



PROFESSIONAL
FINANCIAL

Integrative Wealth Management

CLARITY. COMMITMENT. CONFIDENCE.

Planning a Retirement Strategy Process

Ten Principles for Successful Investment Outcomes



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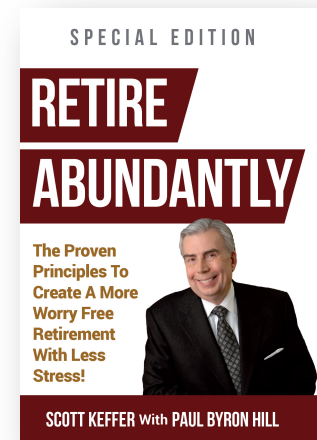
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Co-Author of
the new book,
Retire Abundantly



1. Market Pricing Works

World Equity Trading in 2016 (daily average)

Number
of Trades

82.7
MILLION

The market is an effective information-processing machine. Millions of participants buy and sell securities in the world markets every day, and the real-time information they bring helps set prices.

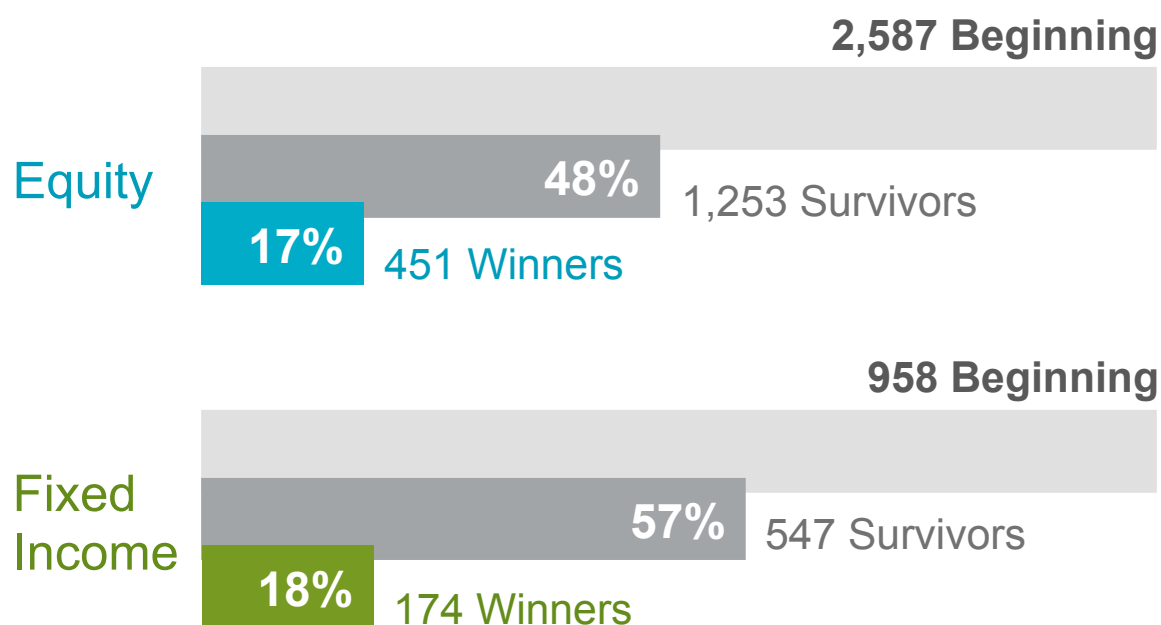
Dollar
Volume

\$346.4
BILLION

In US dollars. Source: World Federation of Exchanges members, affiliates, correspondents, and non-members. Trade data from the global electronic order book. Daily averages were computed using year-to-date totals as of December 31, 2016, divided by 250 as an approximate number of annual trading days.

