

July 24, 2015

First Half Market Report – Alex II

The second quarter ended with investors watching Greece after the country failed to find a compromise with its creditors. The impasse resulted in capital controls, closed banks and near panic conditions for its citizens. The Greek government has offered a new proposal to its European creditors, and the initial steps towards reopening the banks have started. The Athens Stock Exchange has not reopened as of this newsletter. It appears that the current agreement will once again serve as a temporary solution to the Greek debt dilemma.

The S&P 500 has been trading sideways for nearly six months. The range has been between 2,088 and 2,134, a mere 2.5% trading range. The recent selloff overseas has caused our markets to get a bit cautious. The S&P 500 has sold down to around 2,046, a 4% correction from its all-time high.

The overseas markets, as represented by the MSCI EAFE Index, is up 7.5% year-to-date. The overseas markets have outperformed our S&P 500 for the year so far. If this trend holds up through the end of 2015, it will mark the first year in the last six that the S&P 500 lagged the MSCI EAFE Index.

Below are the year-to-date returns as of July 23, 2015:

Asset Class	Index / Category	YTD as of 7/23/2015
Cash & Cash Alternatives	Average 1-year CD rate	0.27% (annual yield)
U.S. Govt & Corp. Bonds	Barclays US Agg Bond TR Index	0.3
World Bonds	Morningstar World Bond Category	-2.5
U.S. Large-cap Stocks	S&P 500 TR Index	3.3
U.S. Small-cap Stocks	Russell 2000 TR Index	4.1
International Developed Stocks	MSCI EAFE NR USD	7.5
Emerging Market Stocks	MSCI Emerging Markets PR USD	-3.4
World Allocation	Morningstar World Allocation Category	1.2
Diversified Commodities	Morningstar Long-Only Commodity Index	-8.2
Multi-Alternatives	Morningstar Multi-Alternative Category	0.8

Source: Morningstar.com, Bankrate.com

- The S&P 500 is an unmanaged index of 500 widely held stocks that's generally considered representative of the U.S. stock market.
- The Russell 2000 index is an unmanaged index of small cap securities which generally involve greater risks.
- MSCI EAFE Index is an index, with dividends reinvested, representative of the securities markets of 20 developed countries in Europe, Australasia and the Far East.
- MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.
- Morningstar World-allocation Category includes funds that seek to provide both capital appreciation and income by investing in three major areas: stocks, bonds, and cash. While these portfolios do explore the whole world, most of them focus on the U.S., Canada, Japan, and the larger markets in Europe. It is rare for such portfolios to invest more than 10% of their assets in emerging markets. These portfolios typically have at least 10% of assets in bonds, less than 70% of assets in stocks, and at least 40% of assets in non-U.S. stocks or bonds.
- Morningstar World Bond Category includes funds that invest at least 40% of bonds in foreign markets.
- Barclay's Capital U.S. Aggregate Bond index covers the U.S. investment grade-fixed rate bond market and consists of components for government and corporate, mortgage pass-through and asset-backed securities. Must be rated investment grade or higher by at least two of the following: Moody's, S&P, or Fitch, have at least one year left to maturity and an outstanding par value of at least \$250 million. Security representation would be those that are SEC-registered, taxable, dollar denominated, non-convertible and fixed rate.
- Morningstar Long-Only Commodity Index is a fully collateralized commodity futures index that is long all eligible commodities.
- Morningstar Multi-Alternative Category includes both funds with static allocations to alternative strategies and funds tactically allocating among alternative strategies and asset classes. Average gross short exposures are greater than 20%.
- Inclusion of these indexes is for illustrative purposes only. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary. Past performance does not guarantee future results.

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89.3 FM KCUR's Up To Date – Alex II

We have been on KCUR for about three and a half years. We started on the *Central Standard* show, and this year our financial planning show was moved to Steve Kraske's *Up To Date*. The show airs at 11:00AM and is usually on the third Monday of the month.

I am one of four CERTIFIED FINANCIAL PLANNER™ professionals from the Greater Kansas City Financial Planning Association who are on the show. The UMKC studio only seats three guests, so one of us skips a show now and then to even out our appearances.

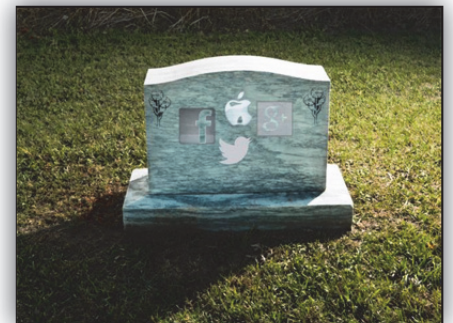


Alex at the mic.

