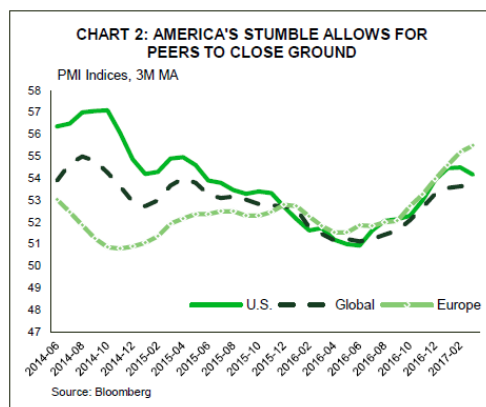
This sluggish start to 2017 will likely be followed by an acceleration during Q2, Q3, and Q4. Our US Treasury bond yields have fallen along with the strength of the economy in Q1. And the US Dollar (which has been very strong for several years) has begun to get a bit weaker. See charts.



What does this mean?

Simply, it means that the rest of the developed nations in the world (Europe, Japan) are finally beginning to close the economic gap and quickly catch up to the slow growth we’ve experienced here in the United States.

In short: it means we are starting to add international exposure to portfolios.



Disclosures: Warren Financial has long positions in some of the stocks mentioned in this article both for our clients and our own portfolios. The fact that a company is mentioned is not a recommendation or offer to buy or sell that stock or bond. Investors should always seek advice from an advisor that knows their particular financial situation and not assume that general information such as the information in this article will always apply directly to their portfolio. Investing includes the risk of loss. Watch your email for annual updates on SEC required documents from Warren Financial as well as for the Warren Safer-Equity Fund audited financials.

WF Core Values

We’ve all witnessed the United Airlines mishandling of a customer who didn’t want to be bumped off a flight. As a result, we want to share our 10 Warren Financial **CORE VALUES** with you:

- 1) An intense focus to serve the customer, first as a fellow human being deserving of respect and empathy, and then as a customer deserving of our best efforts and top flight service.
- 2) Excellence in every phase of financial service from fully exploring and answering customer questions to stock selection and client privacy, with a dedicated approach to cyber-security.
- 3) Teamwork within and Communication to the outside world that demonstrates these values (respect and empathy)
- 4) We strive for investing in growth at a reasonable price and WF growth at a responsible pace.



Warren Financial
Investing for a Greater Purpose



Q2 was a great quarter for the Warren Safer-Equity Fund (previously known as Big Dividend Hedge Strategy). Leading the SP all year so far.

STRATEGY

We are beginning to put more money overseas, into non-US developed nations like Europe and Japan, as well as into Emerging markets like China, Brazil, and India.

We continue to overweight technology such as Facebook, Google, Amazon, Apple, Nvidia, etc.

Media: **Warren Financial**



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What can WF do for YOU?

- 1) What should I do with additional cash? For ideas, refer to our last newsletter dated 4/1/17 on the back page. It's available on our website under "News View & Events", select "Newsletters" for all back issues.
- 2) WF can answer your GOAL questions regarding: retirement, philanthropy, college, Roth, nest-egg size, savings plan, debt reduction, investment real estate, etc.
- 3) Did you know WF has tightly integrated partners?
 - a. **Legal** – for helping you with estate planning
 - b. **Tax CPAs** – for doing your taxes
 - c. **Insurance** – for helping you with whole life, term life, and estate planning ideas
 - d. **TPAs** – for helping you with your company **401k**, Simple IRA, SEP, SAR SEP, Keough, Self employed 401k, IRAs, etc.
 - e. **Incorporation** - Legal help for you if you need to get incorporated, or need advice on the best approach. Financial advice on setting up company retirement plans. Payroll advice and the technology necessary to implement. Tax advice and doing the IRS company quarterly tax returns.
 - f. **Succession Planning** – advice and services for business owners thinking of selling or passing your company to the next generation.
 - g. **Real Estate** – realtors to help you with buying and selling your primary home as well as contacts for vacation homes in places such as Cape Cod, Hilton Head, Jersey Shore, and Florida
 - h. **Mortgage** specialists to help you improve your credit score and find the best deals on mortgages and refinancing.
 - i. **ESOP, Stock Options:** financial and tax advice on handling your work stock option plan
 - j. **Home & Auto Insurance:** our partner from Liberty Mutual can give advice and get you a quote and perhaps even a discount
 - k. **Philanthropy:** With our partner, Renaissance CGT, we can help you utilize a Charitable Gift Trust account to save on your taxes while supporting those charities that are dear to your heart..
 - l. **College:** There is no secret to the FASFA. There are well established plans we can utilize such as 529, and UTMA. Each has different characteristics. We can guide you through the college process. We've done this for dozens and dozens of clients.
 - m. Access to **Alternative Investments**
 - n. **More.** #Ask_Warren_Financial