2. Outguessing the Market is Futile

US-Based Mutual Fund Performance, 2002–2016

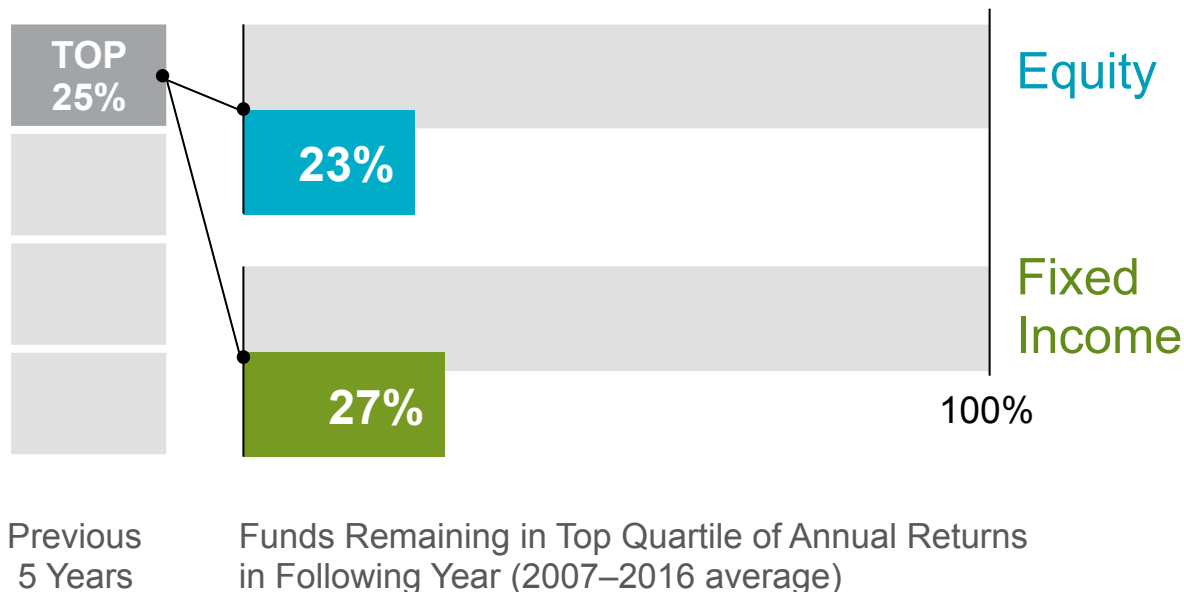


The market's pricing power works against mutual fund managers who try to outperform through stock picking or market timing. As evidence, only 17% of US equity mutual funds and 18% of fixed income funds have survived and outperformed their benchmarks over the past 15 years.

The sample includes funds at the beginning of the 15-year period ending December 31, 2016. Each fund is evaluated relative to the Morningstar benchmark assigned to the fund's category at the start of the evaluation period. Surviving funds are those with return observations for every month of the sample period. Winner funds are those that survived and whose cumulative net return over the period exceeded that of their respective Morningstar category benchmark. US-domiciled open-end mutual fund data is from Morningstar and Center for Research in Security Prices (CRSP) from the University of Chicago. Index funds and fund-of-funds are excluded from the sample. Equity fund sample includes the Morningstar historical categories: Diversified Emerging Markets, Europe Stock, Foreign Large Blend, Foreign Large Growth, Foreign Large Value, Foreign Small/Mid Blend, Foreign Small/Mid Growth, Foreign Small/Mid Value, Japan Stock, Large Blend, Large Growth, Large Value, Mid-Cap Blend, Mid-Cap Value, Miscellaneous Region, Pacific/Asia ex-Japan Stock, Small Blend, Small Growth, Small Value, and World Stock. Fixed income fund sample includes the Morningstar historical categories: Corporate Bond, Inflation-Protected Bond, Intermediate Government, Intermediate-Term Bond, Muni California Intermediate, Muni National Intermediate, Muni National Short, Muni New York Intermediate, Muni Single State Short, Short Government, Short-Term Bond, Ultrashort Bond, and World Bond. See Dimensional's "Mutual Fund Landscape 2017" for more detail. Benchmark data provided by Bloomberg Barclays, MSCI, Russell, Citigroup, and S&P. Bloomberg Barclays data provided by Bloomberg. MSCI data © MSCI 2017, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. Citi fixed income indices © 2017 by Citigroup. The S&P data is provided by Standard & Poor's Index Services Group. **Benchmark indices are not available for direct investment. Their performance does not reflect the expenses associated with management of an actual portfolio. There is no guarantee investment strategies will be successful. Past performance is no guarantee of future results.**

