

Financial Intelligence

Produced Exclusively for Members of the
Senior Executives Association

Mike Miles



- Founder and Principal Advisor, Variplan, LLC
- Certified Financial Planner
- Registered Investment Advisor
- SEA Benefit Provider Since 1999
- Federal Times' "Money Matters" Columnist
- "Ask the Experts" Panelist at www.federaltimes.com

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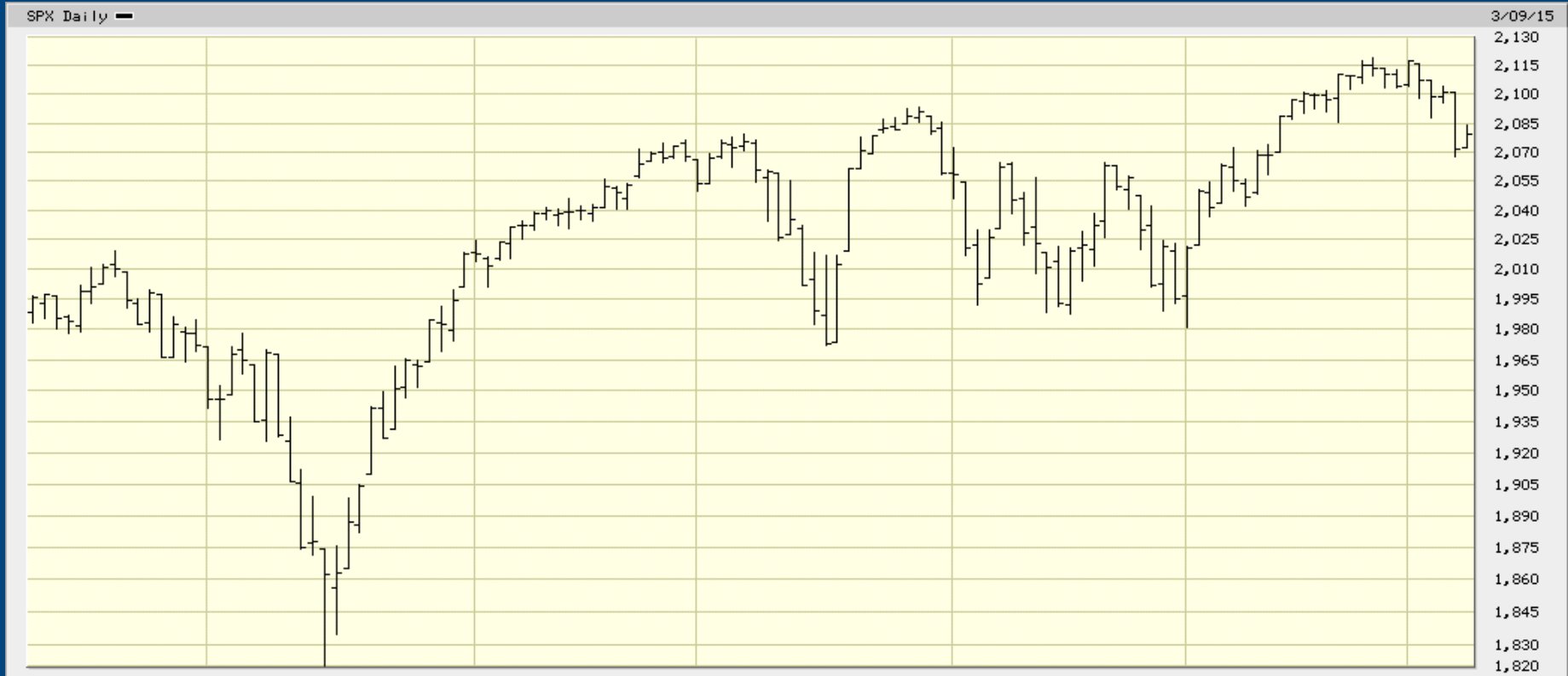
- \$49 Benchmark™ Portfolio Review – **Save \$250**
- Free Hour of Consulting / Analysis – **Save \$205**
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- Email Questions to me at mmiles@variplan.com

Contents

1. Market Review
2. Tactical Recommendations
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5. Questions & Answers

How to Submit Your Questions

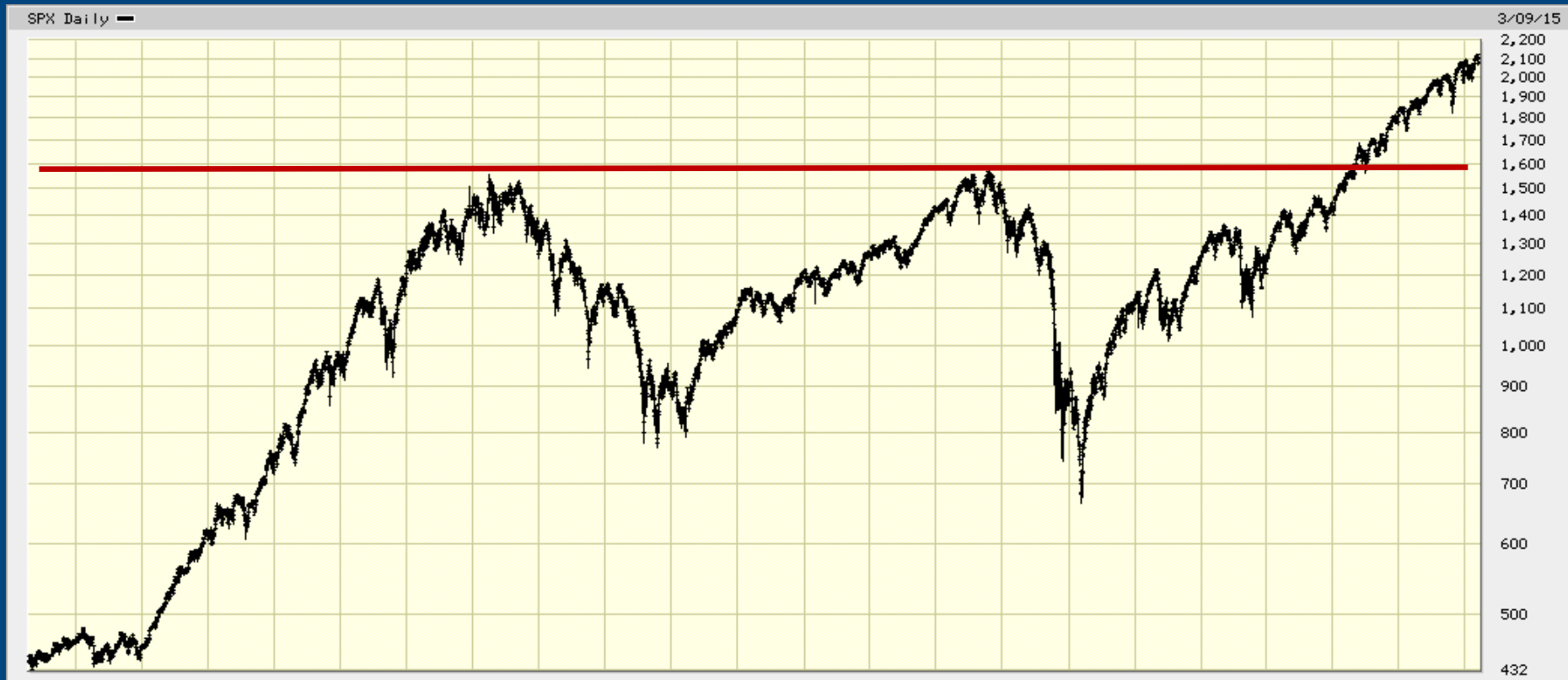
Market Review – Stocks (6 months)



Market Review – Stocks (5 Years)



