



Fabian  
WEALTH STRATEGIES

INNOVATIVE

# The Election, The Markets, and Your Money

COMPLETE

Presented by:  
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TRANSPARENT

[www.fabianwealth.com](http://www.fabianwealth.com)

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# Agenda

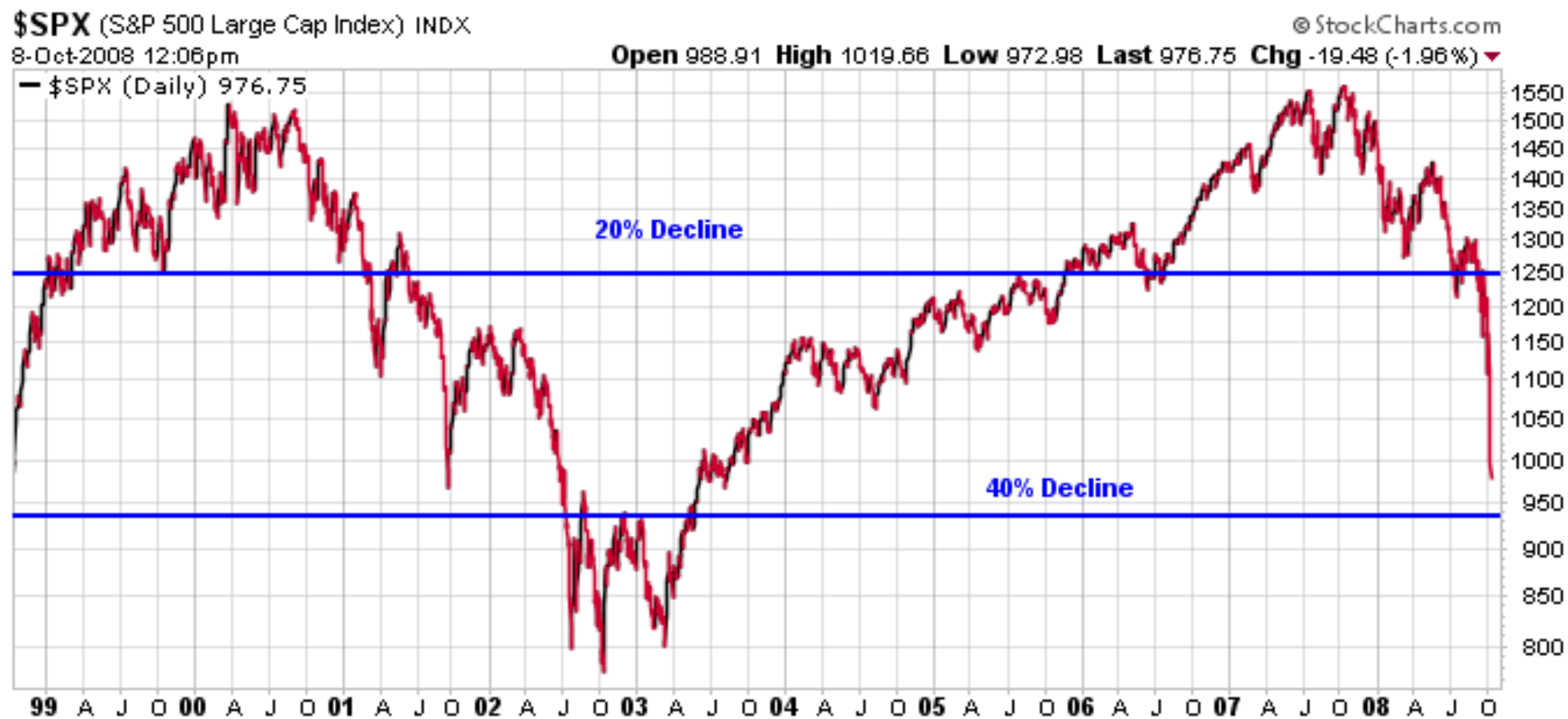
- **Introduction**
- **Market Commentary**
- **Evaluating your Assets**
- **Determining Problem Areas**
- **Strategies to Minimize Risk**
- **Watch List for Growth and Income Accounts**
- **Action Items**

