



Investors Quarterly

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FPA PANEL

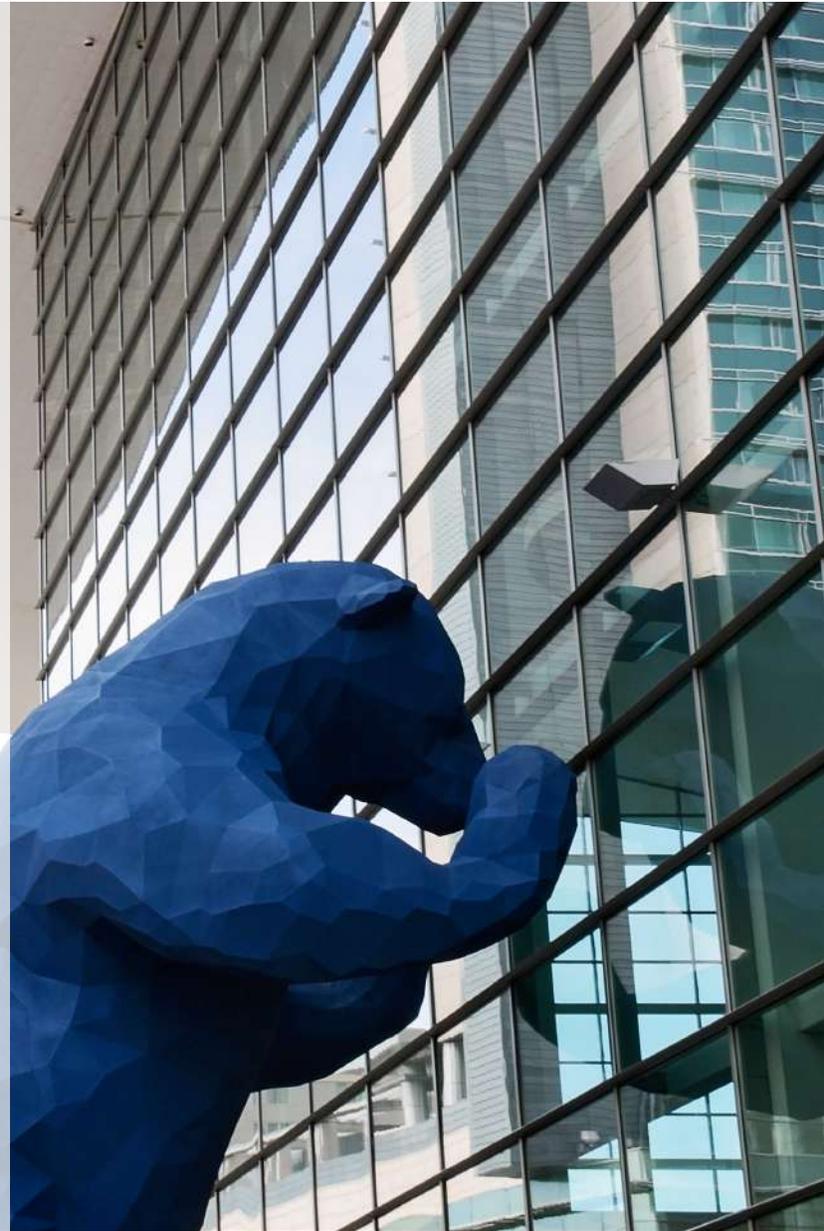
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What's New With Our Team at American Portfolios Denver

American Portfolios Denver Leads Panel Discussion at FPA National Conference

Managing Director Kris Tower led a panel discussion at the Financial Planning Association's national conference in October. The panel focused on the regulatory and legislative outlook coming into 2019 with specific impact on Certified Financial Planners. Mr. Tower's role as part of the panel discussion was in conjunction with the FPA Director of Advocacy, FPA Public Policy Counsel, and the CFP Board of Standards Vice President of Public Policy.

Managing Director Kris Tower Asked to Join American Portfolios Advisory Council, Honored to Accept Invitation Heading Into 2019 and Beyond

The national leadership of American Portfolios recently asked American Portfolios Denver Managing Director Kris Tower to join the American Portfolios Advisory Council. This is a tremendous honor, one which Mr. Tower accepts with grace and gratitude.

Staffing Recognition and Transitions

Congratulations to our own Loretta Chiofalo who won the American Portfolios "Step Into 2018" campaign as the national leader in assets deposited into American Portfolios advisory accounts during the twelve months ending on June 30th, 2018.

We would also like to thank Jen Robinson for her work as part of our support team and wish her well as she transitions to an exciting new opportunity.



Q3 Review from Our Team

Is a Bear Market Lurking? Odds of a Recession Likely Hold the Answer

The consensus regarding Q3 2018 is how surprisingly calm the market was through the summer months. You may recall from our Q2 2018 issue of *Investors Quarterly* that we didn't expect the market to stay calm as long as it did. The start of Q4 2018 has already demonstrated the level of volatility we anticipated earlier this year.