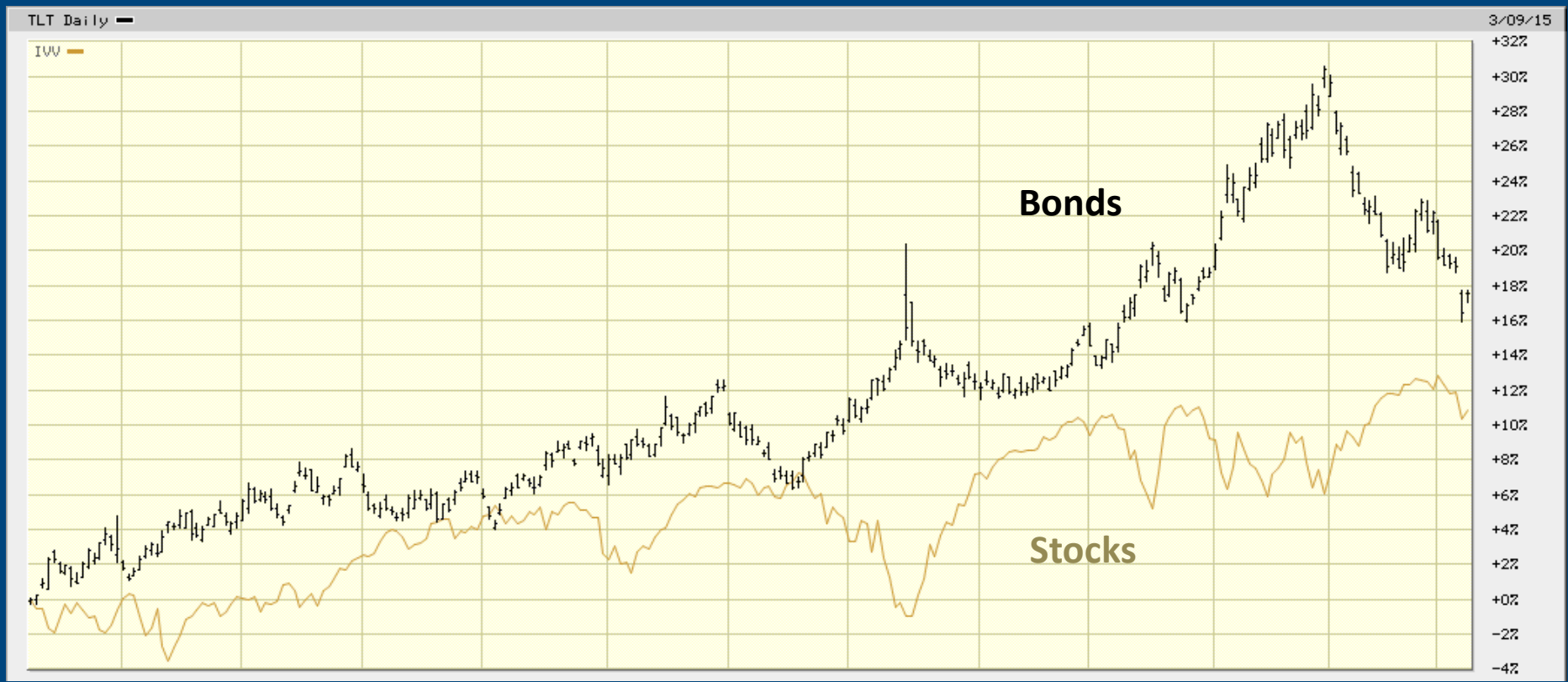
Market Review – Stocks (20 Years)



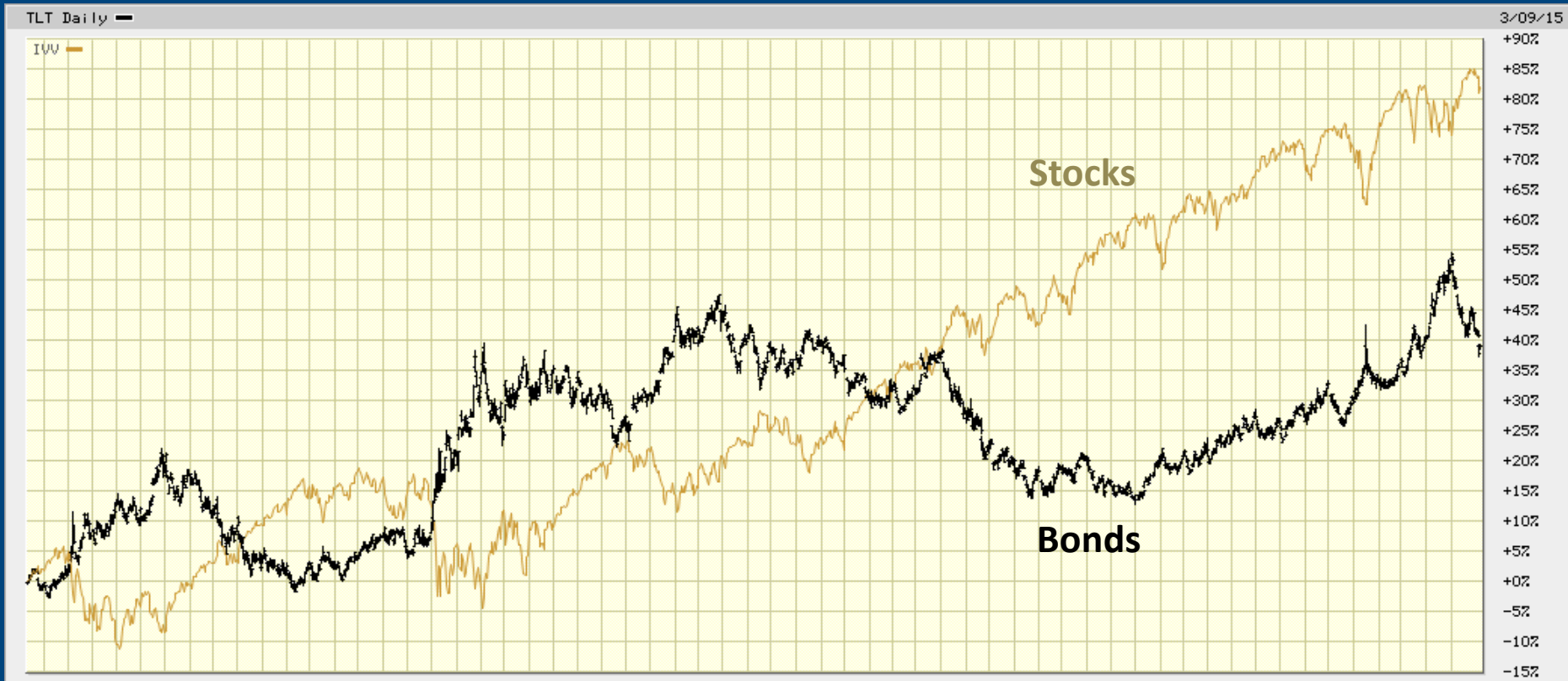
Market Review - Interest Rates (20 Years)



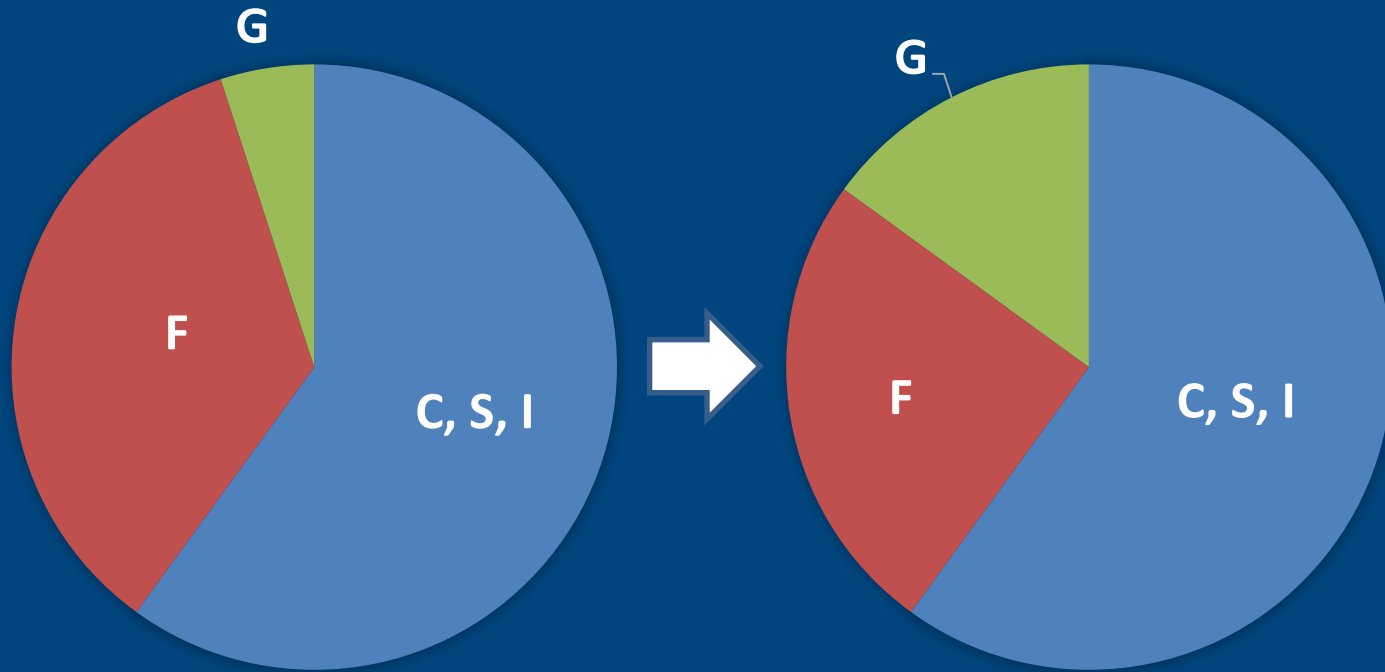
Market Review – Stocks vs. Bonds (1 Year)



Market Review – Stocks vs. Bonds (5 Years)

