

SPOTLIGHT ON FINANCE

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XML'S VIEW ON THE MARKET

Wow, what a difference between quarters. Did something fundamentally change where we went from a horrible Q4 2018 to one of the best quarters during Q1 2019? How fast the mood can change on Wall Street. Ever since the Christmas Eve low, the stock market has been back on a tear as it is inching closer to the old high of last year. What has changed or is different? Nothing, except interest rates didn't recover and have retreated from the high of 3.23% last quarter on the 10-yr Treasury down to a low of 2.41% at the end of March. The Federal Reserve policymakers

have all but cancelled interest-rate hikes once planned for 2019. Does this mean the bond market is telling us something? For the first time since the recession of 2008, the current yield curve has inverted slightly. Inversion in simple terms means shorter maturity bonds are paying higher yields than longer term bonds. The 3-month Treasury now has a higher yield than the 10-year. When there is an inversion, that generally has meant a recession is on the way sometime in the next 12-18 months.



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XML'S VIEW ON THE MARKET CONTINUED...

Many will argue this is different because of the starting point of low interest rates and the Fed's aggressive purchasing of Treasury bonds. Many still question the bond markets' low yield as a sign of weakness ahead. This market is being compared to 1999 when the Fed raised rates to cool the economy, but the market ignored the warning signs and had its best year before going into a 3-year bear market.

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Are the markets over extended and what is driving the markets to rally? Investors look for earnings, but this continued expansion seems to be driven more by stock buyback programs over earnings and they are at all-time highs. This is in addition to stock shorting/covering which can increase the volatility of stocks. Investors are complacent about market corrections and the speed of the bounce back. What investors forget is market expansion can only go for so long and if the market is running on all cylinders, then any bad news could set the stage for a correction and increased volatility.

Do the potential returns from the first quarter justify the added risk? As mentioned above, with the Fed almost stopping rate hikes, the risks are getting larger. Over the past month, the market has settled back a bit and can't seem to catch the highs of last year. One signal is the IPO market. Many companies are rushing to capitalize on the current conditions as many feel the drought may be coming.

There seems to be no easy choices of what to do or how to invest. Cash return is still low but better than zero. The equity markets could be overvalued and especially going into the earnings season as profit expectations are still optimistic even though many have been lowered. Is the long-term outlook poor? And if so, when do investors start to get out? We witnessed how fast things can change based on the fourth quarter of 2018 with a 20% drop in a very short window.

XML'S VIEW ON THE MARKET CONTINUED...

Bottom line - We are still facing the tariff war, on many fronts besides China. China is slowing its growth. The stresses in the financial markets are being possibly overextended. We have record low unemployment, inflation has been tamed, moderate GDP growth and the Fed's abrupt pause on rate hikes. For the first time over the past decade, the markets seem to be caught between incoming market data that point to slower global growth and current earnings.

It is a challenging market for managing portfolios and putting new cash to work. If we think the long-term outlook is poor, then why invest now? However, if the markets are wrong, then investors will miss out. There is nothing wrong with taking some risk off the table. When average market corrections occur, they usually wipe out the last few years of gains and then the larger corrections can wipe out even more. The correction low of Q4 2018 wiped out all gains back to February 2017 on the S&P 500¹. It is unwise to think that investors or professionals can time the market well enough to get out at the top. So, talk with your advisor about your long-term goals and if diversification to maintain a wide exposure to a large range of return sources is right for you. That doesn't mean your portfolio is guaranteed to outperform a non-diversified portfolio, nor is it protected against market risk, but it can help with the volatility.



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[1] The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing

SENIOR FRAUD

The bi-partisan Senate Special Committee on Aging recently released their study on Protecting Older Americans Against Fraud (<https://www.collins.senate.gov/sites/default/files/2019%20Fraud%20Book.pdf>). While it is a lengthy article, it is worth reading. From January 1, 2018, through December 31, 2018, their Fraud Hotline received a total of 1,509 complaints from residents across the country.

Here is their list of the top 10 scams:

Rank	Type of Scam	# of Complaints
1	IRS Impersonation Scam	282
2	Robocalls / Unsolicited Phone Calls	149
3	Sweepstakes Scam / Jamaican Lottery Scam	99
4	Computer Tech Support Scams	82
5	Elder Financial Abuse	78
6	Grandparent Scams	71
7	Romance Scams	68
8	Social Security Impersonation Scam	64
9	Impending Lawsuit Scams	54
10	Identity Theft	45

Tips for avoiding scams:

- Con artists force you to make decisions fast and may threaten you.
- Con artists disguise their real numbers, using fake caller IDs.
- Con artists sometimes pretend to be the government (example: IRS).
- Con artists try to get you to provide them with personal information like your Social Security number or account numbers.
- Before giving out your credit card number or money, please ask a friend or family member about it.
- Beware of offers of free travel!
- If you receive a suspicious call, hang up and call the US Senate Special Committee on Aging's Fraud Hotline at 1-855-303-9470.

Remember, a con artist's goal is to take your money. Don't be a victim. If something doesn't seem right, hang up! No need to be polite.