Core Values Continued...

- 5) Using discernment to uncover the dangers of conventional wisdom. We listen to our morals, conscience, and common sense, not pop culture, or news with an agenda.
- 6) Our commitment is to God, Customers, Employees, Family, and Community.
- 7) Staying focused on delivering financial service not distracted or dragged into giving our opinion on other domains such as politics and political correctness.
- 8) A commitment to charitable endeavors ensuring that we serve those in need by participating in our favorite charities and our client's charities; and providing financial service pro-bono to those in need that we can help.
- 9) By staying true to who we are, we can't be all things to all people; however, we can be valuable to our constituencies (clients, teammates, community, environment).
- 10) Every WF team member has the moral authority and responsibility to intervene when he/she sees our core values not being followed and to step up to improve the situation.

Do Not Believe

- 1) Any email that claims to be from your bank or brokerage company that tells you that you must login to fix your password.
- 2) If you get an alarming message via text, email, or phone that tells you there is a problem:
 - a. Use the internet to lookup the main web address for the company in question. Every major company has a "Contact US" feature on their website. Get their phone number and call the bank directly and start asking questions.
 - b. Do NOT take any shortcut, such as calling the phone number provided in the communication that alerted you to the problem. It's almost always a fake phone number which connects you directly to the scammers.
- 3) Never go from reading email to whipping out your credit card.

Don't Get SCAMMED !

The scams change from time to time, but many characteristics of a good scam remain the same.

We've all heard about the latest virus ransomware attack that crippled computers in Europe and at many large companies.

How can you avoid a scam?

There are a couple of relatively simple techy things you should know which will help you avoid a scam. Refer to the right and left margins here for tips.

Common themes in many financial scams:

- 1) There is a guy who predicted.... And he was the only one. He was predicting/revealing but only a few (now very rich) people were fortunate enough to listen to him.
- 2) There is a little known secret... And if you invest with us, we will reveal this money making secret that only a select few people know about.
- 3) There is a massive crisis coming, the likes of which has never been seen before. This crisis will make the Great Recession look like child's play. And we will reveal the 5 things you must do NOW to get prepared.
- 4) The government doesn't want you to know this, but a massive change is coming...
- 5) Billionaires have already figured out this new system and if you don't learn about it, you will be left behind.
- 6) You could have been on board with this guru when he predicted AMZN, Facebook, and Apple would be huge successes and you would have made 279,100% gains. But it's not too late. We will reveal the next great picks of this guru...
- 7) There is a powerful technology shift coming which will wipe out most people who are caught unaware, but we will help you avoid this catastrophe.

Get the picture? Anyone telling you there is a "secret". Anyone claiming there is a "guru". Anyone telling you there is a "crisis" coming for which you must get prepared. All these things are ways to get you to buy something.

When you read these things, switch websites, throw away the junk mail, and turn off the TV.

You already are prepared financially! You have Warren Financial doing work for you.

But we can't protect you from scams. The scammers are clever. They can make an email look like it was from your bank, such as Citigroup, Wells Fargo, or TD Bank. They can make it look like it is from Microsoft. They could even make up an email that appears to be from Warren Financial. Be suspicious of email.

IF YOU ARE IN DOUBT, ask Warren Financial.