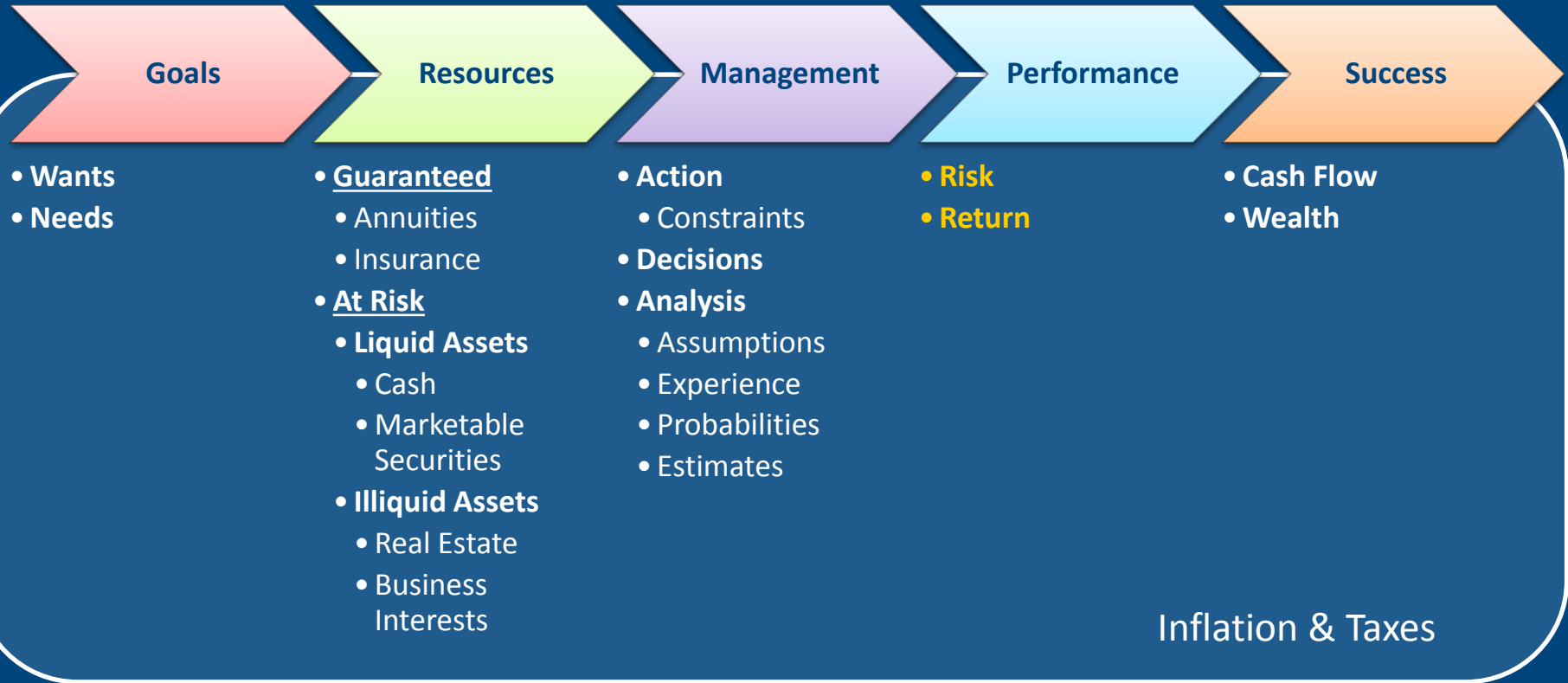


Tactical Recommendation



Understanding Investment Risk and Return

Financial Planning and Management



Investment risk is the possibility that an investment will produce an unexpected return.

Investment risk applies to:

- Average Rate of Return
- Periodic Returns (Sequence)

Investment Return

Investment return is the change in value that an investment produces in exchange for taking risk.

Investment return consists of:

- Yield
- Price Appreciation / Depreciation

Investment Risk and Return

- Risk and return are tied together.
 - Risk is the means to an end.
- Risk and return can be quantified and managed.
 - You should expect to be paid to take risk.

Investment Risk and Return

When it comes to investing for retirement income, the primary objective is to realize the expected return in each and every period.

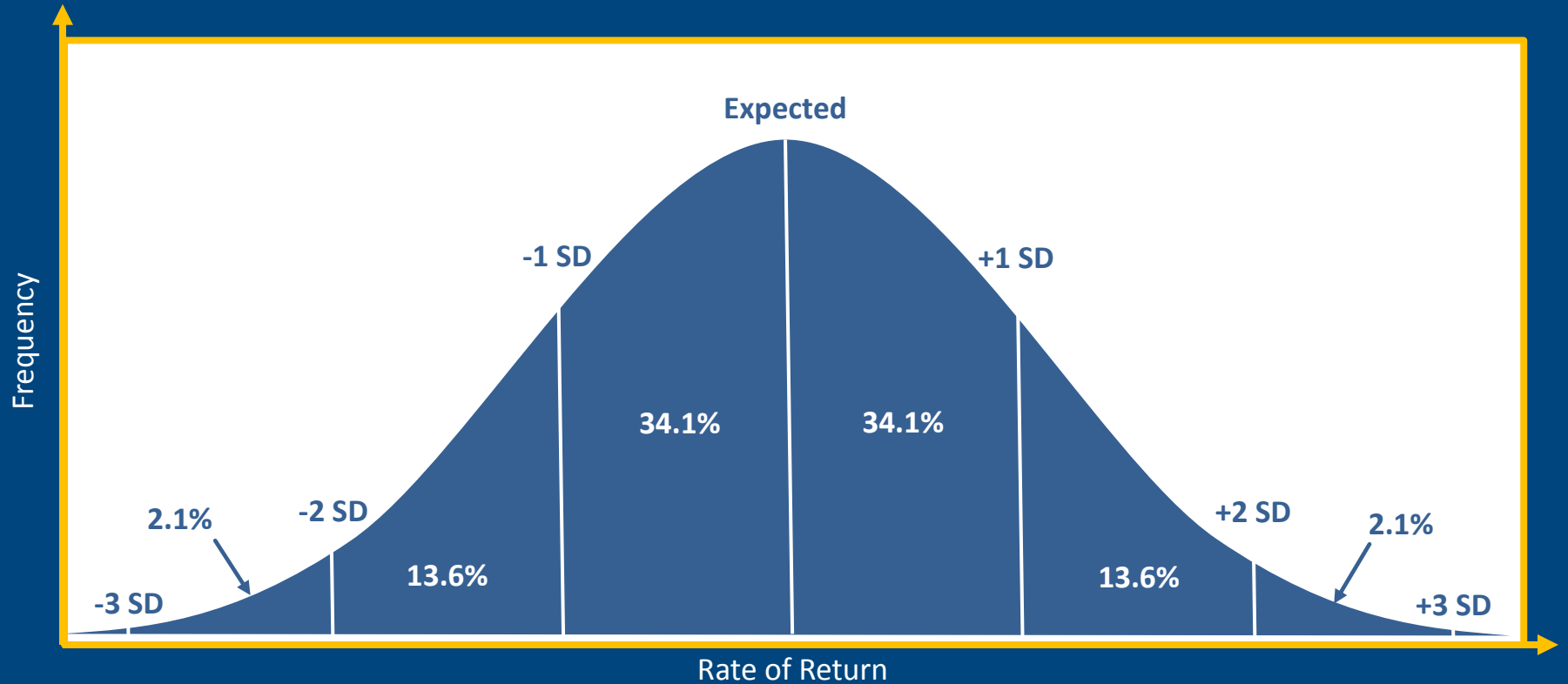
Predictability is the most valuable commodity.

Quantifying Risk and Return

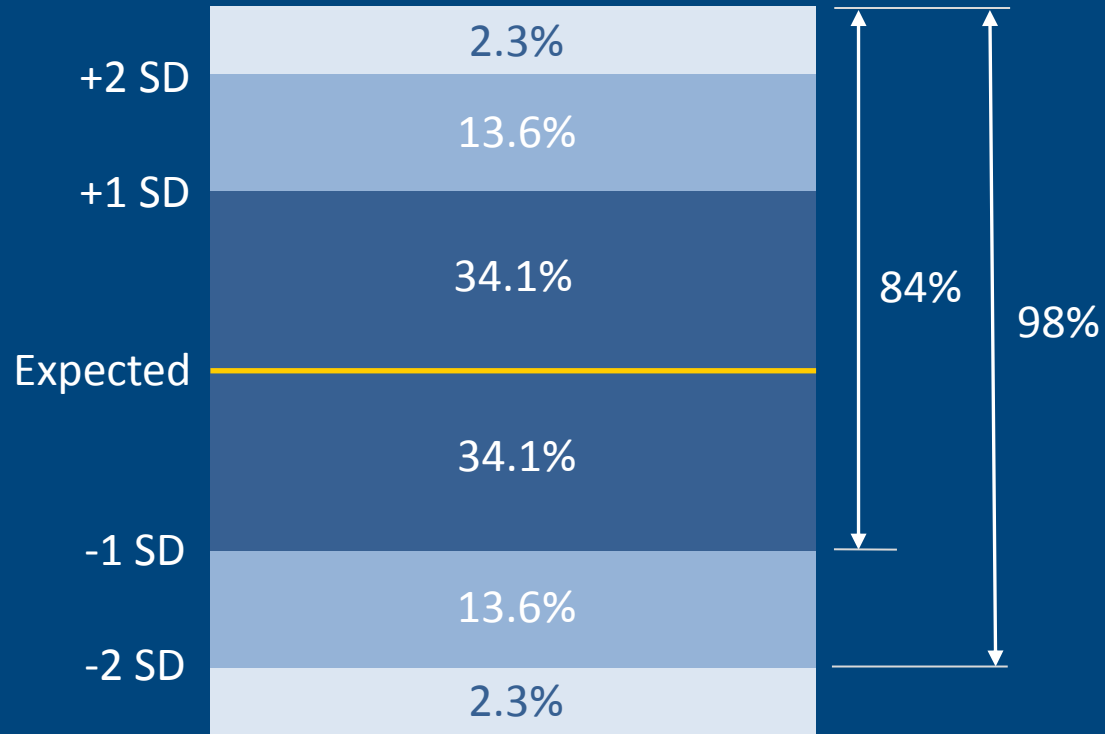
Return is expressed as a percentage of the amount invested.

