Growing and Protecting Your Net Worth

GROWTHNET SOLUTIONS – ONE OF A KIND

GrowthNet Solutions is here to help individuals like you find the financial management solutions you need. You can choose how much growth you want to strive for, how much risk you are willing to experience, and how large a safety net you want protecting you.

Our process encourages your participation and provides resources so that you will understand what your portfolio is designed to accomplish, be more satisfied with its performance, and confident in its management. We'll help you discover the missing elements in your current portfolio management and what to look for when choosing a financial advisor.

We want you to make informed decisions based on unbiased recommendations and sound financial planning. Your financial management should always fit your situation and goals, be comprehensive to provide a wide variety of solutions, and be flexible to adapt to a changing economic environment and your future needs.

Why Is This Important?

Think of your total financial portfolio as a leaking bucket, causing you to lose money. These leaks can be caused by investment losses, taxes, personal expenses, life events, and so on – the effects of which you can minimize with proper planning. The danger to you is that no matter how hard you are working to fill this portfolio "bucket" to support your lifestyle and fund your retirement, you will have trouble succeeding if too much money is constantly leaking out.

GrowthNet Solutions has a Comprehensive Portfolio Review to help you find and repair the problems that are creating your financial leaks. Our goal is to protect your future!

Advantages Of An Independent Advisor

At GrowthNet Solutions we are fortunate not to be restricted to the in-house research or products of one financial company. Your independent financial advisor, Mark Fenton, is separate from major financial institutions and free to use the best products and ideas available for you from numerous sources. GrowthNet Solutions recommendations are unbiased; we do not have sales incentives that promote special products, corporate profit goals to meet, shareholders to satisfy, or other requirements that could influence our recommendations.

How We Help You

Your financial advisor at GrowthNet Solutions is available to help you make the important financial decisions that impact so much of your life. We function as your guide, interpreter, educator, and problem solver. We are here to analyze your situation, explain and recommend suitable options, implement decisions, and repeat this process as often as needed. Most importantly, we sincerely care about *your* success.

Ethics Matter

We believe in working with financial companies and rewarding them with our business when they put the safety of our clients ahead of their own profits. We do not support companies that choose unethical practices or who have contributed to financial crises. We also do not manage by chasing "hot" investment ideas mentioned in the news that are not sustainable long term.

Solutions As Unique As You

The holdings in your portfolio do more than produce the growth and income you are seeking; they also create risk, losses, expenses, and taxes. Finding the ideal balance of all these variables for you is only possible when we understand your complete financial situation and personal preferences. Every individual is unique with a different history and balance point, so why use a portfolio designed for some "average demographic client" who doesn't exist? GrowthNet Solutions customizes financial management for each client's needs!

Finding the amount of risk suitable for you is especially important. A certain amount of risk may be *needed* in order to reach your portfolio goals, but it must be balanced with the amount of risk your entire financial situation can *afford* and how much your personal preferences will *allow*. We help you find the level of risk appropriate for you. These are all choices you can make and change at any time. Protecting your portfolio from loss is just as important as positioning it for growth!

Time To Plan

Did you know most individuals spend more time planning a two-week vacation than they devote to preparing for a 20-year retirement? Financial planning may not be as fun, but a small improvement to your portfolio today can create huge rewards later because of the benefits of compounding and time!

Albert Einstein called the effects of compounding the "eighth wonder of the world." Just an extra 2.3% in net return creates 25%, 50% or 100% additional growth over 10, 18, or 30 years. You could be sacrificing thousands of dollars for your future by not making beneficial portfolio changes today. Growing your portfolio requires time. The more time you are on the best possible financial path, the more you will benefit from it. Delaying improvements only results in a lower portfolio value.

Schedule your Comprehensive Portfolio Review today and begin the process of improving your finances!

Beginning A Financial Journey

Every journey begins by selecting a destination. What's in *your* future? Your financial journey with GrowthNet Solutions begins when we learn about your financial needs and personal desires. What personal goals are important to you? What do you want your financial management to accomplish for you?

- ☐ Current living expenses
- ☐ Preserving, saving or growing funds for retirement
- ☐ Vacation, travel, or purchasing second home
- ☐ Buying a new home or renovating a current one
- ☐ Buying, selling, or expanding a business
- ☐ College expenses for children or grandchildren
- ☐ Future health care or long-term care expenses for you or family members
- ☐ Something else?

Our process:

1. Tell us about your personal needs and goals.
2. GrowthNet Solutions will analyze your complete financial situation using the Comprehensive Portfolio Review, and then research solutions for you.
3. GrowthNet Solutions will recommend the portfolio objectives and strategies that will help you achieve what you are striving for.