WHY YOU SHOULD DESIGNATE A TRUSTED CONTACT

Have you ever walked into a room and forgotten why you are there? Or, you can't remember a name even though it's on the tip of your tongue? It happens to all of us, but sometimes you may wonder—is this normal forgetfulness or is it something more serious?

Fearing age-related cognitive decline is natural. No one can predict what will happen years—or even decades—down the road. But when it comes to your finances, planning is key. In a study (http://crr.bc.edu/wp-content/uploads/2017/01/IB_17-1.pdf) published by the Center for Retirement Research at Boston College, they found While most people will be able to manage their own finances in their 70s and 80s despite declining fluid intelligence, a significant share of retirees will need help. Retirees with normal cognitive aging could need assistance if they are financial novices – most likely due to the death or disability of a spouse who handled the household's finances. Without access to experts they can trust, these individuals will be at risk of making potentially serious mistakes.

Part of your planning should include identifying the people who we can contact if we suspect you're a target of financial exploitation or if we see signs suggesting that you're becoming unable to manage your finances alone.

What is a Trusted Contact?

A Trusted Contact is someone who we can get in touch with in order to:

- Discuss activities or other possible red flags that might indicate you're being financially exploited
- Confirm your current contact information
- Confirm your mental or physical health status
- Confirm the identity of any legal guardian, executor, trustee or holder of a power of attorney
- Address other limited circumstances when permitted by law

WHY YOU SHOULD DESIGNATE A TRUSTED CONTACT CONTINUED...

It's important to note that Trusted Contacts are unable to view account information, execute transactions or inquire about account activity unless they're already an authorized party, such as if they have power of attorney, or have view-only access to your account.

Who can be a Trusted Contact?

Anybody who's at least 18 years old can be a Trusted Contact, but we suggest designating a person who isn't already authorized to conduct business or receive information on your behalf. Trusted Contacts are usually family members or close friends—people you trust and who are likely to be in the best position to know your current situation—as opposed to financial consultants, investment advisors or powers of attorney.

What are the benefits of having a Trusted Contact?

It's never too early to add a Trusted Contact to your account. While it isn't mandatory you designate a Trusted Contact, we strongly encourage it as it may help us move more quickly and decisively when addressing suspected financial exploitation or diminished capacity situations. While you may already have a power of attorney or spouse listed with us, the presence of a Trusted Contact provides an additional resource for us to contact if we identify a possible issue.

If you haven't already provided us with the name and contact information for your trusted contact, or if you would like to update what

we have on file, please give us a call. We will be happy to send you our Trusted Contact Designation Form. You may also receive a Trusted Contact form from the institution where your accounts are held. This is separate from the form we send out and is not shared with us.



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THE LATEST THINKING FROM XML FINANCIAL GROUP



Quarterly Report Now Available!

Your first quarter performance report has been uploaded to the eMoney Vault and is ready for you to review. You may recall, we will no longer be emailing these reports.

If you have not signed up yet, please call Debbie Rayman at 301-770-5234 extension 204, and she can assist you with the process.

Real ID

Did you know that by October 1, 2020, you will need to have a REAL ID-compliant driver's license, or another acceptable form of identification (such as a US passport) to fly within the United States?

Go to the Homeland Security website and LEARN MORE. (<https://www.dhs.gov/real-id>)



When Are You Most Likely To Be Scammed?

According to a recent article in the AARP Bulletin (<https://www.aarp.org/money/scams-fraud/info-2019/phone-scams-peak-time.html>)*, Monday seems to be the hardest day to trick people with a phone scam, but as the week wears on, Friday afternoon is when people are most vulnerable to these types of calls. More than half the people who answer these calls will give up confidential information, especially if the caller is a woman. Remember, don't give out personal information over the phone to someone you don't know!

Looking for your XML Quarterly Report?

XML is no longer sending out quarterly reports. Instead, we are utilizing the eMoney portal. This secure, online "Vault" allows us to securely deliver quarterly reports as well as other important information. You will also be able to upload documents securely to us. If you haven't already signed up, please contact Debbie Rayman at 301-770-5234 or dramayn@xmlfg.com. Debbie will set you up with access to get you started.

Visa Waiver Soon Required in Europe

Planning a European vacation in the next few years? If so, you should be aware that beginning in 2021, US citizens will need an ETIAS (European Travel Information and Authorization System) visa waiver. The objective of ETIAS is to improve Europe's security. U.S. citizens will need to submit the ETIAS registration for USA citizens and pay the ETIAS fee. To learn additional details and how to apply, visit the ETIAS site (<https://www.etiasvisa.com/etias-requirements/americans>).





STAFF NEWS



On February 8th, Michelle Cooper, Partner and Director of Women, Wealth & Wellness, participated in TEACH GIVE INSPIRE FRIDAYS (“TGIF”). “A Platform for Women to Inform with Passion.” Michelle spoke about her book, “I’ve Still Got Me.”

Woman Write Washington hosted Michelle’s book launch party on February 25th at The Line Hotel in Washington, DC.

CEO Brett Bernstein spent an intensive week in Boston, MA, attending the Focus Financial Leadership Academy at Harvard Business School February 18-22.

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We value our client relationships and appreciate you sharing your opinion about our firm. Any suggestions? Ways for us to improve? Let us know!

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