

Your Personalized Financial "PLAN"



Plan: Webster defines plan as “an orderly arrangement of parts of an overall design or objective”.

This is exactly what we try to provide for you at Midwest Financial Group. I want to provide you today, and on a quarterly basis moving forward, a more in-depth look at some of the parts that go into providing you the comprehensive financial plan you have come to expect from Midwest Financial Group. This letter is longer than what you will see in the future, as I do want to give you some insight into the makeup of both the investment committee, as well as the process involved.

All of you at some point has heard your primary advisor, and potentially other members of the MFG team, talk about our internal models, the bucket approach or an “MFG Portfolio”. You may or may not have been told that the investment allocations used within most of your accounts are constructed internally at MFG. They are part of an ongoing investment management process the Investment Committee at Midwest Financial Group employs to ensure you have available a quality investment lineup designed to meet your goals.

The investment committee is made up of myself as the Chief Investment Officer, President Matt Cuplin, and CEO Mark Mieke. Together the committee meets quarterly to review the performance of the portfolios. We evaluate the underlying investments that make up those portfolios, discuss any potential investments that are currently being used which should be added to a watch list, and/or any investments that are not currently being used which may deserve a deeper look for potential use in the future. Throughout the quarter I meet with representatives of various investment companies, conduct calls with portfolio managers, travel to home offices for due diligence meetings and further research any items that are identified. I am also able to tap into the investment research team within Commonwealth and their tools and resources as needed, another one of the reasons that Commonwealth has been such a great partner. It is this independence of thought, our independence to work with any investment company, lack of affiliation with any investment company, and an agnostic

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approach to investment selection that allows us to ensure that your accounts consistently contain high quality investments. When combined with the comprehensive financial planning being done by your primary advisor and the team at Midwest Financial Group, it allows you to meet the goals for your financial future.



Recently you received a portfolio rebalance confirmation if your account was using one of our advisory models. Within that rebalance there was only one change of substance and I will get to in a second, but first why was the rebalance done at this time. Standard rebalancing takes place across all the MFG portfolios on the first trading day in July and January. If you have extenuating circumstances or a non-IRA account this may vary slightly based upon feedback from your primary advisor or on tax planning that you and your advisor are doing. Outside of those cases all advisory accounts managed by MFG are rebalanced those two times a year. By doing regular and consistent rebalancing your account will continue to have the stock to bond relationship that is appropriate for your account which allows for better income and growth planning for your future.

So, what changed at this juncture? In all but the pure growth portfolios we have chosen to exit international investments. This is a decision that was first broached last year at about this same time. It was decided to exit a pure international fund and use a more world-based fund. Over the last year I have spent a considerable amount of time on the phone and around the country talking to representatives of international fund managers, portfolio managers covering international assets, and in one case the actual fund manager of one of the top international funds at Goldman Sacs. In all these meetings I was not able to get anyone to try and convince me that it was in your, the client's, best interest for us to maintain an exposure to international developed investments. This is not a short-term move and we anticipate maintaining this position for the next several years. This is a departure from conventional allocations, but as we continue to live in a more global and transparent investment environment, there is less of an information advantage that can find areas of excess growth internationally. Additionally, there is no clear indication that foreign developed markets will be able to provide enough excess return to make up for the short-term under performance and volatility as well as the political uncertainty and currency risk. I would be more than happy to go into greater detail on a one on one basis, if you feel that you have any deeper questions. Overall as we moved through the evaluation process over the last 12 months it was felt that this allows us to provide you with a more consistent portfolio and one that is in line with the goals and values of Midwest Financial Group.

With the volatility that we have seen in the overall market, and that will probably continue to occur throughout the next 12-18 months, it is my hope that this increased level of communication and insight into the investment process employed by Midwest Financial Group, will help you understand and trust the planning process we have in place. It is our

sincere hope that this trust will allow you to spend your time focusing on your goals and enjoying your summer.

Take Care



Brandon Masbruch

Brandon Masbruch, CPFA, NSSA
Vice-President, Chief Investment Officer



(608) 807-4775



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or call us at (608) 807-4775 today!

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