3. Avoid Chasing Past Performance

Percentage of Top-Ranked Funds That Stayed on Top

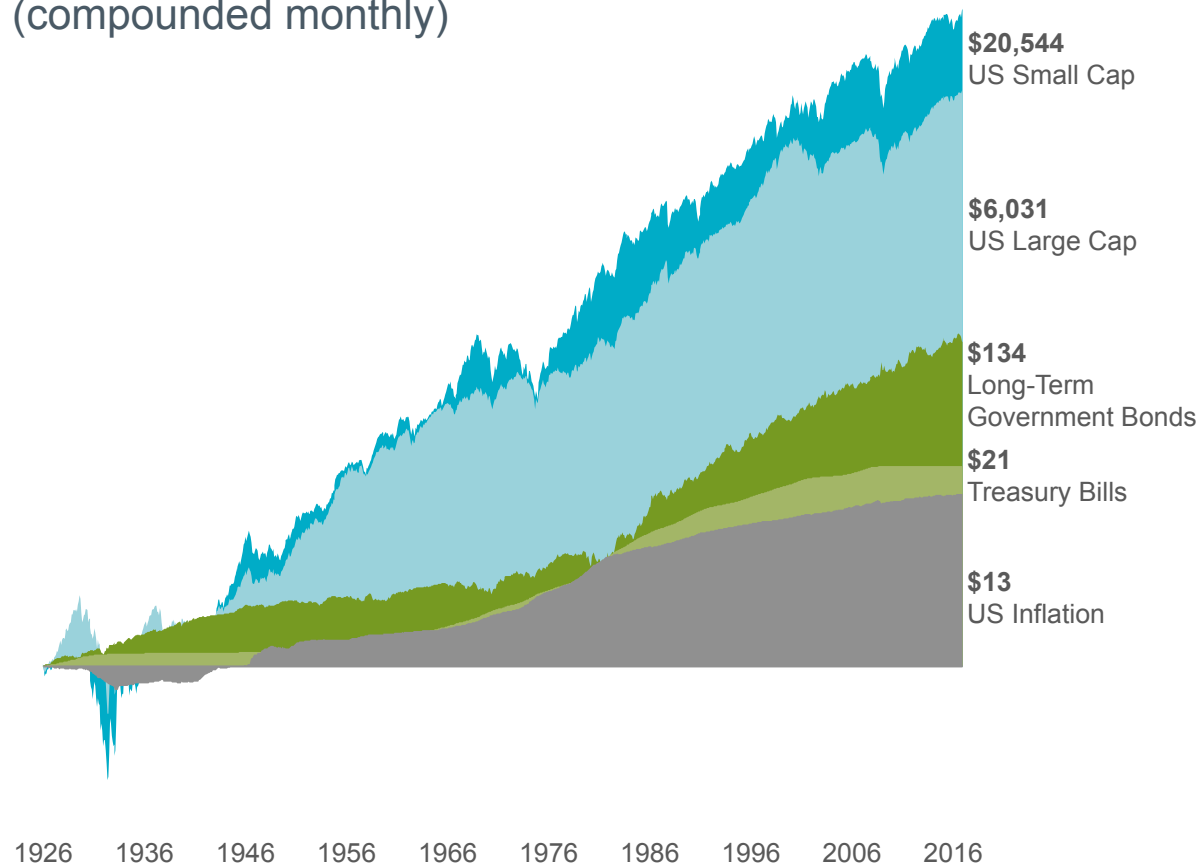


Some investors select mutual funds based on past returns. However, research shows that most funds in the top quartile (25%) of previous five-year returns did not maintain a top-quartile ranking for one-year returns in the following year. Past performance offers little insight into a fund's future returns.

At the end of each year, funds are sorted within their category based on their five-year total return. Funds in the top quartile (25%) of returns are evaluated again in the following year based on one-year performance in order to determine the percentage of funds that maintained a top-quartile ranking. The analysis is repeated each year from 2007–2016. The chart shows average persistence of top-quartile funds during the 10-year period. US-domiciled open-end mutual fund data is from Morningstar and Center for Research in Security Prices (CRSP) from the University of Chicago. Index funds and fund-of-funds are excluded from the sample. Equity fund sample includes the Morningstar historical categories: Diversified Emerging Markets, Europe Stock, Foreign Large Blend, Foreign Large Growth, Foreign Large Value, Foreign Small/Mid Blend, Foreign Small/Mid Growth, Foreign Small/Mid Value, Japan Stock, Large Blend, Large Growth, Large Value, Mid-Cap Blend, Mid-Cap Value, Miscellaneous Region, Pacific/Asia ex-Japan Stock, Small Blend, Small Growth, Small Value, and World Stock. Fixed income fund sample includes the Morningstar historical categories: Corporate Bond, Inflation-Protected Bond, Intermediate Government, Intermediate-Term Bond, Muni California Intermediate, Muni National Intermediate, Muni National Short, Muni New York Intermediate, Muni Single State Short, Short Government, Short-Term Bond, Ultrashort Bond, and World Bond. See Dimensional's "Mutual Fund Landscape 2017" for more detail. Benchmark data provided by Bloomberg Barclays, MSCI, Russell, Citigroup, and S&P. Bloomberg Barclays data provided by Bloomberg. MSCI data © MSCI 2017, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. Citi fixed income indices © 2017 by Citigroup. The S&P data is provided by Standard & Poor's Index Services Group. **Benchmark indices are not available for direct investment. Their performance does not reflect the expenses associated with management of an actual portfolio. There is no guarantee investment strategies will be successful. Past performance is no guarantee of future results.**