Technology Scam Avoidance

- 1) Never click on links in an email unless:
 - a. you personally know the person that sent it to you.
 - b. You are sure that the person who sent it, hasn't had their email hacked and taken over by a scammer
- 2) Never let someone remotely connect to your laptop or desktop computer to "fix" a virus. The ONLY people you should ever let connect remotely to your computer are:
 - a. If you notice your computer has a virus, call the manufacturer and let them connect remotely to provide service
 - b. Or call Microsoft itself and pay them to help you fix a computer problem.
- 3) If you have an Apple MAC type computer, such as a desktop, iPad, or iPhone, these are generally pretty safe from viruses, but technology can't protect you from getting tricked.
- 4) Mac or Microsoft Windows computer? Be certain to UPDATE the operating system often. Yes, it takes time, but it will keep your computer safe.
- 5) For Microsoft, make sure to have Norton virus protection.

Top Party Colleges in America

You might like to know to help your children and grandchildren make good choices. According to the Princeton Review, from 10 to #1: Colgate, Tulane, Syracuse, Ole Miss, Iowa, Bucknell, Lehigh, Illinois, West Virginia, and #1 is Wisconsin (Madison).

A Great Place to Retire, right here in the USA?

Where can you retire and get all these benefits?

- 1) Your US Federal income tax (not just state tax) is reduced from a max of 39%, down to only 4%
- 2) Tax free interest and dividends (after you become a resident)
- 3) Zero long term capital gains (after you become a resident)
- 4) Incentives for business owners

The answer? Puerto Rico. The risk? How long will this deal remain in force? Puerto Rico says this deal is good until 2035, but then again, the gov't of PR is basically bankrupt.

The Trump Enthusiasm is all Gone

After the election, the market soared. Good for you and good for me. But there was a lot of concern about the reality of the agenda. Could some, or any of the Trump agenda actually become real? Eventually the gears of Congress can grind down almost anything. Today the consensus is that any remaining enthusiasm from Trump's agenda is fully gone out of the market.

- This means that if major parts of the Trump agenda fail, it won't hurt the stock market.
- This means that if major parts of the Trump agenda succeed (such as corp tax cuts) it will help the stock market.

That's a nice trade for us. We like that scenario. It's all upside. It doesn't matter if the coin flip ends up heads or tails, we win both ways (or at least avoid losing).

Do the Wealthy Give More To Charity?

- 1) According to a 2016 study, the average American family donates 3.4% of discretionary income to charity.
- 2) Soliciting donations costs on average \$1 for every \$6 collected.
- 3) The United States is the world leader in contributions to foreign aid.

Some experts have thought that since the rich have more, then they would donate more. However, the other view is that those less well-off would feel more empathy and more connected thus spurring them to give more. Strangely, both of these patterns appear to be true. However, the evidence is not always consistent. Studies also show that the more money people have, and the higher in social class that people feel, the more money they donate to charity.

Considering the connection between wealth and *generosity*, still more research suggests that lower-income households donate a greater proportion of their income.

Studies also suggest that the wording of the solicitation matters and that different levels of wealth are attracted to different messages.

Warren Financial is committed to giving back. We are proud of the charitable associations of our company and our employees, but mostly of the causes in which our clients are involved. If this is your Greater Purpose, then we would love to hear about it!

Warren Financial also is here to help our clients by providing information and access to Charitable Trusts. You don't have to be worth millions to utilize a Charitable Gift Trust. For example, we have been using Renaissance Charitable Gift Trust.

#Ask_Warren_Financial

Access to your account from your Smart Phone or computer:

Probably the number one mistake that people make is trying to login to the wrong website.

The website for TD Ameritrade, through which you can get your account information is:

www.AdvisorClient.com

There is an app, also called "Advisor Client", not "TD Ameritrade". From the AdvisorClient app you can snap a picture of a check and deposit it into your TD Ameritrade account.

If you have any problems – you are not alone. Some clients have had difficulty, but we have a solution for you.

Our "solution" is named Justin and he works for Warren Financial.

If you have any trouble getting logged in and seeing your account, or any questions about this process, please call Justin at our regular number 610-363-2000.

Please don't call TD Ameritrade or try to get on td-ameritrade.com or some other site to solve it yourself. Our service is much easier and better.