September is historically one of the market's weakest performing months. There has been no shortage of news regarding the market. Crosscurrents in emerging markets can't be dismissed. There is uncertainty swirling around the what will happen after the U.S. midterm elections. The U.S. and China also upped the ante with a new set of tariffs.

Despite pain in some sectors, the ongoing trade war has yet to have a measurable impact on the broader economy. That helps explain why investors are taking much of the unsettling news in stride.

Could investors be miscalculating the eventual impact? Possibly. Or, investors simply are accustomed to the news. It gets discounted and incorporated into the outlook. The news is much like other risks affecting shares.

In any case, investor sentiment does seem to be more subdued, which is a positive sign for many investment specialists. Maybe bull markets really do climb a wall of worry.

Whenever volatility raises its ugly head, it's wise to consider a long-term perspective. Volatile markets tend to activate our natural 'fight or flight' reactions as investors. It's only human to worry about the 'what if's' of life, especially when it comes to our hard-earned money.

If you're worried about the impact a volatile market may have on your portfolio, please read the following article on "5 Principles That Will Sharpen Your Investing Skills". You will recognize the tremendous wisdom it contains about controlling your emotions as an investor.

It's also helpful to know and value the worth of a written strategic plan for your finances. This roadmap of sorts gives you a set of reference points to consider whenever the market transitions from a bull to bear market and vice versa.

If you're a American Portfolios Denver client who's completed a financial plan with our team, then you know how we conduct a financial stress test for your plan that accounts for a 20% decline in the market.

If we have not created a financial plan for you or it has been a few years since you last reviewed your plan, call us to create a stress test of your investment portfolio.

- Kris Tower, Managing Director

5 Principles That Will Sharpen Your Investing Skills

Have you ever started a DIY home improvement project only to realize you're in over your head? A quick trip to Lowe's or Home Depot can quickly turn into several trips, buying the wrong parts, doing the work wrong, and spending more time and money than if you simply hired a professional contractor to do the work from the beginning.

The same is true when it comes to investing for your financial future. Here are five principles our team at American Portfolios Denver uses that can sharpen your skills as an investor.

1. Create and follow a long-term plan.

If we were to go back 50 or 60 years, the choice of investment vehicles was limited. You might choose between stocks, bonds, mutual funds and cash. Still, how might you create the proper balance between choices?

Today, there has been an explosion of investment vehicles. It provides us with choices, but choices create complexity and even confusion for all but the most experienced investors. We have assisted many of our clients in developing a long-term financial plan that's designed with their financial goals in mind.

Great investors have a strategic plan that can become a guide. It is a financial roadmap that puts you on the path to your financial destination. It is the bridge to your dreams.

2. Learn to control your emotions.

The plans we recommend are not bulletproof, but we are confident they put people on the best long-term path for reaching their goals.

When volatility strikes, some people take it in stride while others want to detour from their financial plan. It's tempting to let our emotions take control of our investing decisions.

While heading to the safety of cash may feel good in the short term, we've seen the anguish of those who opted for the sidelines near a market bottom and then watch in dismay as shares began to climb. Markets tend to rise in most years.

According to a Fidelity study, "Investors who stayed in the markets saw their account balances—which reflected the impact of their investment choices and contributions—grow 147%" between Q4 2008 and the end of 2015. (Fidelity.com, Sept. 2017)

The Fidelity findings further shared, "That's twice the average 74% return for those who moved out of stocks and into cash during the fourth quarter of 2008 or first quarter of 2009." Stocks bottomed in March 2009. Even worse, over 25% who sold out of stocks during that downturn never got back into the market.

The opposite is also true too. Don't become overconfident when stocks are surging. Sticking with the plan helps to avoid mistakes that can be costly in the long run.

3. Become disciplined and be patient.

Like the control over emotions, a financial plan helps enforce discipline. By design, the plan may put you on a gradual path to wealth accumulation, which encourages patience.

There are no shortcuts. We are open to innovation and empirically verified research, but we would caution you to be cautious about what we call the 'flavor of the month' investment types. The legendary investor Warren Buffett sticks to what he knows best with a long-term approach. His discipline and patience have brought him rich rewards.

4. You must diversify.

A one-investment portfolio is too risky. Diversifying among stocks, bonds, cash, real estate, and commodities doesn't guarantee there won't be short-term losses, but it may help in reducing risks and allows you to participate in investments rooted across the global economy. Diversification can't eliminate the risk of financial losses or market risk.

5. Never lose a healthy level of skepticism.

Good investors asks questions. Following time-tested principles can prevent fraud.

