



THE *Advisor*

SPRING 2016 | VOL. 1

*the portfolio
management
edition*

IS YOUR
PORTFOLIO
PERFORMING
WELL?

THE IMPORTANCE
OF THE CFA
DESIGNATION

TECHNOLOGY:
WEALTHVISION &
ACCOUNT VIEW

*Investment advice offered through Fragasso Financial Advisors,
a registered investment advisor.*

FRAGASSO
FINANCIAL ADVISORS

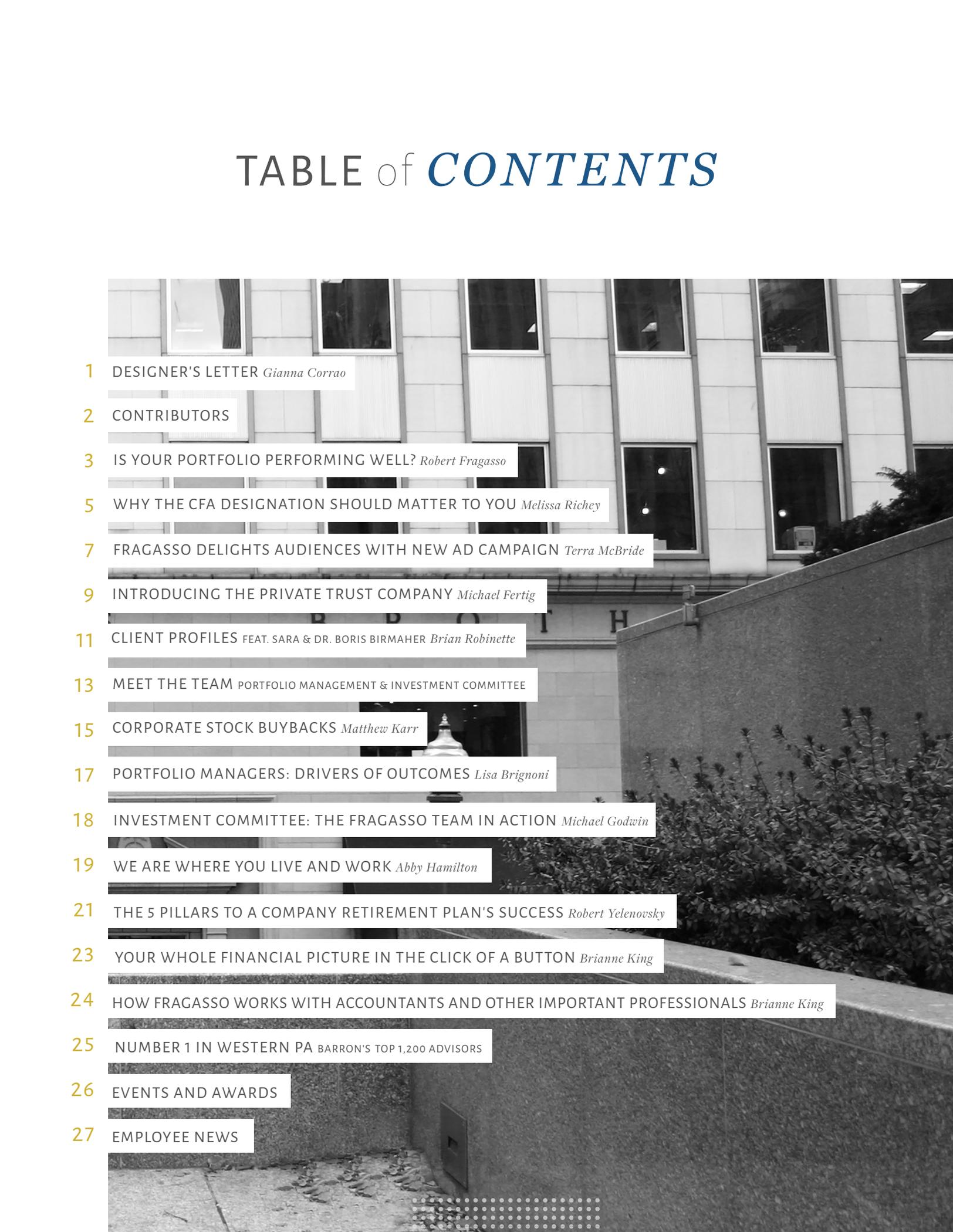
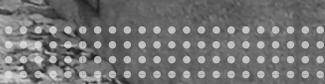
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B R O O



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DESIGNER'S LETTER

After a few years of working independently, I decided something was missing from my life. I was craving the inspiration that can only come from team interaction and collaboration. There seemed to be an every day synergy that was missing for me, and I couldn't ignore that I felt ready once again to be a part of an established organization, something great and larger than myself.