## 2008 Economic Environment

<u>Economic Environment</u>	<u>Results to Date</u>	<u>Potential Consequences</u>
<p>Credit Bubble has Burst</p> <p>Contracting</p> <p>Mortgages</p> <p>Construction Loans</p> <p>Credit Card Spending</p> <p>Business Loans</p> <p>Bank Failures</p>	<p><b>Housing Bear Market</b></p> <p><b>35% Decline in Domestic and International Stocks</b></p> <p><b>10% Bear Market Rally</b></p> <p><b>Contracting Consumer Spending</b></p> <p><b>Collapse in High Yield Investments</b></p>	<p>Housing Price Declines of 20-30%</p> <p>U.S. Recession</p> <p>Bear Market in U.S. Stocks 40% plus</p> <p>Deflation</p>

# S&P 500 Index

## 10 Year Chart



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# S&P 500 Index

## 1 Year Chart

**\$SPX** (S&P 500 Large Cap Index) INDX  
8-Oct-2008 12:07 pm

© StockCharts.com

Open 988.91 High 1019.66 Low 972.98 Last 974.13 Chg -22.10 (-2.22%) ▼



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## What Are Your Assets Worth Today?

- **Retirement Accounts**
- **Taxable Accounts**
- **Life Insurance and Annuities**
  - **Type, Amount, Account Held At...**

<b>Retirement Accounts</b>			
<u>Type</u>	<u>Amount</u>	<u>Account Held At</u>	<u>Comments</u>
<u>Rollover IRA - Husband</u>	<u>230,000</u>	<u>Fidelity</u>	<u>Stocks/Bonds</u>
<u>Roth IRA - Wife</u>	<u>126,000</u>	<u>Vanguard</u>	<u>Mutual Funds</u>
<u>Traditional IRA</u>	<u>32,000</u>	<u>American Funds</u>	<u>Mutual Funds</u>

<b>Taxable Accounts</b>			
<u>Joint Account</u>	<u>178,000</u>	<u>Fidelity</u>	<u>Managed Acct.</u>

<b>Insurance/Annuities</b>			
<u>Variable Universal Life</u>	<u>72,000</u>	<u>Ameritas</u>	<u>1,000,000 Face</u>
<u>Variable Annuity</u>	<u>153,000</u>	<u>John Hancock</u>	

## Problem Areas in Your Portfolio

- **Dividend Stocks**
- **REITs**
- **Financials**
- **High Yield Funds**
- **Auction Rate Securities**
- **Commodities**

## Examples of Problem Assets

<u>Type</u>	<u>Name</u>	<u>Value</u>	<u>% Decline in Value</u>	<u>% of Total Assets</u>
ETF	Financial Select SPDR	\$50,000	-39%	5%
Closed End	VanKampen Senior Income	\$75,000	-35%	7%
Auction Rate	Smith Barney - ARS	\$200,000	Frozen	20%
Stock	Washington Mutual	\$5,000	-84%	1%
HY Fund	Schwab Yield Plus Select	\$50,000	-30%	5%

# Examples of Problem Assets



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# Examples of Problem Assets



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# Examples of Problem Assets



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## How to Sell an Underperformer

2,000 Shares of Bank of America @ \$40/share = \$80,000

Plan your action steps by dividing the portfolio in thirds.

1/3 = 666 shares: **Sell Now**

1/3 = 666 shares: 5% trailing stop loss

1/3 = 667 shares: 10% trailing stop loss

## Strategies to Minimize Risk

- 1. Lower your equity allocation (both U.S. and international)**
- 2. Avoid sectors such as: banking, financials, insurance, real estate, and leverage.**
- 3. Avoid high yield and mortgage-backed securities.**

## **Strategies to Minimize Risk (continued)**

- 4. Treasury-only money market funds.**
  
- 5. Lower fees – sell your lemon mutual funds and rotate into ETFs.**
  
- 6. Consider sectors with defensive opportunities in 2008**
  - Energy, Alt. Energy, Healthcare, Consumer Staples, Treasury Bonds**