Comprehensive Portfolio Review (CPR) -- Managing Change

This program is like CPR for your finances, "reviving" your portfolio where it might be at risk for loss or missing opportunities for growth. All your investment accounts, sources of retirement income and expenses, insurance policies, estate plans, and trusts should be reviewed. The CPR process demonstrates how changes in economic, business, and political conditions can affect your entire portfolio. Investment, tax, and estate planning laws also change. Your portfolio can be rapidly depleted unless it is always updated for current circumstances. Change is a natural part of life – let your portfolio change with you!

The CPR process will answer these questions, and many more:

- ✓ Has your investment portfolio adapted for changing economic conditions?
- ✓ How easily can your portfolio maintain your lifestyle throughout retirement?
- ✓ How much risk is suitable for you, and are you being adequately rewarded for it?
- ✓ Have your needs for life insurance changed? Is a lower premium possible?
- ✓ Are you prepared for long-term care expenses if needed for yourself or family members?
- ✓ Have estate plans been updated for changes in regulations or personal preferences?
- ✓ Are assets in trusts being managed or ignored?
- ✓ Could your 401k be better managed as an IRA?

Our global economic environment is constantly changing, so no single investment strategy works perfectly all the time. For example:

> Mutual funds are generally designed to maintain only one specific investment strategy; portfolios are created by combining different funds that have different strategies. A survey by The Economist (2017) showed that only about 25% of mutual funds in the top quartile in one year are still in the top quartile the following year; only 4% are for two years in a row, 0.5% for three years, and 0.3% for four years.

You can see how difficult it is for one strategy to perform well consistently!
If your financial management doesn't adapt to take advantage of or avoid changing market situations, you could be left stranded in the wrong strategy and need to wait for your portfolio to recover.

Portfolio Objectives and Strategies

After we identify your personal needs and goals and use the CPR process to determine what changes are necessary for you to reach your goals, the next step in your financial journey is for us to implement these changes. Choosing your portfolio's objective or goal is important – these are the guidelines by which your portfolio is managed.

Consider three basic objectives for your portfolio:

1. **Mirror the market's performance**
   We can do this by buying ETFs or funds that represent large segments of the entire market. Your account will go up and down as the market does. You will not be able to prevent large losses from affecting your portfolio because you will always be invested in and tracking the market.

2. **Underperform the markets for lower risk**
   This is achieved by using low risk, fixed-rate products. Insurance companies have fixed-rate annuities that have better rates than savings accounts or bank CDs. All these options eliminate portfolio risk and uncertainty, but growth is limited.

3. **Outperform the markets with two options:**
    - A. ***Earn more than the market when it's going up***. Seeking more upside potential usually means more risk, too, so an individual must be willing to accept the potential for loss if using this method for growth.

    - B. ***Lose less than the market when it drops*** by reducing volatility and loss. Only moderate growth – and less risk – are needed to achieve good portfolio performance because less growth is spent replacing prior losses. Long term you are further ahead even though during some short periods of time the markets outperform this portfolio. This approach requires clients to maintain a long-term view and ignore short term performance.

How do we achieve these portfolio objectives? By selecting the style of portfolio management to be used and implementing the management strategies. GrowthNet Solutions has dozens of portfolio strategies available that can be combined in countless ways to create the ideal portfolio for your specific situation!

We have grouped portfolio management strategies into four basic styles to make their differences easier to understand:

1. **Passively Managed Portfolios**
   Most investors are in this passive system, where the stock/bond ratio which determines the percentage of market ups and downs captured remains fixed. For example: A 50/50 stock/bond portfolio would average around half the market upside and half the market downside. It is a lower-cost method because there is little active trading of the holdings. This style is best for individuals who are comfortable with experiencing market ups and downs in their portfolios. When the market drops you will not avoid large losses unless your exposure to the market is very small, which means your growth is very small. You will need to wait for your portfolio to recover as the market recovers.

2. **Actively Managed Portfolios**
   The ratio of stocks/bonds/cash in the portfolio changes as market conditions change. The objective is to be less invested to avoid large losses when the market has large drops and be more invested during good market periods. Fees are higher than the passive portfolio because this system can have very active trading, but historical results show better portfolio growth long term by avoiding large losses.

3. **Structured Products and Index Annuities**
   These are "engineered" products where losses are limited and growth is credited by contract features rather than direct investment in the markets. Index annuities are the most attractive in this group. The investment strategies can provide excellent growth with principal protection guarantees added to the product contract. Liquidity might be an issue for some people, but most contracts allow for withdrawing your money over time without penalty, and a few products allow for return of principal at any time. The strong protection guarantees and new investment strategies available make index annuities an ideal way to preserve and grow money long term for future needs.

4. **Hybrid Portfolios Combining Strategies**
   Having a portfolio of diversified strategies by combining some of the above can be helpful because some perform better during different market conditions.

Ask for examples of the passive, active and index annuity portfolios so you can see how they perform!