Our last show was titled "Managing Modest Means". Here is a link to the show for those interested. <http://kcur.org/post/financial-planners-managing-modest-means>

Does Your Facebook Accounts Die When You Do? Estate Planning for Your Digital Assets – Alex II

Do you know what happens to your Facebook postings when you die? Does your spouse or family have access to your account when you pass away? We all know we are going to die someday, but what happens to our digital accounts after we're gone?



Facebook and other internet services walk a difficult tightrope between respecting the privacy of the deceased and the interests of the surviving family members. In February 2015, Facebook introduced a feature that lets you designate someone as a legacy contact before you die. Previously, Facebook automatically froze the accounts of members it learned had died. This angered some heirs who wanted access to photo, videos, and the chance to edit the deceased's online presence.

If you want to establish a Facebook "legacy contact", open Facebook Settings, choose Security, and then select Legacy Contact at the bottom of the page. Here you must select a Facebook friend as the "legacy contact". You'll have the option to have a message sent to this person at this time or when you die.

Legacy contacts can manage accounts in a way that can turn the deceased person's Facebook page into a memorialized profile page. The legacy contact could also write a post with details of the death of the deceased person. They could also change the friend's profile picture, and even respond to new friend requests on behalf of the deceased.

If granted prior permission, legacy contacts can also download an archive of posts and photos from the deceased. The legacy contact cannot download the contents of his or her private messages or decide to delete the entire account.

Would you rather have your Facebook account deleted and gone forever at your death? This is an option that you can choose instead of appointing a legacy contact. Facebook members can change their legacy contact selection at any time, but once they've died, a legacy contact cannot pass along the responsibility to someone else.

What happens to your Facebook account if you do not choose a legacy contact? When Facebook finds out you've passed, your account will be frozen and leave posts and pictures at the privacy settings you determined, a process it calls memorialization. If you name a digital heir in a legal will, Facebook will designate that person as the legacy contact.

Google also has their version of digital afterlife management. Google accounts such as Google Mail, Drive, Contacts and Blogger can be assigned an Inactive Account Manager, or IAM. The IAM gets access to your data after you die, but can't edit that content or act as if the account is his or her own account. If you would rather just delete all of your Google account data after a certain time period rather than name an IAM, you can do that, too. Select a time frame of inactivity (three, six, nine, or 12 months) after which the account will be permanently deleted.

Twitter has not offered a digital death solution. At your death, no one else can access your Twitter account acting as if he or she is you. If you die, friends or family can ask Twitter to remove your account. Twitter will require verifications from the requester, but it can be accomplished.

Facebook has stated that they might change certain parts of the legacy contact agreement. I suggest you contact the customer service departments of all your digital accounts to understand what is best for your accounts and your legacy wishes.

Estate planning for the Twenty-First Century must include your digital legacy. Your loved ones will want to preserve some of your memories, including photos, videos and messages that are locked in the privacy of your digital accounts. If you plan ahead, your family and friends can enjoy your legacy with little or no burden when dealing with the likes of Facebook and Google.

Martha Fitzsimmons



We are late in announcing the newest member of our team. Alex III and I are delighted to have Martha as a part of our team!!

Martha joined Petrovic Financial Services, Inc. as our Client Services Manager at the end of December 2014. Martha obtained her BA in Criminal Justice Administration with an emphasis on investigation from Park College and a Master's degree in Legal Studies along with her paralegal certification from Webster University. Martha has an extensive history of customer service working in the court system, not-for-profit organizations and financial industry.

Martha and her husband Peter live in the Brookside area. Martha and Peter have a daughter, Kathryn, who lives in Chicago. Martha and her husband enjoy "Glamping" in their vintage 1987 Sovereign Airstream travel trailer, reading, traveling and being an amateur "foodie".

Inside & Outside of PFS – Alex II

Where have we been hiding? It has been several months since our last newsletter. So long, in fact, I am not sure where to start.

Greater Kansas City Day was held on April 6, 2015. Greater Kansas City Day is a collaboration amongst the Kansas City Royals, The Kansas City Star and Downtown Rotary Club. I am a member of the Downtown Rotary Club, and this was the 28th year for this event. Held each year in conjunction with the Royal's home opener, more than 1,500 volunteers take to the streets and sell the special Greater Kansas City Day editions of the Kansas City Star.

All proceeds from the sales of Greater Kansas City Day papers benefit the Rotary Youth Camp and other local children's charities in the Kansas City area. Many of you reading this newsletter have helped us each year by buying a paper from volunteers on street corners. This year's proceeds set a record of nearly \$175,000!!



My son John and I selling papers for good causes on opening day!

The past several years I have sold papers at the intersection of Main Street and Brookside Boulevard, on the east side of the Country Club Plaza. My son John joined me to help sell papers in the morning, and later in the day, we headed to the home opener. This year's home opener was a spectacular success as the Royals beat the Chicago White Sox 10-1! Look for us on the streets next year in early April. "Buy a paper, help a kid".