Risk is usually expressed as Standard Deviation.

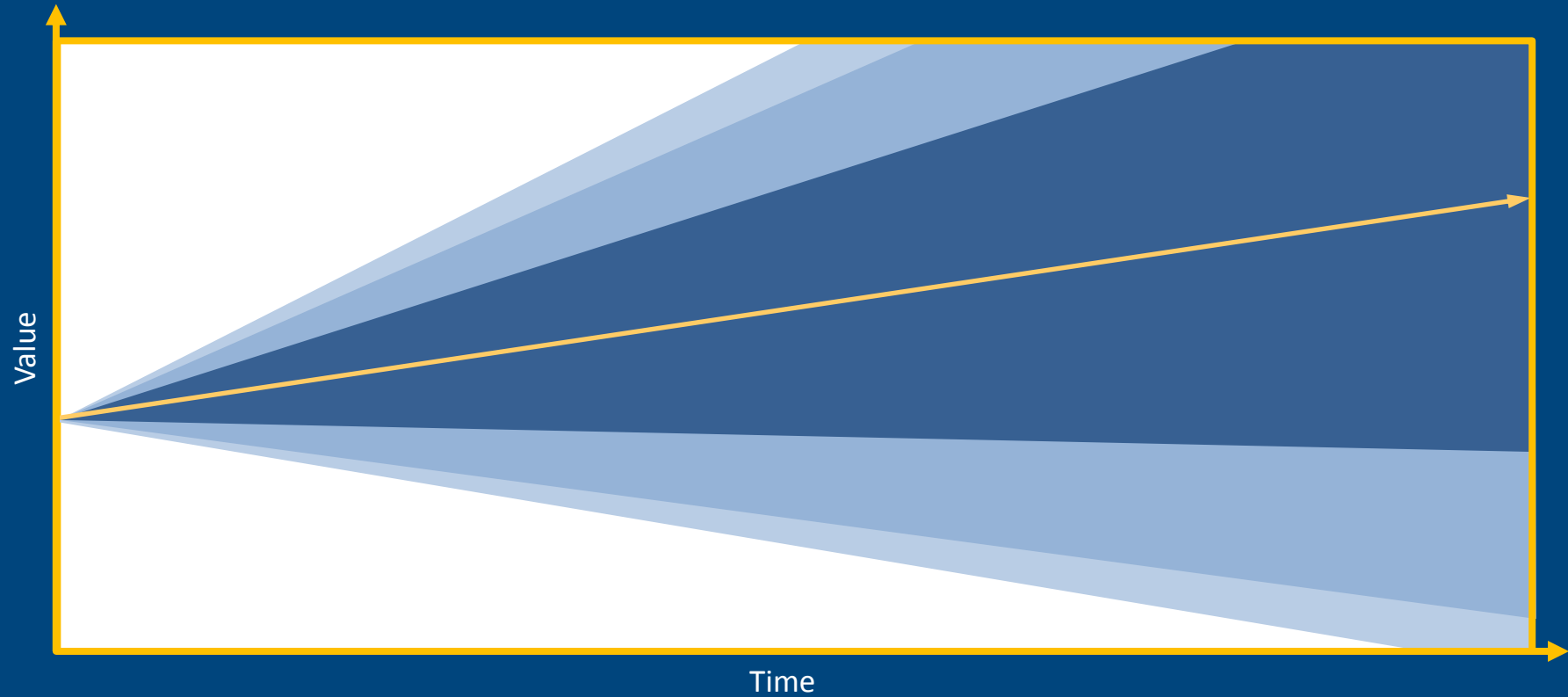
Standard Deviation



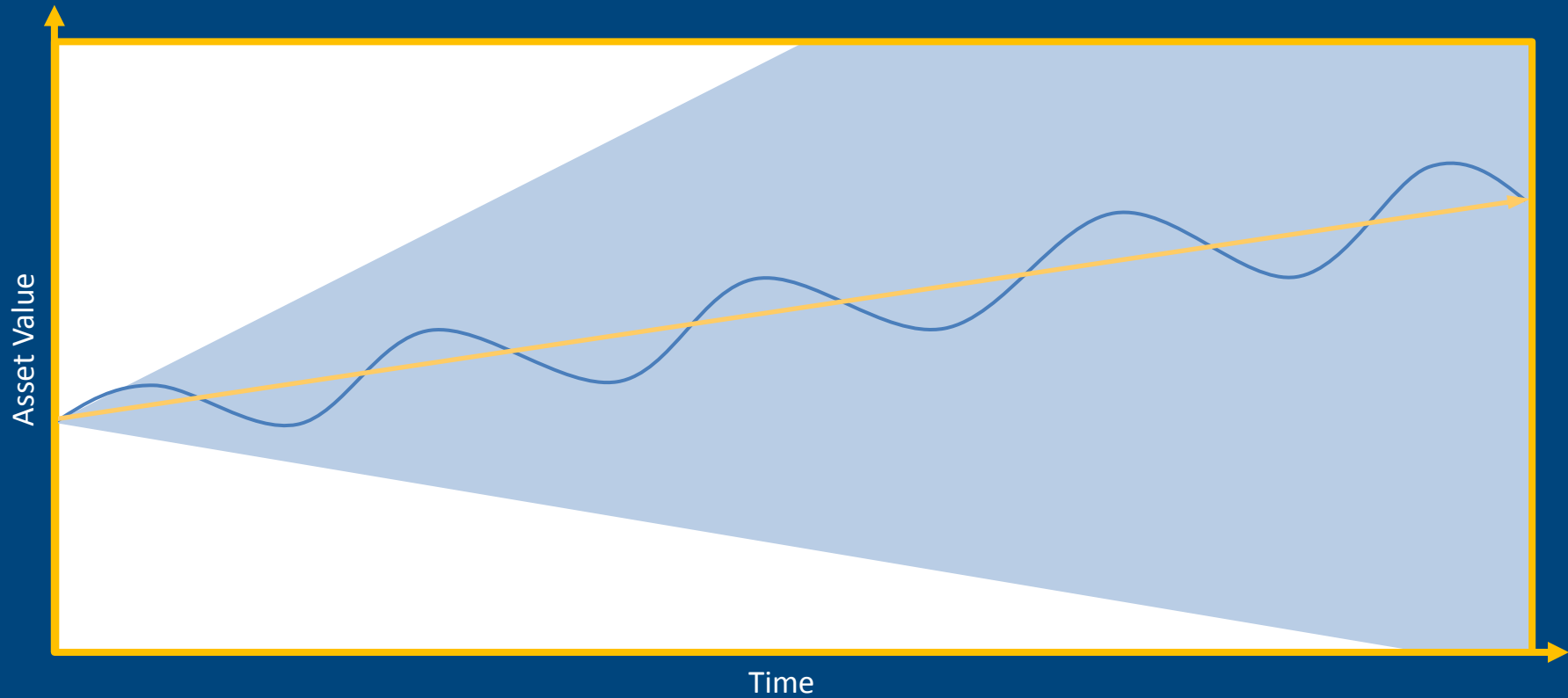
Standard Deviation



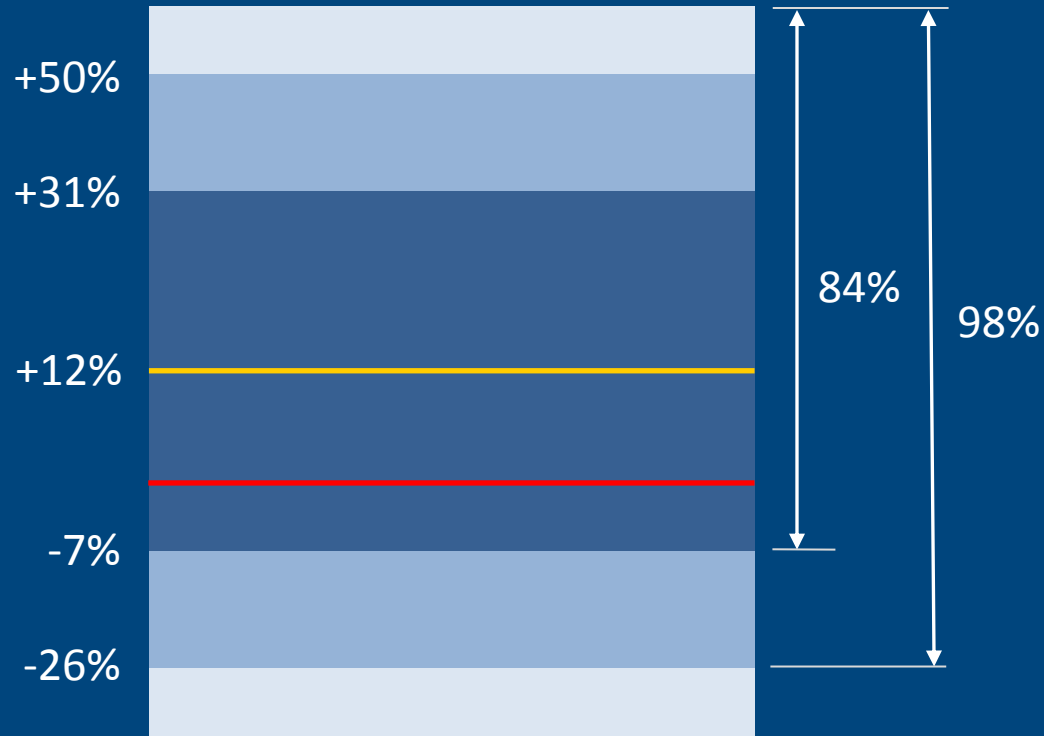
Standard Deviation



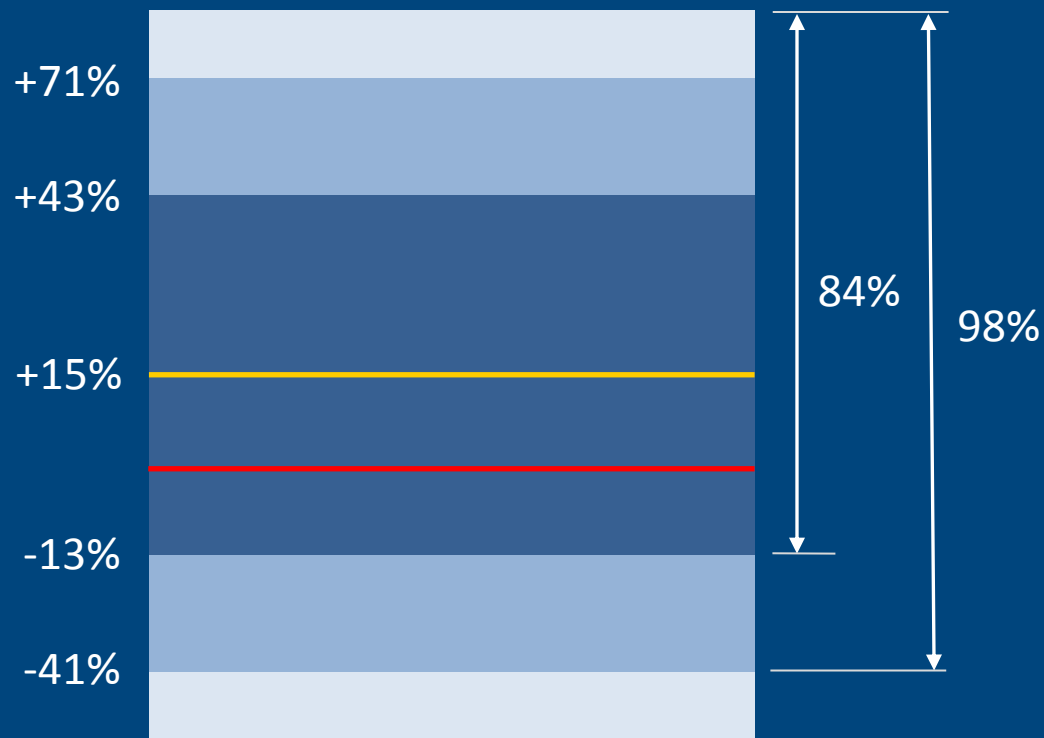
Components



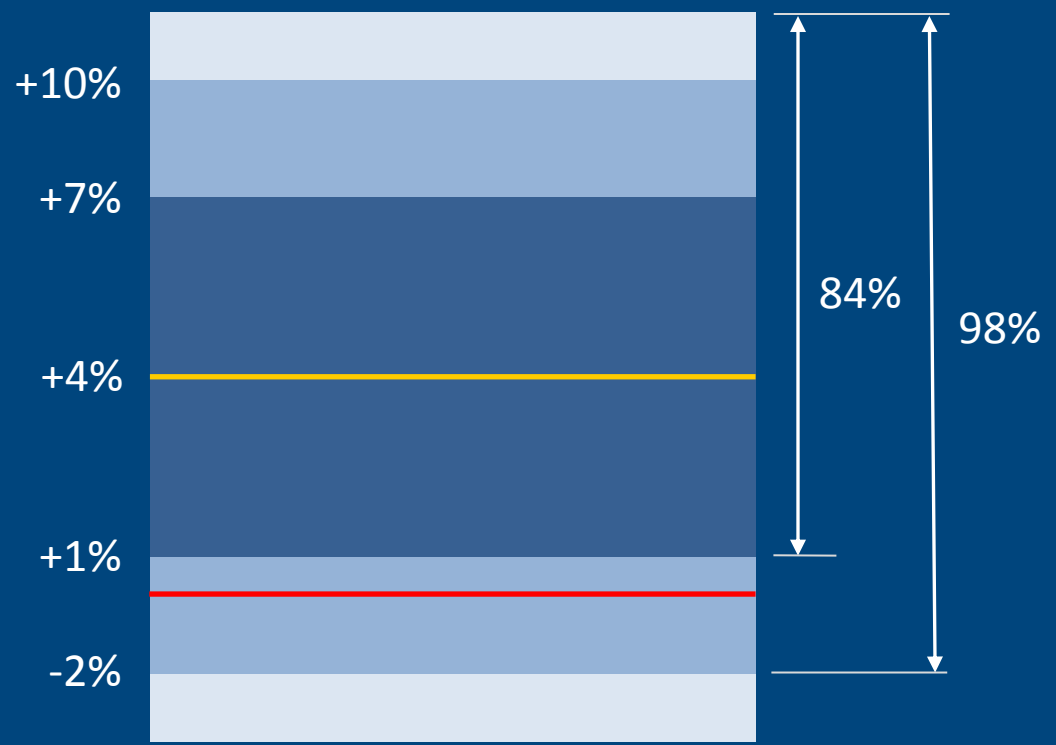
Large Cap U.S. Stocks – C Fund



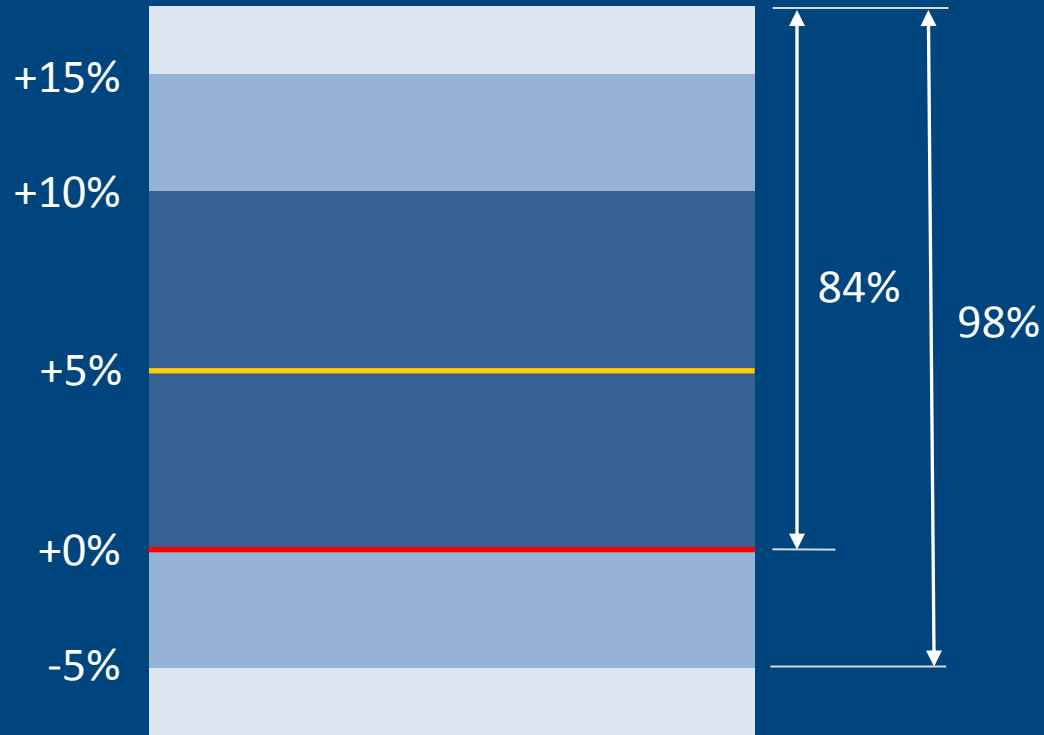
Small Cap U.S. Stocks – S Fund



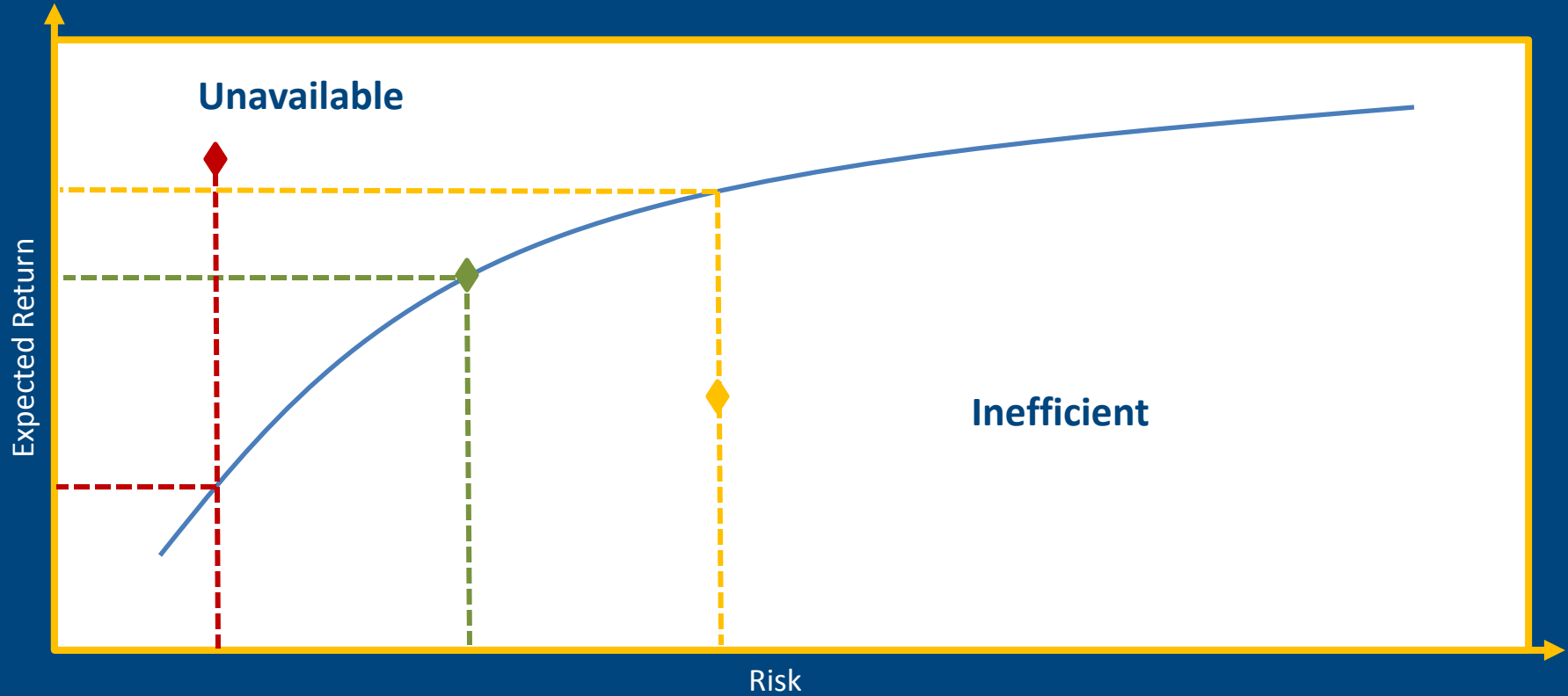
Cash and Equivalents – G Fund



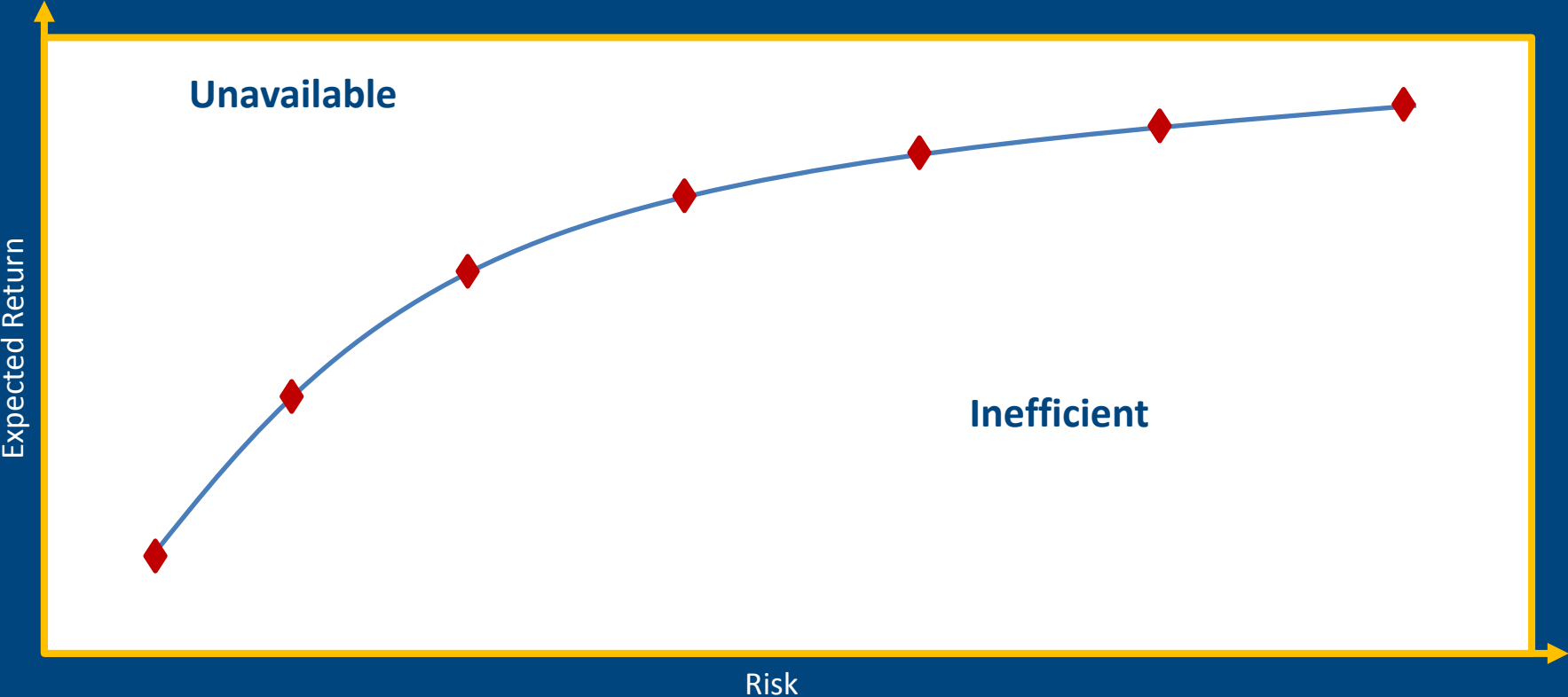