4. Let Markets Work for You

Growth of a Dollar, 1926–2016
(compounded monthly)



The financial markets have rewarded long-term investors. People expect a positive return on the capital they supply, and historically, the equity and bond markets have provided growth of wealth that has more than offset inflation.

In US dollars. US Small Cap is the CRSP 6–10 Index. US Large Cap is the S&P 500 Index. Long-Term Government Bonds is the IA SBBI US LT Govt TR USD. Treasury Bills is the IA SBBI US 30 Day TBill TR USD. US Inflation is measured as changes in the US Consumer Price Index. CRSP data is provided by the Center for Research in Security Prices, University of Chicago. The S&P data is provided by Standard & Poor's Index Services Group. Long-term government bonds and Treasury bills data provided by Ibbotson Associates via Morningstar Direct. US Consumer Price Index data is provided by the US Department of Labor Bureau of Labor Statistics. **Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is no guarantee of future results.**

5. Understand the Drivers of Returns

Dimensions of Expected Returns

EQUITIES

Market (Equity premium—stocks vs. bonds)

Company Size (Small cap premium—small vs. large companies)

Relative Price (Value premium—value vs. growth companies)

Profitability (Profitability premium—high vs. low profitability companies)

FIXED INCOME

Term (Term premium—longer vs. shorter maturity bonds)

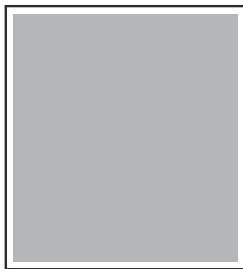
Credit (Credit premium—lower vs. higher credit quality bonds)

Academic research has identified these equity and fixed income dimensions, which point to differences in expected returns.

Investors can pursue higher expected returns by structuring their portfolio around these dimensions.