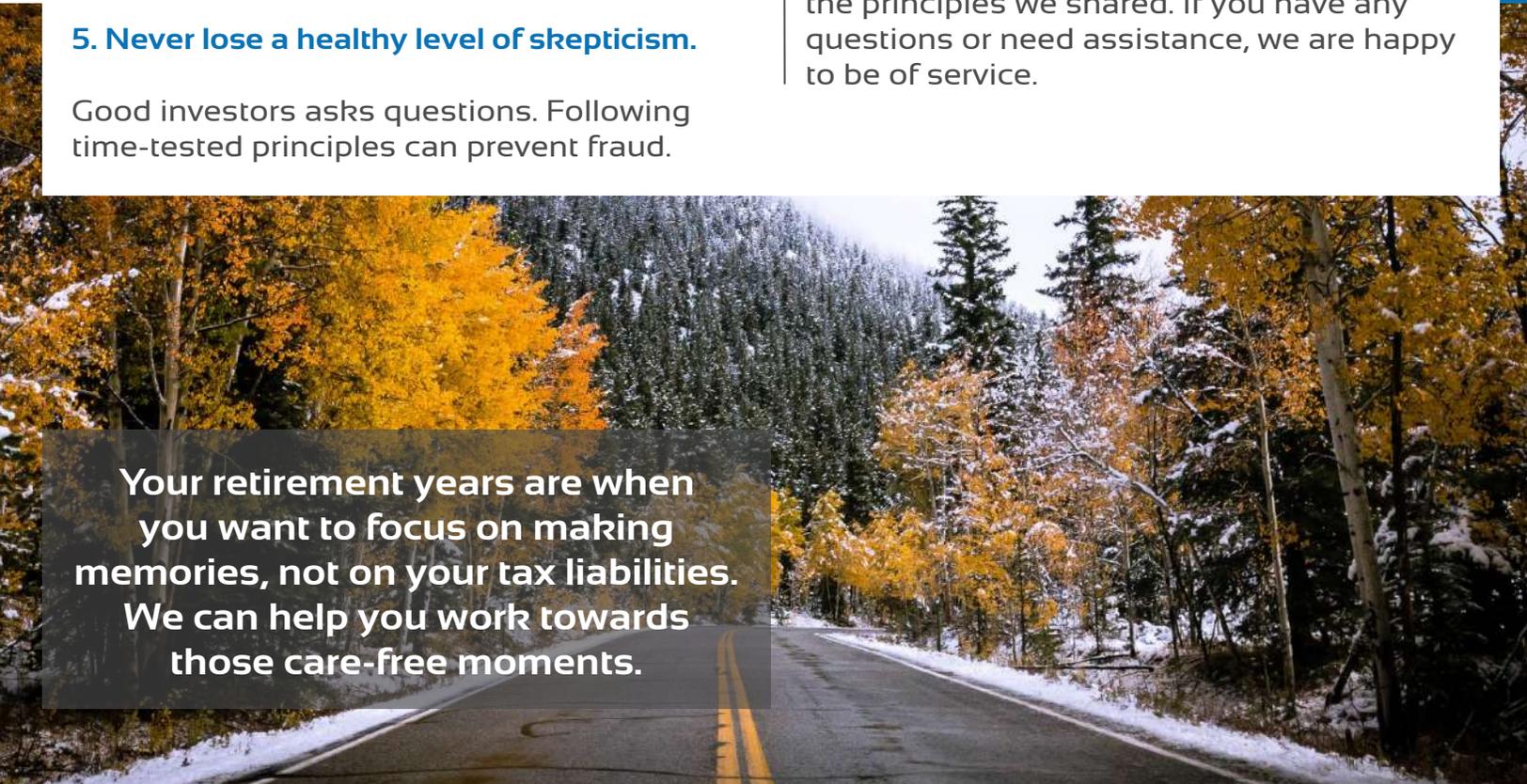
Be wary of investments that promise riches or offer returns that are too good to be true. Today, a con artist won't use the phrase "get rich quick," but you will see ads that hype strategies that have quickly turned a meager sum of cash into a big pile of wealth.

Such claims should be viewed with a healthy level of suspicion. If these strategies worked, wouldn't high-powered institutional investors implement them? They don't.

If you come across such a tempting scheme, please ask our team to review it. We commit to offering you an objective analysis and point out advantages, if any.

More importantly, we'll counsel you on the questions you need to pose to those who are asking for your trust. We can't begin to tell you how much it pains us when we see someone get scammed.

In summary, the foundation of becoming a skilled investor is being a lifelong student. Never stop learning and immerse yourself in the principles we shared. If you have any questions or need assistance, we are happy to be of service.



Your retirement years are when you want to focus on making memories, not on your tax liabilities. We can help you work towards those care-free moments.

Start a Conversation

Our team with American Portfolios Denver serves clients across the Rocky Mountain region and beyond through our main office and affiliated advisors. Reach out to our team to start a conversation today about your financial goals.



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