Diversified U.S. Bonds – F Fund



The Efficient Frontier

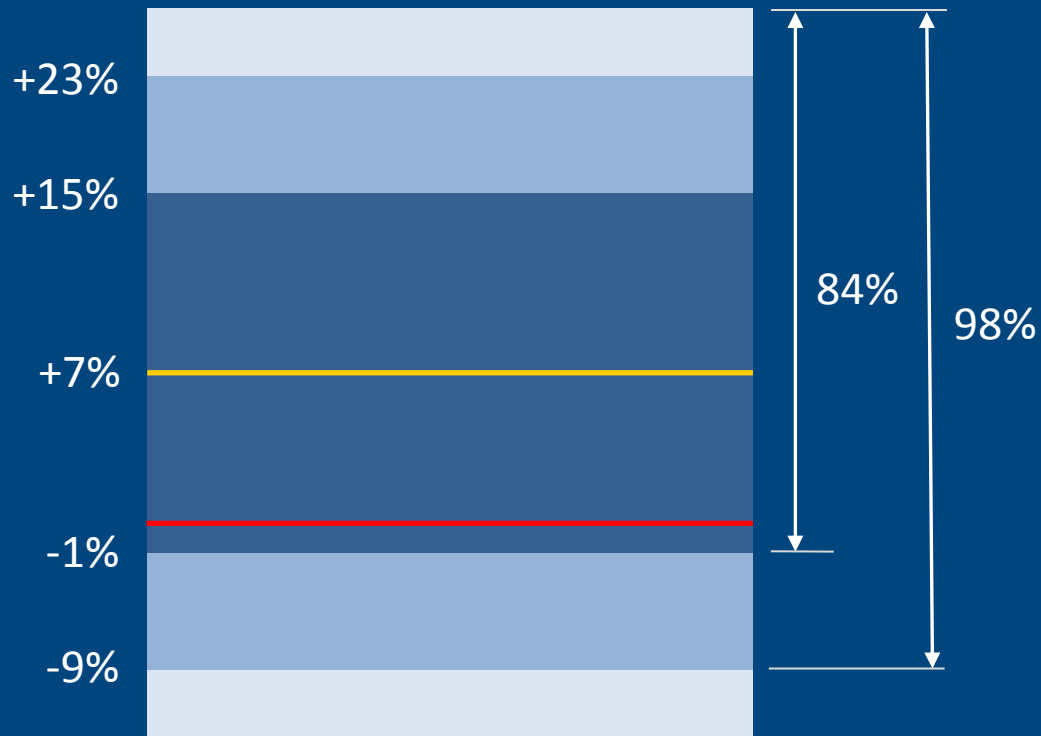


Designing Efficient Portfolios



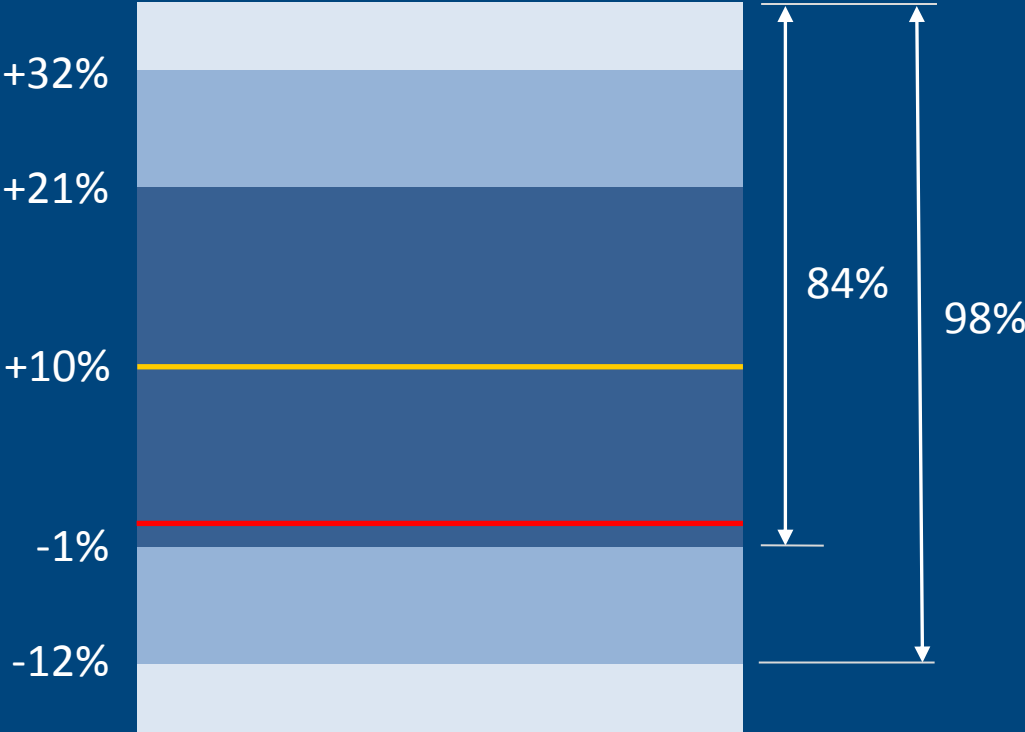
Conservative

20% C Fund
7% S Fund
3% I Fund
10% G Fund
60% F Fund



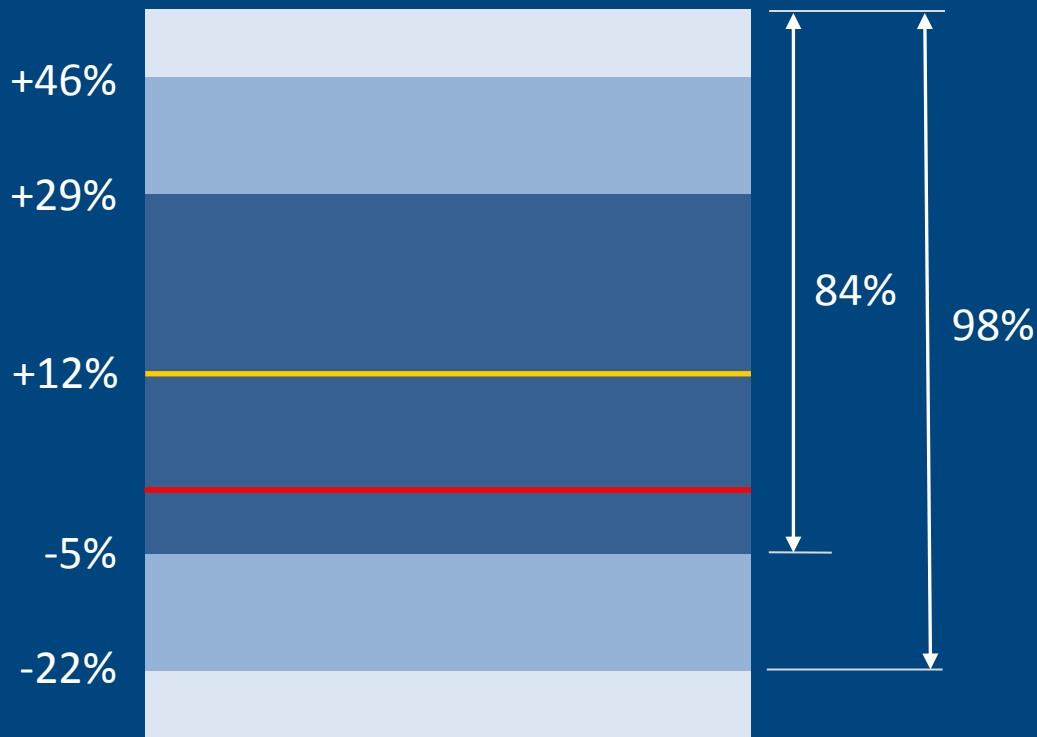
Balanced

- 40% C Fund
- 15% S Fund
- 5% I Fund
- 3% G Fund
- 37% F Fund

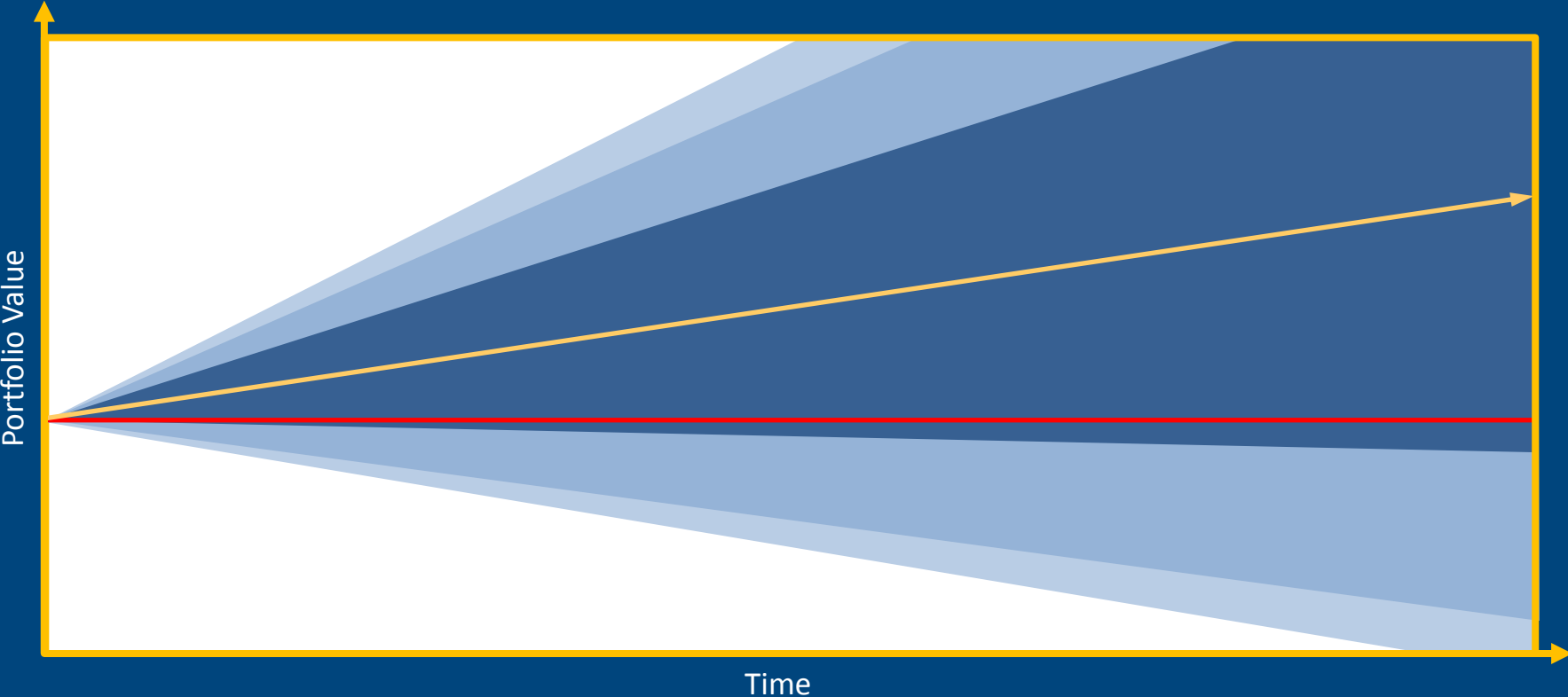


Aggressive

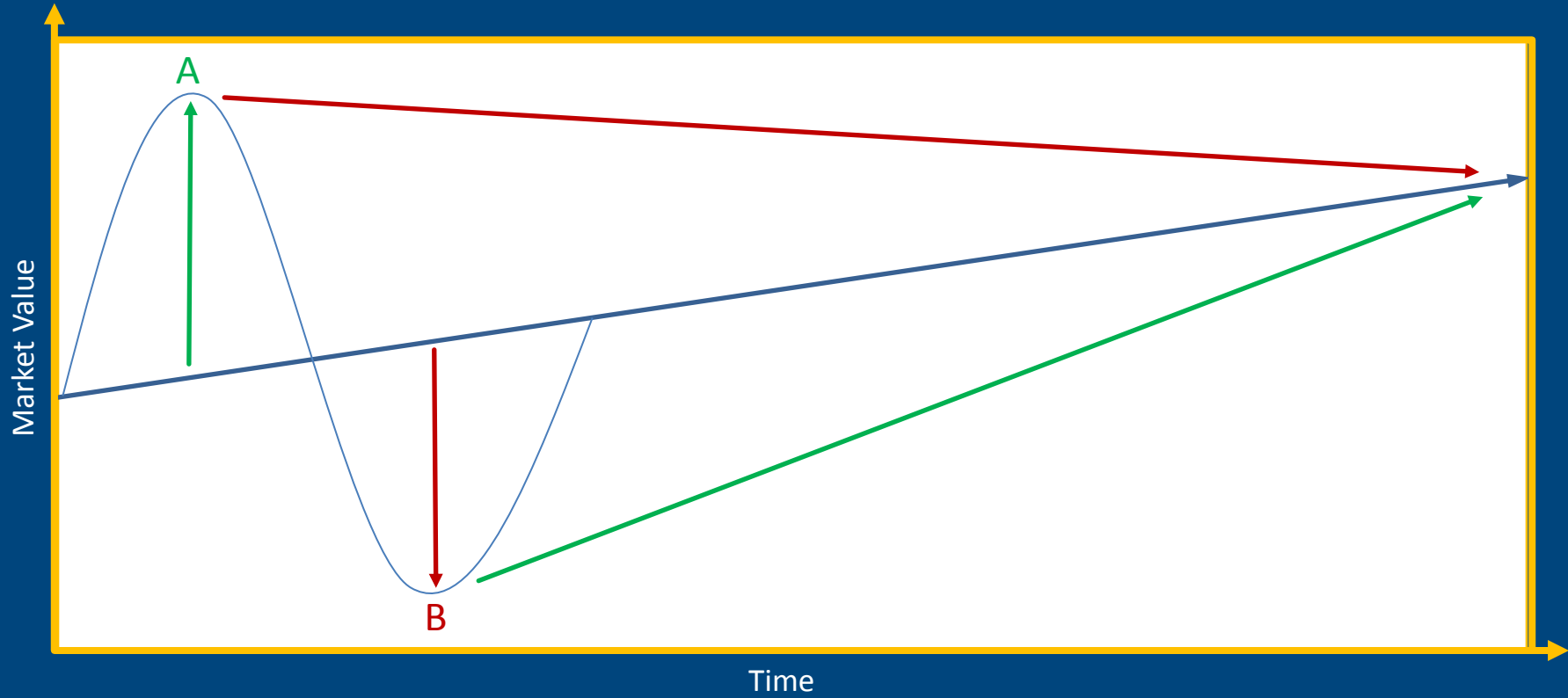
- 55% C Fund
- 26% S Fund
- 9% I Fund
- 1% G Fund
- 9% F Fund