6. Practice Informed Diversification

Home Market Index Portfolio



S&P 500 Index
1 country,
500 stocks

Global Market Index Portfolio

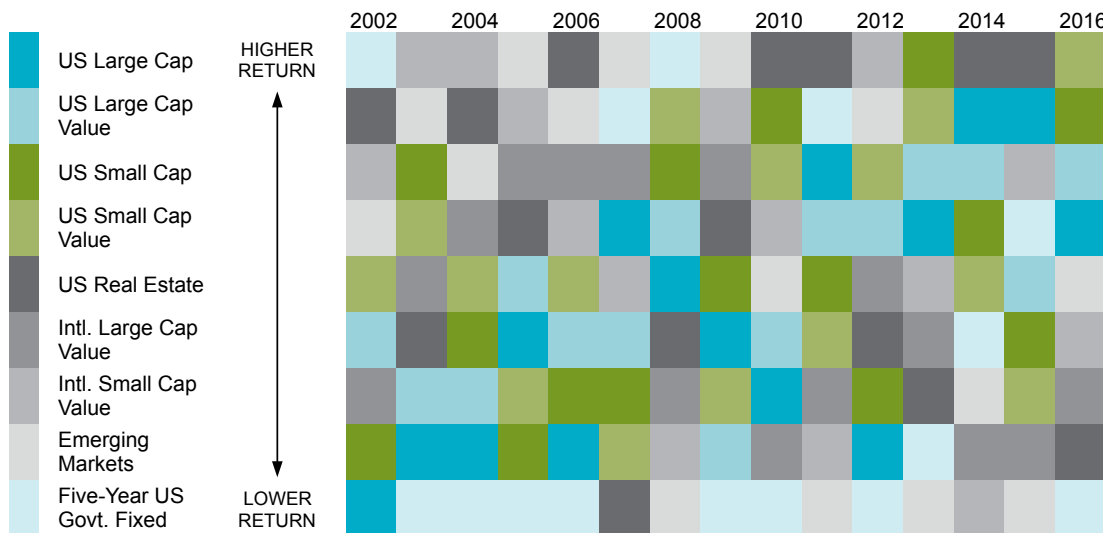


**MSCI ACWI
Investable
Market Index (IMI)**
46 countries,
8,628 stocks

Diversification helps reduce risks that have no expected return, but diversifying within your home market is not enough. Global diversification can broaden your investment universe.

7. Commit to an Investment Policy

Annual Returns by Market Index

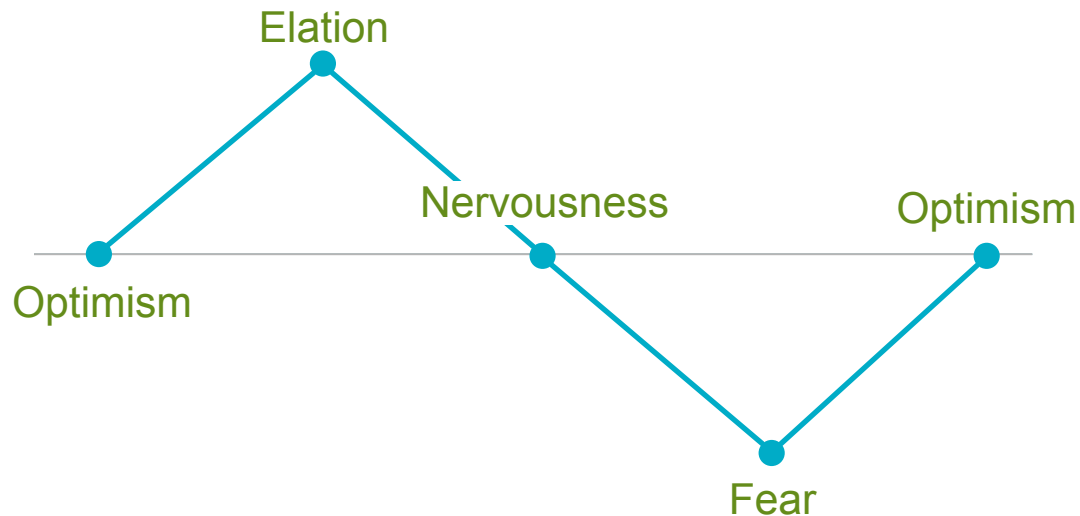


You never know which market segments will outperform from year to year. By holding a globally diversified portfolio, investors are well positioned to seek returns wherever they occur.

In US dollars. US Large Cap is the S&P 500 Index. US Large Cap Value is the Russell 1000 Value Index. US Small Cap is the Russell 2000 Index. US Small Cap Value is the Russell 2000 Value Index. US Real Estate is the Dow Jones US Select REIT Index. International Large Cap Value is the MSCI World ex USA Value Index (net dividends). International Small Cap Value is the MSCI World ex USA Small Cap Value Index (net dividends). Emerging Markets is the MSCI Emerging Markets Index (net dividends). Five-Year US Government Fixed is the Bloomberg Barclays US TIPS Index 1–5 Years. The S&P data is provided by Standard & Poor's Index Services Group. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. Dow Jones data provided by Dow Jones Indices. MSCI data © MSCI 2017, all rights reserved. Bloomberg Barclays data provided by Bloomberg. **Chart is for illustrative purposes only. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results. Diversification does not eliminate the risk of market loss.**

8. Discipline Your Emotions

Avoid Reactive Investing



Many people struggle to separate their emotions from investing. Markets go up and down. Reacting to current market conditions may lead to making poor investment decisions.

9. Ignore Financial Media Hype

RETIRE RICH

SELL STOCKS NOW!

THE LOOMING RECESSION

THE TOP 10 FUNDS TO OWN

MARKET HITS RECORD HIGH!

HOUSING MARKET BOOM!

Daily market news and commentary can challenge your investment discipline. Some messages stir anxiety about the future while others tempt you to chase the latest investment fad.

When headlines unsettle you, consider the source and maintain a long-term perspective.

