

THE OFM Wealth LETTER

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Not Your Father's Stock Market

- Apple is the largest company, by market value, in the country. It was the 15th largest just 10 years ago, a year after the iPhone was introduced.
- Amazon's rise was even more spectacular, from 88th place in 2008 to 4th place this year. Only two technology companies made the top ten in 2008. Today, the top 5 spots are tech companies with a combined market value of nearly \$3.5 Trillion!
- The oldest company in the top 5 is Microsoft at age 43. In 2008, the oldest company, Proctor and Gamble, celebrated its 171st Birthday! This is not your father's stock market.
- Half of the largest global companies were U.S. based in 2008. Today, the top 5 and 7 of the top 10 are tech companies. Tencent is China's largest tech company, while Alibaba is the Amazon of China.
- What will the list look in 2028??? Give it your best!

Largest US Companies in 2008 vs 2018

2008				2018			
Rank	Company	Founded	Billions	Rank	Company	Founded	Billions
1.	Exxon	1870	492	1.	Apple	1976	890
2.	General Electric	1892	358	2.	Google	1998	768
3.	Microsoft	1975	313	3.	Microsoft	1975	680
4.	AT&T	1885	238	4.	Amazon	1994	592
5.	Proctor & Gamble	1837	226	5.	Facebook	2004	545
6.	Berkshire	1955	206	6.	Berkshire	1955	496
7.	Google	1998	198	7.	J&J	1886	380
8.	Chevron	1879	192	8.	JP Morgan	1871	375
9.	J&J	1886	192	9.	Exxon	1870	367
10.	Walmart	1962	184	10.	Bank of America	1909	316

Largest Global Companies in 2008 vs 2018

2008				2018			
Rank	Company	Founded	Billions	Rank	Company	Founded	Billions
1.	PetroChina	1999	728	1.	Apple	1976	890
2.	Exxon	1870	492	2.	Google	1998	768
3.	General Electric	1892	358	3.	Microsoft	1975	680
4.	China Moblie	1997	344	4.	Amazon	1994	592
5.	ICBC (China)	1984	336	5.	Facebook	2004	545
6.	Gazprom (Russia)	1989	332	6.	Tencent (China)	1998	526
7.	Microsoft	1975	313	7.	Berkshire	1955	496
8.	Royal Dutch Shell	1907	266	8.	Alibaba (China)	1999	488
9.	Sinopec (China)	2000	257	9.	J&J	1886	380
10.	AT&T	1885	238	10.	JP Morgan	1871	375

Largest Global Companies 2028

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- Sam

Source: Milford Asset (Bloomberg & Google data)

From Our Sustainable Investing Quote Library...

“Fink sees environmental, social, and governance standards and similar criteria as tools that will eventually be incorporated by all investors.” ... referring to Larry Fink, CEO, Blackrock, world’s largest asset manager.

- Leslie P. Norton
Barron’s June 25, 2018

“In the spirit of the Barron’s mandate to help readers see what’s next, rather than dwell on what has already occurred, we recommend that investors watch the ESG space carefully.”

- Jack Otter, Associate Publisher
Barron’s June 25, 2018

“On the whole, most empirical studies show that companies with higher ESG ratings have better performance in both accounting and market terms.

- Jon Hale, Ph.D., CFA, Director, Sustainable Research Morningstar
Barron’s June 25, 2018



WELCOME ERICA!

All of us at OFM Wealth are pleased to introduce Erica Zambrano, our Client Service Manager. Erica has worked in the financial services industry for the last 20 years as an Executive Assistant and Operations/Client Service Specialist.

Erica’s responsibilities with OFM Wealth include liaison with Pershing regarding client services such as cash requests, deposits, new account processing, and management of numerous internal operations. She’ll be busy!

Erica, her husband Miguel and their children, Michael and Annabella, live in Orland Park. Outside of work, she enjoys outdoor family activities like bike riding, hiking, and skiing. To relax, Erica practices Yin Yoga.

Erica is looking forward to meeting you in the coming months. Welcome, Erica!

- OFM Wealth Team



Quarterly Cliché’s

- ❖ *Stocks take the stairs up and the elevator down.*
- ❖ *Nobody ever went broke taking a profit.*
- ❖ *Bull markets die of old age.*

Target Date Funds

A target date fund is a mutual fund that invests in a variety of other stock and bond mutual funds to create an allocation appropriate for a specified retirement target date. For example, the T. Rowe Price Retirement 2030 Fund has an allocation that would be geared towards an individual that plans to retire sometime around the year 2030. Its bond allocation will be higher than the T. Rowe Price 2050 fund because bonds are less volatile than stocks.

These target date funds can be a great investment vehicle for a young person just starting to save for retirement. They are frequently a default allocation in 401(k) plans and provide easy, no hassle access to a wide range of stocks and bonds. As your assets grow however, it is important to consider other issues before continuing to simply place your entire retirement nest egg into a target date fund.

- An investment portfolio should reflect one's risk tolerance. Risk tolerance evaluation is challenging, and target date funds simply may not accurately reflect that tolerance. In our office, clients complete a questionnaire, we review past investment behavior, and we discuss future behavior in the context of various market movements. We then integrate our market thoughts into the mix. The result – a customized blend. The target date fund manager does not know you personally.
- Asset allocations can vary greatly from fund company to fund company. In researching 2030 Target Retirement Date funds, I found that there were 61 different versions of 2030 fund choices*. The highest stock exposure in this group was 78%,

while the lowest stock exposure was 22%. The median stock

	Goldman Sachs 2030	Invesco Balanced Risk 2030	Fidelity Freedom 2030
Cash	4.10%	38.70%	7.40%
US Stock	35.70%	0.50%	42.60%
Non US Stock	17.30%	21.20%	28.50%
Bond	42.30%	28.30%	20.80%
Other	0.60%	11.40%	0.70%

*Source: Morningstar

exposure was 67%. (The chart above shows 3 Target Date 2030 funds and their differing allocations.) The higher the stock exposure, the more risk in the portfolio. This is a shockingly wide range of risk exposure for funds that are supposed to be geared towards the same individual.

- Finally, you may have a different life situation than your peers. For example, you may have longevity in your family history and feel that you will need to have income well into your 90's or even 100's. This may mean that you will need have a higher stock allocation into your retirement than your typical peer. In short, one size does not fit all.

- Jeff

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