Shortly after I identified this dynamic shift, I crossed paths with
Fragasso Financial Advisors.

Built on 44 years of experience, the entrepreneurial spirit that drove Bob Fragasso to create Fragasso Financial Advisors is still palpable in our offices. We, together as a team, are constantly exploring new ways of doing things. We evaluate the best ways to implement fresh ideas and gain new perspective in this industry so that we may deliver the absolute best experience to our clients.

It was serendipitous: this team needed a designer, and I needed a team. The rest is history.

On this note, I'd like to welcome you to our first edition of the new, and improved, *Advisor*. I hope you enjoy reading it as much as I enjoyed designing it!

GIANNA CORRAO, SENIOR GRAPHIC DESIGNER

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Manager of Portfolio Operations



MICHAEL FERTIG, AIF®
Vice President



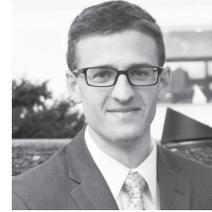
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IS YOUR PORTFOLIO

BY
Robert Fragasso



Trying to time the market rarely beats time in the market. The financial plan is most important when markets are volatile.

In these somewhat turbulent times in the stock market, we are often asked how to properly judge a portfolio's performance. That is a fairly simple question that couples with a straightforward answer, however the issue becomes clouded by several misperceptions. Some investors feel that they and their professional advisors should be able to "time" markets, meaning get out as markets head down and get in as they head back up. The market does not present itself that clearly and those investors attempting to time markets often find themselves left out when the market makes its inevitable reversal of course. A half century of investing experience has convinced this writer, along with every expert consulted over that period of time, that markets cannot be timed and any attempts to do so often result in losses.

Another misperception is that an investor should meet or exceed comparable market indices in all time periods. That assumption is also seemingly disproved by the results of professional pools of investment assets, from university endowments to insurance company reserve investment accounts to pension funds. Even the best institutional investment managers experience periods of underperformance on the way to creating a sterling investment track record over the longer time period.

A third, but by no means final misperception, is that a portfolio of

index funds has to match the unmanaged market. Once again, the results don't support that generalization. Index fund portfolios are not easily constructed to mirror the world and national market places. Will you be the one to decide what sectors will be represented and which index funds to use? Thinking in the abstract is simple but implementing in the real world becomes a lot more complicated.

What does work is the employment of the traditional, text book principles of portfolio management founded on a platform of proper asset allocation, balance and diversification. No gimmicks and no angles played; just solid, journeyman-like, roll-up-the-sleeves hard work every day that utilizes top talent, sophisticated research resources and judgment forged by experience. That's what we employ here at Fragasso Financial Advisors. And the judging of that performance is transparent. First, we view the performance results of your portfolio against comparable market indices. That means the composite index you are using must contain indexes for every sector in your portfolio and they should, ideally, be weighted as your portfolio is weighted. That takes some calculating, but it provides a truer picture for comparison. You can't compare a balanced portfolio, for example, against a stock market index. It has to correspond to reach the right conclusions. But, even more importantly, the portfolio's performance must be compared to the

PERFORMING WELL?

assumptions made in your original financial analysis. If you are tracking those assumptions, you are moving productively toward your life's goals and that is, after all, the best yardstick for evaluating progress.

Read on through the magazine to learn more about this. We manage investments for individuals, families, endowments/foundations and for retirement plans. If you are not now experiencing this kind of care, contact us to learn more about how we can be meaningful in your future goal attainment. ■

WE MANAGE INVESTMENTS FOR
individuals,
Families,
ENDOWMENTS &
FOUNDATIONS
and retirement plans.





BY MELISSA RICHEY

WHY THE CFA DESIGNATION SHOULD MATTER TO YOU

Our clients depend on our solid investment and financial planning advice to guide them toward their goals. We do not take that responsibility lightly, so we believe that the qualifications of the professionals managing your money matter greatly. When it comes to successfully managing investments, the importance of education and knowledge cannot be underestimated.