Why Managing Risk and Volatility Is Important

If you have a car equipped with an airbag you don't need to predict which day you will need it because it's always there to protect you. Managing risk and volatility for your finances is like having an "airbag" for your portfolio. Since we can't predict when a financial "accident" will occur, it is best to have the safety features always in place.

To understand the effects of volatility on your portfolio, you need to know the difference between the changes in the prices of your portfolio holdings versus the actual amount of money in your portfolio. This is a complex concept, affected by the volatility in the markets and your portfolio holdings. For example:

> Suppose your house increased in price by $100,000 since you bought it, but during that time you spent $150,000 on repairs, landscaping, remodeling, and other expenses – your "house portfolio" value has decreased by $50,000 even though the price increased by $100,000. If you sell your house now, you will have a net loss even though the house sells for a better price than for what you bought it.

Your investment portfolio works the same way. When you look at charts of stocks or mutual funds over several years, you notice that prices do not increase in a straight line, but with many ups and downs. In a volatile market, prices are moving up and down repeatedly over a short time period. You are losing money when the market drops and recovering it as the market moves up. The amount of money in your portfolio depends on all the gains and losses due to volatility, not simply the start and end prices of the holdings. Just as in the example above, volatility reduces the portfolio value.

When people talk about *returns* for a holding or market index, they are looking at the difference in prices over a certain time period, not the actual value of a portfolio containing those holdings. Making investment decisions based only on returns can lead to poor results long term. Here's an illustration of how the math of returns, volatility and portfolio value functions:

EXAMPLES OF WHY REDUCING VOLATILITY MATTERS

Example #1: High Avg. Return and High Volatility

A 25% average return is wonderful, but high volatility means the gains are consumed by recovering from losses and no real net growth occurs over this time period.

Time Period	Annual Return	Portfolio Value
Start		$100,000
Year 1	+100%	$200,000
Year 2	-50%	$100,000
Year 3	+100%	$200,000
Year 4	-50%	$100,000
	Avg. Return = +100/4 = 25%	**Net Gain = $0.**

Example #2: Half the Return and Half the Volatility

If we divide the annual returns in Example #1 by 2, volatility is cut in half, and so is the average annual return for this time period. This portfolio, however, experiences a much larger net gain than Example #1, because there is less loss to make up for.

Time Period	Annual Return	Portfolio Value
Start		$100,000
Year 1	+50%	$150,000
Year 2	-25%	$112,500
Year 3	+50%	$168,750
Year 4	-25%	$126,562
	Avg. Return = +50/4 = 12.5%	**Net Gain = $26,562 = 26.5%**

Example #3: Low Avg. Return and Low Volatility

Volatility is very low in this example. Because there is little or no loss to overcome, a lower annual return can create a portfolio gain similar to Example #2.

Time Period	Annual Return	Portfolio Value
Start		$100,000
Year 1	+6%	$106,000
Year 2	+6%	$112,360
Year 3	+6%	$119,102
Year 4	+6%	$126,248
	Avg. Return = +24/4% = 6%	**Net Gain = $26,248 = 26.2%**

The above example shows that reducing portfolio volatility helps you retain more of your portfolio's gains. This concept is important for preserving money for future needs, like your retirement income.

Ask us about our many portfolio options to control risk and volatility!

Long Term Care (LTC) Planning

Long Term Care (LTC) represents one of the largest potential expenses in our future, but the financial risk can be greatly reduced with proper planning. Studies show that 70% of individuals over age 65 will need some LTC services. Statistics also show a 30-50% probability of reaching age 95. This means many of us will be fortunate enough to live a long life but will most likely need some help. The objective of LTC planning is to provide for an appropriate level of professional care when needed, and reduce the emotional, physical and financial strain on family and friends acting as caretakers.

Suppose an individual at age 80 needs help at home for a few hours in the morning and again in the evening for the next ten years. These 6 hours per day of home care costs $50,000/year at today's rates, equaling $500,000 for 10 years of care. For people age 60 today, the same amount of care 20 years from now when they reach age 80 becomes $1,095,562 with 4% inflation! LTC Planning should be an important consideration for everyone's retirement planning so that you are able to have the care you may need.

Newer "hybrid" insurance products based on annuities or life insurance provide better coverage and more flexibility than traditional LTC insurance; many of these products allow for full or partial return of premiums if the benefits are not used or the policy is no longer wanted. LTC solutions are available for most individuals at almost any age but this is ideally addressed when individuals can allow time for policy or investment assets to grow more.

Request our in-depth report on LTC Expense Planning today! It compares the costs and benefits of using these insurance products as well as non-insurance methods to cover LTC expenses.

CALL US TO DISCUSS YOUR ENTIRE FINANCIAL AND RETIREMENT PLAN!

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