Business wise, I attended the Raymond James National Conference for Professional Development. The conference was held in Las Vegas at the Aria Resort & Casino during the week of April 20th. My wife, Peggy, and I arrived two days early to enjoy the city before the conference started. We saw *Zarkana* by Cirque du Soleil, which is a transformation of gymnasts, jugglers, and aerialists into creatures of the underworld. We have seen several Cirque du Soleil shows, and this was as good as the previous ones.

Peggy and I had two special nights dining out. The first night we ate at Wolfgang Puck's Spago at the Forum Shops at Caesars. A special shout out to our friend Vicki Rivera for arranging a special seating and meeting of executive chef Eric Klein, who started his career with Wolfgang Puck at the original Spago in West Hollywood and has served as executive chef at Spago Las Vegas since 2007. We were treated with several appetizers made especially for us by Chef Klein. Vicki dined with us, and it was a special evening of exquisitely prepared food and warm and friendly conversation.

The next night we dined at Ferraro's Italian Restaurant & Wine Bar. Peggy's maiden name is Ferraro, so this was on her bucket list while visiting Vegas. We were not disappointed. In fact, we had so many delicious appetizers we did not order a main dish. For my entrée, I was excited to try its Osso Buco. It is described as Veal shank braised in red wine reduction served with farro. Since I was full and did not order an entrée, next time in Las Vegas I will go to Ferraro's to try this dish!

Alex III has been busy as well. In March he travelled to Bend, Oregon to visit my sister Anastasia, who relocated to Bend last year. Her son Carter, who finished his first year at KU, was also visiting Bend during his spring break vacation. They hiked and snowboarded a few days at Mt. Bachelor. They also visited a few of the microbreweries that Bend is known for. My son said he had a great time hanging out with my sister and nephew. Now it's my turn to visit Bend. Peggy and I leave for Bend on July 25th for a week! We are looking forward to seeing my sister and checking out the beautiful Northwest.

Alex III has season tickets to Sporting KC and has attended several games this year. I have been out to Kauffman Stadium to see our boys in blue. I was just out there on July 4th and July 7th. The only good thing about the July 4th game was the fireworks after the loss to the Minnesota Twins. The July 7th game against the Tampa Bay Rays was a bit rainy but we won 7 to 1.

Alex M. Petrovic Sr. – Alex II



My father, Alex M. Petrovic Sr., died on June 1. Dad lived in his home in Sugar Creek, Missouri for over 60 years. On May 12th, I was called to his home after he had fallen while attempting to get up from his rocking chair. I took him to St. Joseph Hospital for examination. Dad spent five days in the hospital and was then admitted to Kingswood Health and Rehabilitation Center. He was there for seven days and then transferred to Kansas City Hospice & Palliative Care. My three sisters, two brothers and I were with him throughout his last days. We were so blessed to have loving and unselfish parents. My mother, Frances Petrovic, died in 2001. My dad lived by himself for 14 years with the assistance of family and friends.

Dad was the youngest of ten children. He was born in 1922 and was raised in Independence, Missouri. He joined the United States Marine Corps in 1942 and served his country in the South Pacific islands. He worked for Waddell & Reed Inc. in several different capacities. He was a Missouri State Representative and finished his public service as Judge of the Eastern Jackson County Court. Dad was proud of his role in passing the bond package in 1968 that built the Sports Complex for our two major league teams. He named the complex after his political hero, Harry S. Truman. Dad's last occupation was Public Relations Director of Saint Joseph Hospital. My father led by example. He served on many community boards and was a friend to many in the Greater Kansas City area. He will live forever in our hearts and souls.

Baby Announcement – Alex III

Closing on a happy note, my wife Dasha and I are expecting our first child on December 3, 2015! We are, of course, very excited, as are the expecting grandparents. At 21 weeks she can now feel the little one moving around and is starting to have some aches and pains. Thankfully, Dasha has felt pretty good so far, just tired of course.

A few weeks ago we found out we are having a baby boy! We have a list of names but have not narrowed it down yet. As you might expect, we are in the middle of preparing the baby room, acquiring furniture, figuring out the gift registry and coordinating baby showers. Lots of work to get ready, and a quite a bit more work once he arrives! 😊

We are also planning on taking a 'babymoon' to Mexico next week. What is a "babymoon" you ask? (I had not heard of this term until recently.) It's a vacation taken during pregnancy, often during the second trimester. Like many before us, we thought it would be nice to have one more vacation before life gets a little busier.

My father, Martha and I hope your summer is going well!!!

A handwritten signature in black ink that reads "Alex".

Alex Petrovic, CFP®
Financial Planner, Registered Principal

A handwritten signature in black ink that reads "Alex III".

Alex Petrovic III, CFP®
Financial Planner



*"We are expanding our family by two feet!"
Our little cat will be jealous of the
attention our baby boy will receive!*