What is a CFA? Chartered Financial Analyst has become a global professional investment credential and is prominent in the investment industry. To become a CFA, a candidate must pass a series of three six-hour exams, taken in sequence. The average completion time for the program is four years. Achieving passing scores on all three exams is no small accomplishment. Each exam takes on average a minimum of 250 hours of intensive independent study. In addition to passing the demanding exams, candidates must also have three to four years of professional experience in the investment decision-making process. They must also uphold the CFA Institute Code of Ethics and Standards of Professional Conduct. Every CFA is required to sign an annual statement declaring their adherence to this code. All members are required to act with integrity, exercise professional judgement, maintain and improve their professional competence, and put client interests before their own. According to the CFA Institute, this designation “is a global distinction recognized and rewarded by employers, respected by regulators and investment institutions, and demanded by private investors.”

Why is this designation so important? Investors should demand that the advice they receive comes from the best professionals in the industry. Driven by this standard, we believe in hiring only the top talent. Our clients deserve that. We applaud the dedication that CFAs exhibit by completing rigorous testing and adhering to ethical requirements.

What does this mean to you as a client? Our basic investment philosophy is rooted in knowing our clients and their goals. We have spent considerable time and money expanding our resources to make our in-house Portfolio Management Department top notch. We have added four CFAs to our staff within the last year, which shows our dedication to our clients. We are also proud to say that two of the four CFAs are women. As you can see from the infographic, the CFA is a widely sought after designation. We are proud of the talent that our firm has attracted and we are excited to employ their fresh ideas and new perspectives coupled with time-tested principles. Decisions are vetted and implemented by the portfolio management team and not by one individual. Our processes, not personal biases, drive decisions. Our clients know that they are receiving the collective and unbiased advice from a team of experienced and credentialed experts. In this ever-changing world of investment management, we feel that experience, education and knowledge are a must for our personnel and we wouldn't want our clients to accept anything less. ■

CFA[®]: THE NUMBERS

3
THREE
SIX-hour exams

To become a **Chartered Financial Analyst (CFA)**, a candidate must pass a series of three six-hour exams, taken in sequence.



We have added **four** CFAs to our staff within the last year, which shows our dedication to our clients. We are also proud to say that two of the four CFAs are women.



Four years
 =
average time of completion

Over the past 10 years, an average of 2,977.5 CFA Charters were granted in the United States per year¹

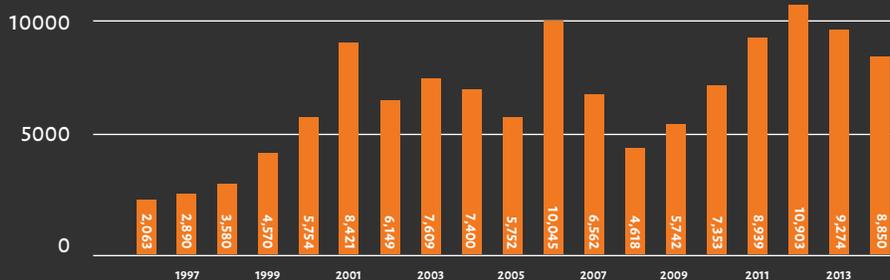
8,850

Number of charters granted worldwide in 2014¹

3,185

Number of charters granted in America in 2014¹

CFA CHARTERS AWARDED ANNUALLY *8850 charters awarded as of 7 October 2014*



¹ CFA Societies offer Ongoing professional education, volunteer opportunities and great networking events relevant to CFA professionals, members include CFA institute members, CFA candidates, and partnering institutions

FRAGASSO Delights Audiences with *NEW* AD CAMPAIGN

WRITTEN BY TERRA MCBRIDE



It's time to shake things up!

Gathered around a conference table and armed with freshly-filled cups of caffeinated beverages, Fragasso's marketing team, Jennae Backo, Gianna Corrao and Terra McBride, agreed that they needed to take the firm's creative in a whole new direction. The crew was tasked with crafting a campaign that targeted the right audience, spoke to the firm's culture and business model, and looked different from its competitors.

"By stepping back from the history of what had always been done, both by the firm and by others in the industry, we found ourselves coming up with a different approach and filling into a much more emotional space," said McBride, Fragasso's manager of marketing and communications. "If you want people to pay attention to your ad then you need to pluck their heartstrings. We felt strongly about the ads invoking a positive emotion, feelings of warmth, comfort and happiness. From there, the scripts and the visuals naturally took shape."

Conceiving of the new campaign involved multiple brainstorming sessions with employees and partners representing key areas of the firm. The broad campaign concept was generated with a large swath of input. Then, Backo, marketing and promotions specialist, Corrao, senior graphic designer who joined Fragasso in November 2015, and McBride massaged the original idea and brought the concept to life.