# iShares 20+ Year Treasury Bond (TLT)



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# iShares 1-3 Year Treasury Bond (SHY)

SHY (1-3 Year Treasury Bond Fund (Leh) iShares) NYSE

© StockCharts.com

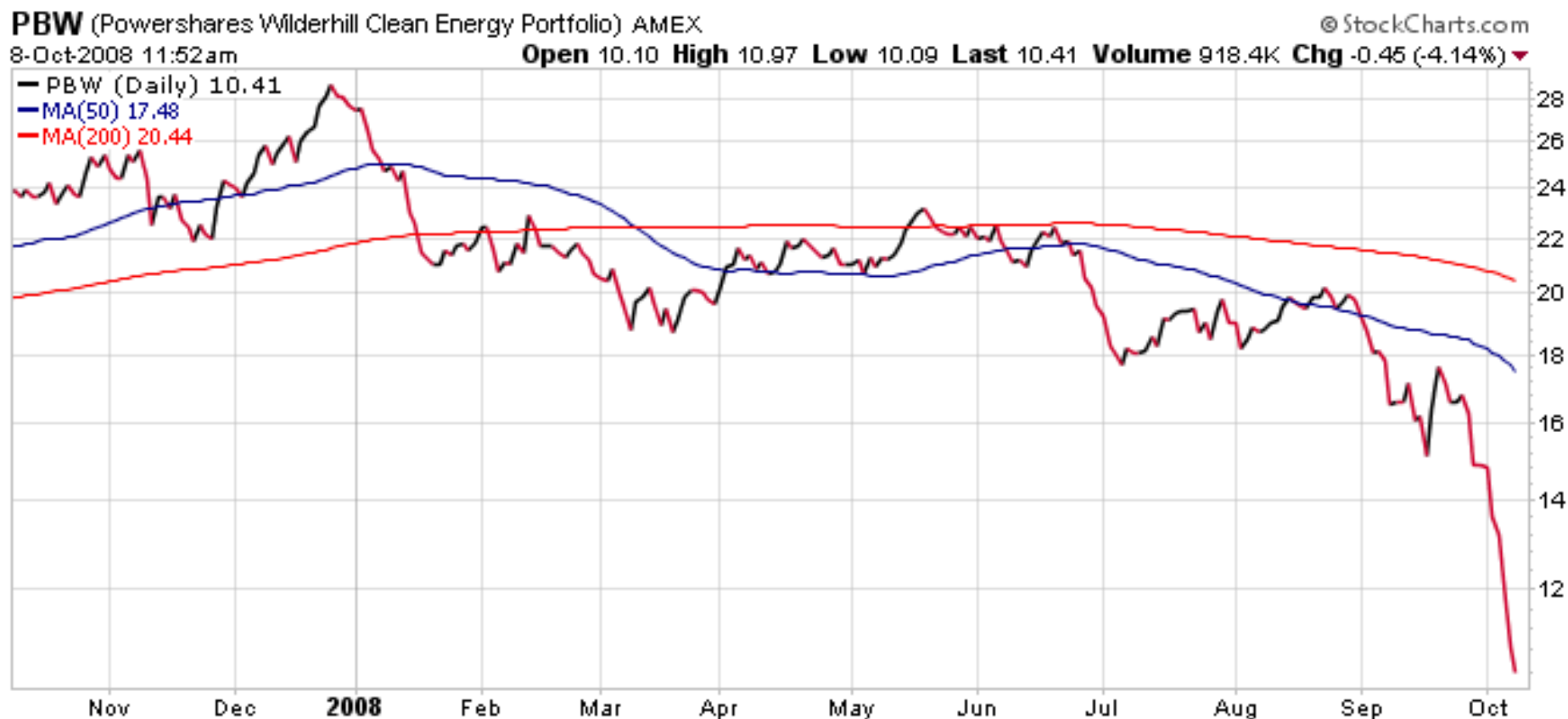
8-Oct-2008 11:51am

Open 84.33 High 84.34 Low 83.86 Last 83.88 Volume 3.9M Chg -0.26 (-0.31%) ▼

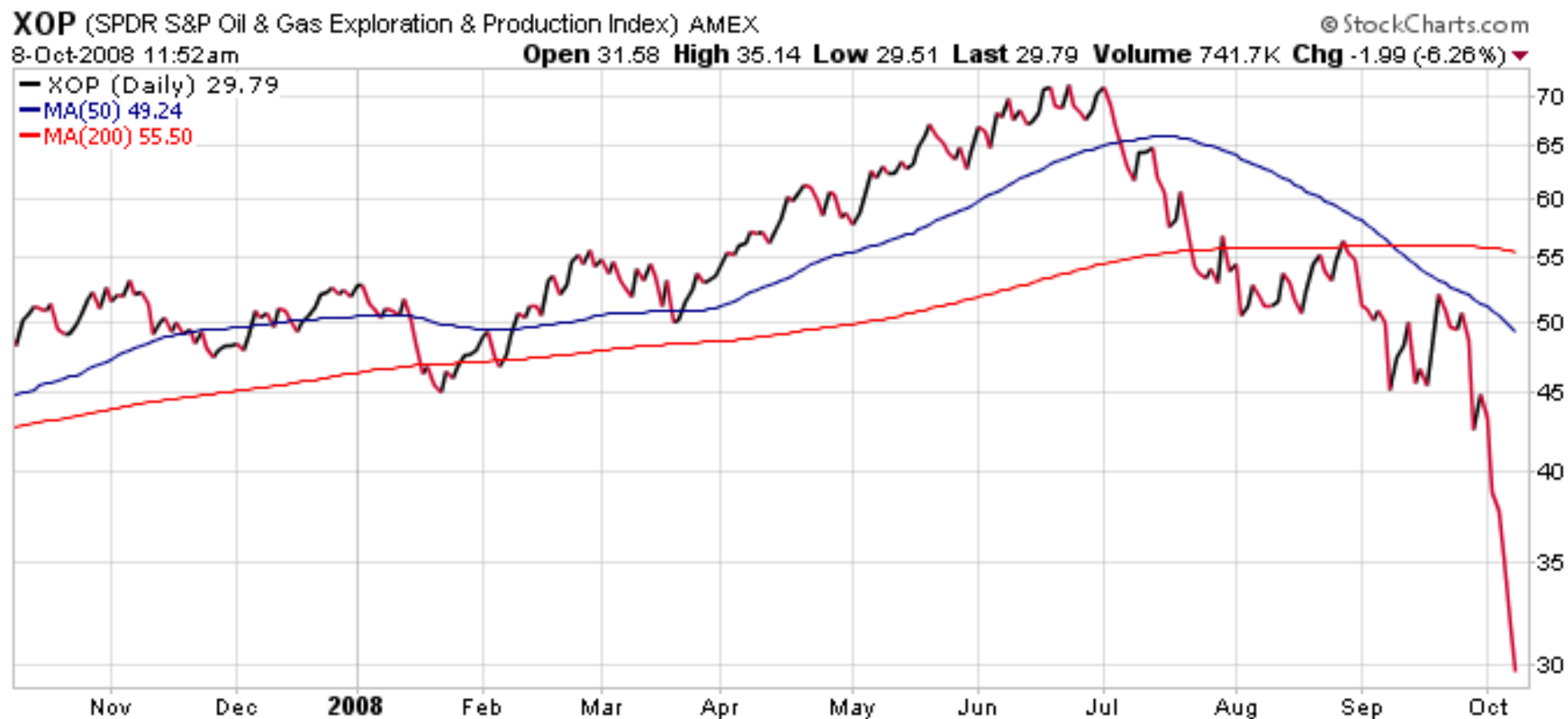


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# PowerShares Clean Energy (PBW)



# SPDR Oil & Gas Exploration (XOP)



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# Healthcare Select Sector SPDR (XLV)



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# Penn West Energy Trust (PWE)



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# Action Items

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