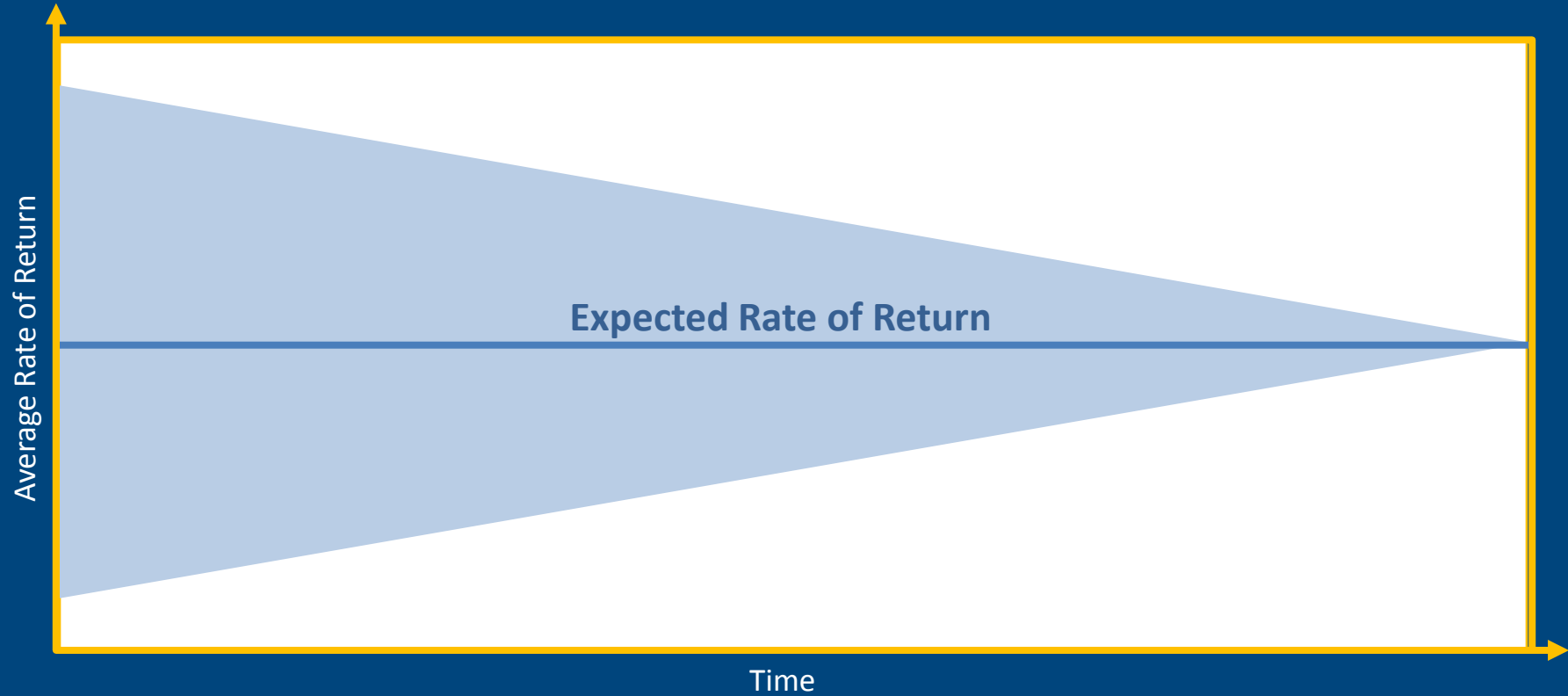
Balanced



Mean Regression



Mean Regression



Variplan Article Database



The image shows a screenshot of the Variplan website's navigation menu. The background is dark blue with a large, faint 'VP' logo. On the left, the Variplan logo is displayed in white, consisting of a stylized 'VP' above the word 'VARIPLAN' and the tagline 'Advanced Retirement Planning and Management' below it. On the right, a vertical list of navigation links is shown, each preceded by a small yellow square icon. The links are: 'WHO WE ARE', 'WHAT WE DO', 'HOW WE DO IT', 'OUR CLIENTS', 'CONTACT US', and 'ARCHIVE'. The 'ARCHIVE' link is circled in red. At the bottom right of the navigation area, there is a yellow box containing the text 'CLIENT RESOURCES'. At the bottom of the page, there are two columns of logos and text. The left column features the CFP® logo, the text 'CERTIFIED FINANCIAL PLANNER', and a paragraph of text: 'Certified Financial Planner Board of Standards Inc. owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™ and CFP® in the U.S.'. The right column features the PALADIN logo, the text 'SERVICES', and five stars with the text 'AIAA OCB' below them.

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- WHO WE ARE
- WHAT WE DO
- HOW WE DO IT
- OUR CLIENTS
- CONTACT US
- ARCHIVE

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Next Month:

Asset Classes and Types –
Diversification and Concentration

Questions / Comments / Suggestions



V A R I P L A N

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mmiles@Variplan.com • www.Variplan.com