This is the sort of intense work that marketers truly enjoy. When done right, the end result is a beautifully crafted advertisement that everyone is proud to show off.



Gregg Daily makes a precise mark on set with Denmark Studios.

Three different advertisements are built into the campaign, lovingly dubbed, “Ask Your Financial Advisor This...” Gregg Daily and Brandon Schwan, both financial advisors with Fragasso, were the featured talent in the first phase of the campaign. All three print executions were developed in-house by Corrao and can be found in several local publications. Fragasso partnered with Denmark Studios to develop the first two commercials, currently airing on various channels. The third commercial is slated for filming in late spring 2016.

Feedback on the campaign so far has been especially positive. After viewing the commercials for the first time at an internal launch party, Fragasso employees cheered with excitement. Long-time employees commented on how refreshing this new look and feel is compared to what the firm has done in the past. And friends of the firm have been quick to share their enthusiasm for the campaign.

The new creative direction that this campaign represents has Fragasso’s marketing team and the firm pumped up. The energy is contagious! Stay tuned... Fragasso’s talented marketing team is just getting started! ■

i n t r o d u c i n g

T H E

P R I V A T E

T R U S T

C O M P A N Y

With people living longer and hopefully healthier lives, it is more important than ever to maintain and grow your investment assets. Deciding where to invest your money in an uncertain market, with so many available options may seem like an overwhelming task. Worse yet, making the wrong decision can be costly for you and your future beneficiaries. While it's never easy to contemplate your own death or the death of your loved ones, failing to plan can have far-reaching consequences. The good news is you have resources available that will help you avoid unnecessary missteps. One option that you should not overlook is the possibility of establishing a trust to help guide the deployment of your assets. Simply put, a trust is the delivery of your instructions for the management of all or part of your property. An attorney who represents you and has expertise in the area of estate planning should create your trust.

Securities offered through LPL Financial, Member FINRA/SIPC. Investment advice offered through Fragasso Financial Advisors, a registered investment advisor and separate entity from LPL Financial.



BY
**Michael
Fertig**

Once created, the trust document will describe:

- › *How you want your assets managed, and eventually distributed.*
- › *Who you want to benefit from your assets now and in the future.*
- › *Who you want to be responsible for carrying out these instructions.*

A trust establishes a plan to help provide for the safe and accountable management of family assets and to direct their use in accordance with your wishes, goals and objectives. All of this is easier than ever to coordinate at Fragasso Financial Advisors who, along with LPL Financial, is proud to offer the services of The Private Trust Company. The Private Trust Company is a wholly owned subsidiary of LPL Holdings. They have the capability of delivering administrative trust services, allowing you to maintain your investment accounts with Fragasso with the backing of a nationally chartered trust bank, licensed in all 50 states.

There are some important considerations when establishing a trust. After its creation, you will need to decide who to name as trustee to carry out your wishes. A trustee's duty is to build, manage and protect your wealth when it is in a trust. While you can choose anyone you like, there are several compelling reasons to consider a corporate trustee over an individual. Even if you do decide to name yourself or a family member trustee, you should still consider naming a corporate trustee, like The Private Trust Company, as a successor trustee or a co-trustee. Some of the primary benefits of naming a corporate trustee as acting trustee, co-trustee or successor trustee include:

— **Experience in the trust area:** Experienced and knowledgeable trust officers with backgrounds in law, accounting and banking help with the administration of accounts, including the monitoring of discretionary distributions, record keeping, filing of tax returns and bill paying. These are all responsibilities that can become burdensome to individual trustees but the corporate trustee is more skilled and efficient in all of these areas.

— **Investment management:** By using a corporate trustee, there is no disruption to the investment management services that you already enjoy which is a benefit to both you and the beneficiaries of the trust. You can continue to develop an investment strategy that is geared toward the current and future needs of your beneficiaries and make changes as necessary.

— **Regulated:** The Private Trust Company is chartered as a national bank devoted solely to trust services for families.

— **Minimize family disputes:** Too often we as advisors have observed a seemingly positive family dynamic change when money is involved. Leaving one family member with the burden of splitting assets may not be fair to them, or anyone else.

— **Peace of mind:** The Private Trust Company is designed to work with you and your financial advisor as a team player. They will help you develop or adjust your written investment policy statement to provide a clear understanding of your goals, objectives and guidelines for the trust.

