

# The Summit

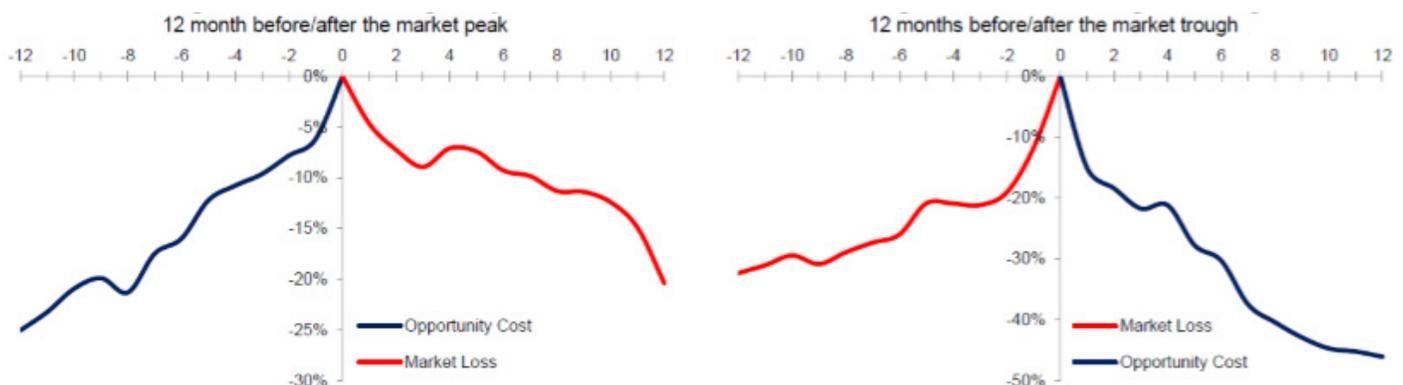
for friends and clients of the  
Crosby Advisory Group, LLC.

March 2019

## A PINCH OF SECTOR ROTATION ... WHY IT CAN HELP YOU STAY INVESTED

One of the greatest studies on investing that has ever been conducted is called the Dalbar study. It is an annual study that measures average equity investors against market performance. Since the beginning of the study the average investor has trailed market performance by a wide margin. Since 1994 the study has concluded the same reason: human emotion. As investors, we are our own worst enemy. Christmas Eve 2018 witnessed the depth of the market decline for the year. We fielded numerous phone calls asking if investors should move to a cash position fearing the worst was yet to come. The worst had already happened. It is at the height of investor fears that stock investing is safest. Admittedly, that is a hard message to convey in the moment, but history again proved it to be true as January 2019 witnessed the best start in stock performance since 1987. If we had sold-out we would have missed the rally. Sadly, some probably did.

For the most part Crosby Advisory investment models are risk-based. For example, our conservative model currently holds approximately 25% equity (stock) exposure while our moderate-high model holds about 50% equity exposure. The percentage of equity exposure largely determines the level of volatility the investor experiences. Remembering that every Dalbar study tells us human emotion is our worst enemy, matching an investor with the appropriate risk model will help them stay invested through good times and bad. In addition, we can slightly weight investments within the portfolio to try and take advantage of current market conditions. Not all stocks behave the same. During a robust economy we typically see stocks in technology, consumer discretionary, materials and financials lead the way. During times of economic contraction healthcare stocks, consumer staples and utilities tend to perform better. In times of rising interest rates, shorter term fixed income investments will likely fair better than longer duration fixed income. Are we trying to time the market? No, it's actually the opposite, we are trying to stay invested. The core of our holdings should remain unchanged. Applying sector weighting does not mean that we radically change our stock or fixed income holdings, but a slight weighting in one direction or another can help reduce negative volatility, and I find most of our investors expect that within a managed account. The goal is to help investors stay invested. The following chart shows the potential opportunity cost for an equity investor missing the top or bottom of a market cycle. The chart tracks the average return of the S&P 500 Index preceding and following market peaks and troughs and is not a specific investment fund or ETF. One way to avoid under performance missing out on return is to stay invested. Your investment portfolio, designed for you, should help you do that.



Rural Home and farm niche  
CAN REDUCE YOUR INSURANCE PREMIUM.

All insurance companies have their niche as to what they insure best. Several of our insurance companies have programs designed for rural homes and farms of all types. Most insurance companies will rate these properties much higher because of their distance to water sources and fire stations. Placing your insurance with a company that specializes in insuring property that is over 1,000 feet from a water source and over 5 miles away from a fire station can save you significantly. In January of 2019 our office saved a Richland county farm owner over \$3,000 annually.

For a home or farm quote, contact Macy Vogel or Julie Maglott from our office. 419.496.0770 / 855.496.0770.



In 2018 Jacob Savage served as an intern at Crosby Advisory Group. Jacob is a Finance Major at Ashland University and is skilled in assisting our office with the ongoing analysis of our investment models. Jacob performs extensive back-testing on our current client's investment portfolios to help make sure they remain within the risk tolerance we set forth. Jacob also researched the holdings within our investment models, reviews costs and analyzes performance to help us determine if they are an appropriate representation of an asset class for a given strategy. Many of you have taken advantage of Money Guide Pro, which is our financial planning software designed to help clients prepare for retirement. Jacob has been instrumental in migrating our clients onto the Money Guide Pro platform. Jacob has a passion for investing and we are hopeful that his presence at our firm will elevate the level of customer service our clients experience.

DYNAMIC WEALTH PODCAST:  
-----DIVIDENDS-----

Those of you who know me also know that I get excited about income investing. There are those who will go as far as saying assets are not really assets until they start producing income. Our latest podcast on dividends dives into what dividends are, why and how they are paid, as well as potential traps to look out for when investing for income. You can find our latest podcast at [crosbyadvisory.com](http://crosbyadvisory.com) or subscribe to our podcast, Dynamic Wealth, on Apple iTunes.



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**NOT YOUR PARENTS TERM LIFE POLICY.**

Midland National has expanded coverage under their Premier Term life insurance policies that can allow a policy holder to accelerate the death benefit (take portions of the death benefit before they die) if they suffer a potentially life shortening event such as a heart attack, stroke, cancer and several other debilitating events. This feature has been added at no additional cost to the policy and can help affected policy holders pay for medical bills or gain access to income that can help them bridge the gap to retirement years if their working income is affected. Contact our office if you would like to review your life insurance needs.



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