

Trusted Advisor

By Gary E. Miller, CFP™

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WHO WE ARE

Certified Financial Planner™ with 35 years direct experience advising investors

WHAT WE OFFER

Complete review of your budget, your tax situation, and your ability to build wealth. We can also review your safety net: Sufficient emergency fund? Properly insured?

WHY YOU CAN TRUST US

We are retained as direct consultants to you. Since we act as fiduciaries, we do not offer any products, insurance, or investments for sale. We are your trusted advisor.

HOW WE ARE COMPENSATED

We are paid by you for rendering advice for your benefit. We may make a one time review or provide ongoing financial and investment advice. Our fees are very competitive and fully disclosed.

Bull Market but for how long?

The Stock Market won't quit. Despite a bull run from its March 2009 low of some 90%, punctuated last year by a 16% correction, US indexes have climbed the typical "Wall of Worry" making a laughing stock of perennial Bears like Nouriel Roubini. Confounding predictions of "hard money" advocates, the stock market has failed to collapse under the weight of a downward spiraling US dollar. So far, everyone's a winner: stock buyers are happy since the market is soaring, gold and silver bugs are happy as their market has done better than stocks, while bullish commodity speculators are buying themselves expensive cars. Even bond holders are content, especially if they loaded up on corporate bonds sporting generous yields during the more fearful months of the Great Recession.

Not quite everyone is a winner, however. It appears that home owners and investors in residential real estate will have to wait a while to see their equity grow again. We are five years into the greatest real estate collapse since the 1930's, and I suspect there are legions of Baby Boomers waiting to dump their homes on the market in order to downsize and bank some cash for their retirement years. This potential overhang suggests it will be years before residential real estate prices climb again. By contrast, there are signs of life in certain segments of real estate. Our long term ownership of a timberlands REIT has been rewarded with new all time high quotes for the stock during the last part of April. Recently, for the first time in over five years, we added a shopping center REIT to client portfolios and it too has recently notched new highs. To me, this bodes well for the future and also underscores the importance of being selective in choosing the proper real estate sector for investment.

Our client portfolios, Balanced Style, continue to hold high exposure to fixed income investments. Most of our bond holdings were purchased while depressed, offering yields to maturity between 7% and 10%! Of late, these have



Certified Financial Planner™

Gary Miller is in his 36th year of providing financial guidance to individuals and pension plans. He is a Registered Investment Advisor and a Certified Financial Planner™ Practitioner. Gary holds a Certificate in Personal Financial Planning from the University of California, Irvine and has served as a Board member of the Financial Planning Association, Orange County Chapter.

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not offered the thrill of common stock, but who's complaining? By contrast, our clients' exposure to mining and metals is the highest ever, about 15% of portfolio value. My willingness to tiptoe into this area is partially based on the influence of my recent associate, Larry Johnson, CPA, a classic Gold Bug.

Larry, a long-time friend, buttonholed me at a party in December 2001 and insisted that a great bull market in Gold was underway. I scoffed. Hadn't I begun my career selling bullion and coins during the runaway inflation of the mid 1970's? Hadn't I witnessed a speculative bull market that climaxed in the early 80's, followed by 20 years when gold and silver were "dead money"? As a value investor, gold was an investment that held little interest. After nearly a decade of incessant e-mails from Larry, reaffirming his belief in precious metals, to say nothing of a quintupling of the metal's price, I finally did something about it. Larry now manages Aggressive portfolios for a limited number of high net worth investors for Trusted Financial Advisors. As with all our Balanced Accounts, unaffiliated brokerage firms hold our client funds at all times, assuring a system of "checks and balances" to protect clients against possible fraud. Larry and I act as advisors only; we do not hold customer funds.

Needless to say, Larry has done well for his people over the 14 months he has associated with our firm, but I am the first to tell everyone that commodities investing is extremely volatile, especially when leverage is used. For our Balanced accounts, metals make sense, but only as part of a well diversified portfolio.

We were proud to be able to report a ten year performance history to many of our loyal long

term clients at the end of the March 31, 2011 quarter. During the past ten years, two stock market plunges of over 50% changed many lives, and not for the better. We are pleased to report our clients' performance was not just better than that of common stocks, it was a lot smoother!

I cannot quote performance figures here, for fear of running afoul of regulations governing advertising by investment advisors, but our quarter-by-quarter composite performance record is available for audit or inspection by interested parties.

This said, if the present torrid Bull Market continues for another year or two, our client portfolios will seem to "under perform". People quickly forget their fear of loss when everyone else is bragging about the Big Money they are making. If this current stock market bull continues to charge, more and more players will come off the sidelines looking for a quick buck, only to be slaughtered when the bubble pops. I do not know exactly when the "Bang" will occur, but am confident we will be able to protect much of the profits we are now piling up in client accounts. How? By maintaining our commitment to discipline and diversification. It has paid off in the past, it will pay off in the future, because no bull market lasts forever.



Sincerely,

A handwritten signature in black ink, appearing to read "Gary Miller".



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