These are just a few of the numerous responsibilities that a trustee is expected to fulfill on a regular basis. It becomes clear why a corporate trustee, with the infrastructure, people and resources already in place, could be in a much better situation to carry out the wishes of the individual who established the trust. If nothing else, that's a lot of responsibility to place on the shoulders of any one person. Additionally, when a family member is placed in the position of trustee, they can be influenced by emotions, or their own personal agenda. They can also face pressure from other family members about decisions that they are required to make in order to fulfill the trust document. In a worst case scenario, an individual trustee can become subject to undue stress and may make decisions that leave them open to criticism and even legal action. That's certainly not what you would have wanted as part of your final wishes. A corporate trustee can help mitigate that stress and second guessing. The corporate trustee has a duty to make impartial decisions that are based solely upon the requirements laid out in the trust document.

A fair concern about a corporate trustee is that it may lack the personal knowledge and familiarity that an individual who knows the family would have. By working with your financial consultant at Fragasso Financial Advisors, you can help to make your wishes clear and focus on making sure they are carried out in a manner of which you approve.

If you would like to learn more about the services offered by The Private Trust Company, please discuss your own situation with your Fragasso advisor. ■

client

PROFILES

▷ SARA & DR. BORIS BIRMAHER ◁

WRITTEN BY *brian robinette*



The family story of Sara and Dr. Boris Birmaher includes sorrow, sacrifice and happiness, but most importantly love. Their family history is uniquely carved from significant historical events beginning during World War II in the early 1940s.

Both Sara and Boris' fathers were growing up in Romania when their parents forced them to leave at age 19 to avoid the atrocities being committed by Nazi Germany. Shortly after leaving Romania, their parents and most siblings were killed by the Nazis. By a stroke of fate, these two strangers settled in Colombia where they each became businessmen in retail. This will ultimately be a significant connection for Sara and Boris in years to come. Sara and Boris' fathers met their respective mothers in Colombia where they were born and raised.

Sara and Boris were each born into large families. Sara grew up with 12 siblings and Boris with three. Their parents passed on their stories of the love shared and sacrifices made by

their families during World War II. These experiences formed the foundation for the importance of family in Sara and Boris' lives today.

Boris always had an affinity for the study of medicine, understanding the mind and working with children. He received his medical degree from Universidad del Valle in Cali, Colombia and began his career as a physician working in rural areas in Colombia. Sara was a nurse at a hospital in Colombia where she met Boris in 1976. They married in 1978 and moved to Israel where Boris began his study and training in adult psychiatry at The Hebrew University of Jerusalem. Sara worked as a nurse in pediatrics and internal medicine. Shortly after the move to Israel they welcomed their first of three children into their lives. Vered, their only daughter, was born in Haifa, Israel in 1978. Shai was born three years later in Jerusalem. In 1983, Boris received a scholarship to further his education and pursue his dream to earn his degree in child psychiatry at Columbia University in the city of New York. After the move to New York, Sara began working as a nurse at New York-Presbyterian Hospital. She gave birth to their third child Samuel, who was born in New York in 1988. This happens to be the same year that Boris and Sara move the family to Pittsburgh so that Boris may begin his distinguished career at the University of Pittsburgh, School of Medicine. With three growing children, Sara chose to stay home and manage the household. She also worked with organizations that assisted refugees from Bosnia and Africa. These organizations taught English and other essential skills to refugees that helped them adapt to a new culture. Sara now has the pleasure of spending much of her time with



her granddaughter Eila and visiting her other two granddaughters, Dorothy and Jane, which brings her much joy.

Boris is an internationally-recognized expert in treatment and research of children and adolescents with mood and anxiety disorders. He is currently the director of the Child and Adolescent Bipolar Spectrum Disorders (CABS) and endowed chair in Early Onset Bipolar Disease and professor of psychiatry at the University of Pittsburgh, School of Medicine. Boris has more than 380 publications in peer review journals, has been recognized with many prestigious awards, has been named one of the best doctors in the U.S. and best doctor in Pittsburgh multiple times, and he is Program Chair for the American Academy of Child and Adolescent Psychiatry, a national organization. In 2004, he published a book entitled “New Hope for Children and Teens with Bipolar Disorder.”