10. Delegate Management to a Trusted Advisor

- Plan an investment strategy that fits your needs, goals and values
- Structure your portfolio along the dimensions of expected returns
- Diversify your portfolio allocation globally
- Tactically monitor expenses, turnover, trading and taxes
- Stay disciplined through market cycles, lifestyle transitions, and family change

An experienced CFP® professional specializing in retirement planning can guide you through an integrative consultative process for managing what matters most: accumulating wealth, mitigating taxes, protecting assets, and leaving a legacy that positively impacts your family, your community and the causes you care about deeply.



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Retirement Second Opinion

In these uncertain times, you may know a friend, family member or colleague who may have a difficult situation, or who wonders whether they are getting the right advice, or simply needs experienced professional advice but doesn't get it. That's not uncommon. Studies suggest that over 80 percent of "middle-class millionaires" would value a second opinion.*

In order to help those you care about achieve their goals and dreams, we provide a complimentary **Retirement Second Opinion** for those people. We're pleased to offer your friends, family and colleagues the same guidance and expertise that you've experienced as a valued client of Professional Financial.

Paul Byron Hill, MBA, MFP, MSFS, ChFC®, Certified Financial Planner™ is a nationally recognized Wealth Management Consultant, Educator and Author, written about in *Money*, *Fortune*, *Forbes* and *Financial Planning*. Reuters honored Paul as one of 500 "Top Advisers" nationally. Professional Financial Strategies, Inc., an independent investment advisory firm he founded in 1993, is focused on client values, needs and goals for integrative wealth management.

Paul and his professional team act as a personal chief financial officer for clients, bringing a unique multi-disciplinary, multi-dimensional process to guide informed decisions for confidence in managing wealth and planning retirements. They integrate investment management, financial consulting and advanced planning as a process personalized for each family—preserving wealth, mitigating taxes, caring for heirs, protecting assets and leaving a legacy.

Memberships include: Financial Planning Association, American Institute of CPAs, Institute of Chartered Management Accountants, and National Association of Accountants. Professional Financial has been recognized multiple times by *Wealth Manager* as a "Top Wealth Manager" and ranks highly in annual *Financial Advisor* RIA surveys.

WEALTH MANAGEMENT CONSULTING PROCESS



*Source: Russ Alan Prince and David A. Geraciotti, *Cultivating the Middle-Class Millionaire*, 2005.



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Working with professionals who redefine the wealth management process

Ask ten investors to define wealth management. Rather, ask ten typical “wealth managers” to do so. You’ll almost certainly get ten different answers, and most replies will primarily focus only on investing. As a client of Professional Financial, however, you benefit from a team of CFPs® with a network of specialists sharing a unique vision of integrative wealth management.

Our consultative planning process

At Professional Financial we approach each new engagement with a time-tested, collaborative process. This allows us to have an open dialogue with you so we can learn about your values and goals. This proven process enables us to work with you to tailor a plan that helps you meet your essential goals. As a valued client, you’ll recognize each of the five steps below. As part of our **Retirement Second Opinion**, we offer a portion of our consultative service, complimentary, to you friends, family and colleagues.

What to expect from the Retirement Second Opinion

We will meet with your friends, family and colleagues for a discovery meeting and then invite them back for an retirement strategy meeting. Hopefully, we can confirm whether they are on track to achieve their goals with their existing financial providers. If appropriate, however, we’ll suggest ways we can help, including recommending another qualified advisor if we’re not a good fit for them. Either way, your family and friends will receive a Retirement Strategy Report and a detailed analysis of their current investment portfolio—a value that may be in excess of \$10,000.

RETIREMENT SECOND OPINION

Phase 1

Phase 2

Discovery
meeting

Mutual
commitment
meeting

INTEGRATIVE WEALTH MANAGEMENT

INVESTMENT MANAGEMENT

- Strategic planning
- Goal monitoring
- Performance evaluation
- Risk evaluation
- Portfolio structuring
- Manager due diligence

ADVANCED PLANNING

- Wealth enhancement, including tax minimization and liability restructuring

- Wealth transfer
- Wealth protection
- Charitable impact

RELATIONSHIP CONSULTATIONS

- Regularly scheduled calls, emails, reviews and in-person meetings
- Network of specialists, including accounting, tax, legal, insurance, actuarial and benefits resources



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Let us help you help those you care about. Contact us today.

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