

# The Family Index Stress Test<sup>SM</sup>

Presented by

Bobby Cummings, CFP®, AIF®, CFBS, CLTC  
Cummings Wealth Management Group



Securities and Advisory Services offered through Commonwealth Financial Network  
Member FINRA/SIPC, a Registered Investment Adviser

# The Family Index Stress Test<sup>SM</sup>

Where Is Your Portfolio Vulnerable?



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Risk: “The chance that an investment's actual return will be different than expected.”

Are you taking too much, too little, or just the right amount of risk in your portfolio?



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It's important to stress test your portfolio because markets have a tendency to rise much higher than reason would dictate and fall much lower than we can ever imagine.



# Wild Swings in Investor Emotions May Create Profit Opportunities...Or Lead to Substantial Losses



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Our investment process seeks to help you profit from the swings in investor emotions and help address the vulnerabilities in your current portfolio.



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How protected are you in the following scenario?

Strong expansion – Could be hurt by declining bond prices or holding too much cash

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How protected are you in the following scenario?

Tough recession – Could be hurt by too much exposure to equities, high-yield bonds and real estate





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How protected are you in the following scenario?

High inflation – Could be hurt by too much exposure to bonds and cash, which lose purchasing power

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How protected are you in the following scenario?

Unprecedented deflation – Could be hurt by too much exposure to real estate and commodities



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How protected are you in the following scenario?

Strong dollar – Could be hurt by too much exposure to international bonds, TIPS and precious metals



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How protected are you in the following scenario?

Weak dollar – Could be hurt by too much exposure to bonds and TIPS



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How protected are you in the following scenario?

Black swan event – Could be hurt by too much exposure to just about every asset class except possibly Treasury securities, precious metals and cash



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## Next steps

Analyze your current portfolio and identify vulnerabilities

Meet with you to:

Identify changes that may address the vulnerabilities

Complete a comprehensive plan and structure the portfolio to align with your Family Index

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“There are two kinds of losses. A loss of capital and a loss of opportunity; but there will always be another opportunity if you protect capital.” Louise Yamada



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It may be the most important test your family will ever take.

