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CONTRIBUTORS
- Charles E. Dear, CFP®, AIF®, *Advisor* *
- Steve Worth
- Donald M. "Tripp" Freeman, III, *Advisor* *
- David Callahan

Phone: 203.409.6253 • www.RFGinvest.com

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From the desk of...

Steve Worth

The Market No One Seems to Trust

The stock market registered its best first quarter performance since 1998, telling a story of recovery. Meanwhile, global economic data is softening, telling a story of contraction. One of these two stories is bound to be incorrect, leaving investors to grapple with a few of important questions:

- Is the market just that arbitrary or is there a rational economic justification?
- Is the market simply addicted to easy monetary policy or is there real investable growth at hand?
- Can we trust the first quarter's strength to continue?

The fits the market went through during the last quarter of 2018 were abrupt and difficult to navigate. Investors could not reconcile a Fed that was focused on inflation and restoring monetary policy "wiggle room" through higher interest rates with a weak global economic outlook. As we turned into 2019, and in accordance with the soft data in hand, the Fed changed course by announcing that it would curtail its "tightening" agenda - a stance to make it clear that it would not be blamed for forcing the economy into recession. This threw the market a life line, and here we are celebrating a **very** generous year-to-date return. Contrary to the good news implied in these returns, global growth numbers remain little changed. Yet, Mr. Market may be indicating a silver lining to the present economic malaise. In its January 2019 Global Economic Prospects report titled "Darkening Skies," the World Bank offered this summary:

"In all, global growth is projected to moderate from a downwardly revised 3 percent in 2018 to 2.9 percent in 2019 and 2.8 percent in 2020-21, as economic slack dissipates, monetary policy accommodation in advanced economies is removed, and global trade gradually slows. Growth in the United States will continue to be supported by fiscal stimulus in the near term, which will likely lead to larger and more persistent fiscal deficits. Advanced-economy growth will gradually decelerate toward potential, falling to 1.5 percent by the end of the forecast horizon, as monetary policy is normalized and capacity constraints become increasingly binding."

While this does not sound inspiring, the market is a forward-looking discounting mechanism. It is now saying, "Things look challenged now, but officials respond, rates get cut, stimulus is provided, and growth happens. If growth doesn't happen - we continue to get cheap money." This becomes a win-win argument for the optimists. The Fed's accommodation is intended to forestall a recession, "buying time" to allow organic growth to fill in.

It is now our job as advisors to decide if we agree with the optimists or if we need to be a bit more suspect – and we are leaning toward the latter. Even still, our approach is to stay the course and remain invested. However, we have been using the buoyancy of higher portfolio valuations to reduce our general risk level. Generally, we have reduced exposure to momentum style growth stock and increased exposures to various fixed income strategies. By increasing dividend income producers (both bonds and income-equities) while staying committed to growth, our hope is to construct a more resilient risk profile in case the optimists are wrong.

As always, please contact us if you have any relevant changes to your personal financial profile or have questions regarding your portfolio. Thank you for your business.

From the desk of...

Charles E. Dear, CFP®, AIF®, *Advisor* *

The Importance of Account Consolidation

There are many reasons why you may have multiple and redundant investment and banking accounts:

- You have changed jobs and have multiple retirement accounts at former employers.
- You have purchased mutual funds directly from the asset management vendor.
- You have received gifts of stock.
- You hold inherited IRA accounts, or gifts to minor accounts for now adult children.
- You hold multiple bank or custodial accounts to reduce financial institution risk.

This sort of "layering" may have seemed like a smart idea at the time, but there are good reasons to simplify through account consolidation:

- ✓ To improve tax preparation efficiency.
- ✓ To make IRS required retirement distributions much easier to track.
- ✓ To enhance portfolio performance monitoring value.
- ✓ To reduce future financial caretaking and estate administration difficulty.

Here are a few recommendations to simplify your investment and bank account management and recordkeeping:

- Reduce multiple cash accounts; shop for the best rate and pick the one or two that are the most logistically useful.
- Roll all retirement plans into one new or existing IRA. Hold your single IRA or Roth at an open-architecture custodian to maintain full investment flexibility. Same too for multiple Roth accounts.
- Maintain one brokerage account (registered in the most suitable manner) to hold all stock certificates, mutual fund shares, and other investments.

When you consolidate, check the account titling and beneficiary designations to make sure that they are consistent with your estate plan and goals & objectives.

From the desk of...

David Callahan

Robo Calls Not Welcome

When is the right time to receive a robo-call on your land line or mobile device? If you're like most people, the answer is never. Inopportune, annoying, irrelevant, and highly impersonal calls or texts are on the rise. How can you stop, or at least ebb the tide of unwanted products or services? It's important to note that unsolicited, non-emergency robocalls to wireless phones are illegal, period, according to the FTC.

According to Brandon Ballenger at MoneyTalksNews, here is a list of the top 8 things to do if you really don't want to be bothered by these calls;

1. Keep your number to yourself. You know how businesses ask for your number for, well, everything? If you don't have to give it, don't. "It is a tacit invitation for them to call that number or sell it to a third party," the BBB says.
2. Tell companies to buzz off. It's not illegal for a business to make marketing calls if you have a relationship with them. So read the terms and conditions for your vendors carefully. Buried in those agreements might be a clause agreeing to these annoying calls.
3. Hang up right away. "There is nothing to gain from attempting to reason with the people behind the calls," the BBB says. Contact your service provider to see if they have free blocking services but be warned: Your caller ID might show the wrong number because the latest technology can fool your service.
4. Don't press numbers. Does pressing the right numbers really take you off the list? The BBB says no, you're making it worse: "By pressing a number, you are confirming that someone is actually responding to the call, and you will likely receive more of them."
5. Sign up for the National Do Not Call Registry. It's free, your number is never taken off the list, and it will at least stop law-abiding solicitors. It's for both cell phones and landlines.
6. File a complaint. If you've been on the Do Not Call Registry for a month or longer and still get calls, file a complaint with the FTC. This may seem like a waste of time, but it doesn't take long, and sometimes enough complaints can get policy changed.
7. Use a free service that blocks all robo-calls. Nomorobo is a free tool you can use to block robocalls. You tell it who your carrier is, provide an email address and from that point forward, an algorithm blocks robocalls. Nomorobo works by letting your phone ring once. It then identifies the caller and if it's a robocaller, it hangs up.
8. Block political calls. Since politicians aren't trying to sell you anything, their calls are excluded from the do-not-call rules. That means these guys can call your landline and don't have to stop even if you ask. Best solution? Nomorobo can also block these robocalls. But that's about your only defense.