



Dear Client,

On the surface, the quarter ended with what looks like muted returns; however, what occurred during the quarter was anything but muted. The first quarter began with the worst start to a year in Wall Street history, stock markets declined 10% to 16% as fears of a global recession grew. Beginning around mid-February, everything changed as signs of an end to the market decline that started in 2015 emerged. Oil prices moved higher, stock markets rallied, and the dollar declined (serving as a tailwind for foreign stock returns). As can be seen in the table below, there was material divergence between the first and second part of the quarter.

<b>Market Index</b>	<b>Jan 1 to Feb 11</b>	<b>Feb 12 to Mar 31</b>	<b>Entire Quarter</b>
US Stock	-10.27%	12.95%	1.35%
Foreign Stock	-12.88%	16.73%	-0.38%
Bonds	2.25%	0.76%	3.03%

This sort of heightened market volatility points out the unpredictability of short-term market movements and highlights the divergence between asset classes and time periods that can occur. In the years leading up to 2015 investors had experienced low volatility and steadily rising markets, possibly mistaking this as the new normal. The past nine months have been a reminder that the rules have not changed, nor has the human nature to resist the rules and proclaim this time is different. This is why behavioral finance was awarded the Nobel Prize in economics in the last decade.

If divergence is the theme, the question becomes: what should we own and why? What drives that answer is: what do we need and when? Our approach using Sojourn™ is goals based investing, which we believe is especially important during volatile markets. Simply stated, where there is uncertainty in markets (i.e. over the short term), we create certainty with dollars that need to be consumed. Longer term, market returns move towards the average (more certainty) and we invest dollars with focus on growth.

Recently, we attended a wealth management conference that focused on best practices. One particular speaker, from a rather large institution, spoke passionately about a strategy they have come to embrace over the past few years. As she went on to describe what they are migrating to, it was in essence a Sojourn™ approach.

In 1996 when we first developed Sojourn™ (formerly known as PensionTRAC™) we had a simple objective; how can we build a deep understanding of our client's financial lives, articulate our understanding back to them, and execute a strategy that reflects ONLY their goals. Twenty years later and through two of the worst recessions in a century, all we have done is refined that objective to be more sophisticated and presentable. Our approach to goals based investing has stayed consistent over these 20 years.

On the track team of the portfolio we have short distance and long distance runners, each serving their unique purpose on the team. As we find ourselves in a return to divergence, we continue to emphasize the importance of being diversified across investments and time periods because this time really isn't different.

As always, please contact us if you have a question or if there is a change in your financial situation.

Warm regards,

Thomas G. Fee  
Principal & Managing Partner

Jason Ranallo, CFA®  
Director of Portfolio Management



## 1<sup>st</sup> Quarter 2016

### **Tax Returns**

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Have you sent us your 2015 tax returns yet? If not, please send copies of your Federal and State returns including the schedules and worksheets to Melissa at [mhoffman@vectorwealth.com](mailto:mhoffman@vectorwealth.com). Having this information on an annual basis helps us improve our service by giving us a better understanding of your tax situation.

### **Form 5498 Coming in May– IRA Contribution Information**

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Form 5498 is required to be filed by financial institutions reporting contributions to IRAs and other tax-preferred savings accounts. Contributions made up to April 18 for the previous tax year are included on this form, so it is normally mailed in May. Should you receive one of these, it is for informational purposes only and can be filed in your records.

### **Coming Soon**

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Vector is excited to announce an upcoming statement redesign and the launch of a new Client Portal. Look for more information on these changes mid to late summer. In the meantime, if you need help accessing your statements on the Vector Client Portal, please contact Melissa for assistance at 612-378-7560.

### **Be Aware of Phone and Email Scams**

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**Tax Scam** - The IRS has seen an approximate 400% increase in phishing and malware incidents so far this tax season. The most common scam is a phone call saying you owe money for taxes or other unpaid debt, threatening that you will be sued or arrested if you do not pay. **The IRS states that they do not call taxpayers** and they do not demand payment without giving you the opportunity to question or appeal the amount they say you owe.

**Tech Support Scam** – Scammers say they are calling from a well-known company such as Microsoft or Windows because something is wrong with your computer. They offer to fix the problem remotely by logging in to your computer. If they are allowed on your computer they attempt to steal passwords and money, and damage your computer with viruses and spyware.

**Gift/Prize/Government Grant Scam** – The caller says you have won something and to claim it you need to pay a tax or fee upfront and/or provide personal information to verify who you are.

*Best Practices: Phone scammers often utilize Caller ID Spoofing to display a phone number/name that looks official, local or familiar. If you receive one of these calls, simply hang up, or better yet, don't answer calls from unknown numbers. On automated calls, pressing a number to be removed from the list or to talk to someone may increase the number you calls you receive since they now know this is an active line with a person willing to answer calls from unfamiliar numbers.*

**Phishing Scam** – A common email scam involves emails from what appear to be legitimate companies. The scammers send emails to as many recipients as they can, hoping that someone who has an account with the chosen company will click a link in the email. The link takes you to a site that has the colors and logos of the real company. Your login information is captured when you type your user name and password on the fake site. The sites can also carry malware to infect your computer, record your keystrokes and access your files.

*Best Practices: Instead of clicking links, type the address manually in the browser, or set up bookmarks for your account sites. This way you can see if something needs to be handled without the worry of ending up on a different site. If you are in doubt, call the business to determine what to do.*

### **Referrals**

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We are fortunate to have grown over the years primarily through referrals from you, our clients. Thank you! If you know of other individuals you think could benefit from our services, we would love the opportunity to speak with them.