Sara and Boris are extremely proud of their three grown children. Vered graduated from Brown University and went on to earn her medical degree at the School of Medicine at Mount Sinai in New York. She followed in her father's footsteps and finished her training in child and adolescent psychiatry at the University of Pittsburgh Medical Center. Currently she is the director of the program of residency training for child psychiatry at Allegheny Hospital. She married Ryan Cohen, a Pennsylvania State Trooper, and together they have a beautiful little girl Eila. Shai graduated from Cornell University with a degree in applied and engineering physics. He earned his Ph.D. in aerospace engineering from Georgia Institute of Technology. He met his wife Claire Tallman while studying in Atlanta. They have

two beautiful daughters, Dorothy and Jane, and one on her way, and live in Cincinnati. Samuel also graduated from Cornell University and is now a composer of classical music in New York.

Sara and Boris are kind and thoughtful, and care deeply for their family, friends and community. We are proud to have worked with them as clients for more than 28 years and feel privileged to know them as friends. ■



MEET OUR TEAM



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*President, Executive
Director of Portfolio Management
Education: Duquesne University*

LISA BRIGNONI CFA, AIF® 2
*Manager of Portfolio Operations
Education: University of Pennsylvania,
Wharton School of Business*

MICHAEL GODWIN CFA 3
*Manager of Portfolio Strategy
Education: James Madison University*

MATTHEW KARR CFA, MBA 4
*Manager of Investment Research
Education: Grove City College
and University of Pittsburgh*

MADISON NESTOR CFA 5
*Investment Analyst
Education: University of Pittsburgh*

BRIANNE KING AIF® 6
*Manager of Financial Planning
Education: Duquesne University*

BLAKE CURLE 7
*Portfolio Manager
Education: Grove City College*

RACHEL WEAVER 8
*Portfolio Manager
Education: Edinboro
University of Pennsylvania*

JOHANNA MATSUI 9
*Trading Analyst
Education: Chatham University
and University of Pittsburgh*

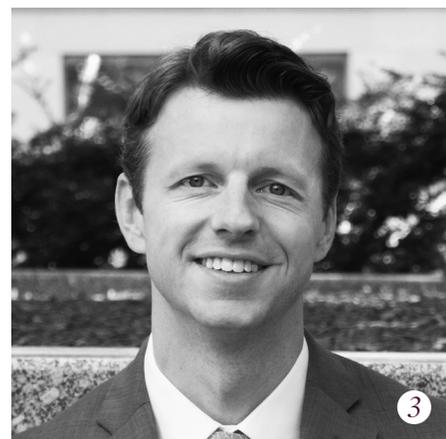
COLETTE GRIFFITH 10
Portfolio Administrator

ROBERT FRAGASSO CFP®, AIF® 11
*Chairman and Chief Executive Officer
Education: Duquesne University*

KAREN LAPINA CFP®, AIF® 12
*Vice President
Education: Drexel University*

GREGG DAILY, AIF® 13
*Manager, Institutional
Investment Accounts*

BRENT SUTHERLAND CFP®, AIF® 14
*Vice President and Assistant Manager
Education: Virginia Tech*







CORPORATE STOCK *Buybacks*

Are they the "Tail" or the "Dog?"

As fourth quarter earnings season has progressed, it has been hard to ignore the steady drumbeat of corporate stock repurchase announcements. For context, in 2015, U.S. public companies authorized the repurchase of approximately \$831 billion in stock, an increase of close to 30 percent over 2014 levels. Through early February 2016, another roughly \$130 billion of authorizations have been announced, one of the fastest paces on record.¹ According to Goldman Sachs, stock buybacks have been a key source of additional market demand since 2010. With repurchase authorizations continuing to rise, we consider what this means for the U.S. equity component of a diversified portfolio.

**To begin,
let's consider
what share
repurchases are
and why investors
care about them.**



BY

MATTHEW
KARR

Investors judge corporate management teams based on how they allocate available cash flow to “enhance shareholder value.” Along with cash dividends, stock repurchases are a means of boosting shareholder returns. While all shareholders get a direct benefit of cash payouts from dividend payments, the benefits of stock repurchases are a bit more nuanced.

The overarching idea is that companies are able to increase the earnings per share for each shareholder, even if overall profits do not actually increase. In a simple numerical example, if a company has \$100 in profits and 100 shares outstanding, earnings per share are \$1. If this company would buy back 10 percent of their shares and actual profits did not change, earnings per share increase to \$1.11. For the individual investor depending on account taxability, stock repurchases allow for potential capital growth in the form of unrealized capital gains, as opposed to current income from cash dividend payments.

We note, however, that share repurchases are not a bulletproof strategy for increasing stock prices. Companies, just like individual investors, can overpay for their shares. From a cyclical perspective, we note that share repurchases can accelerate as the economic cycle ages, since companies’ ability to increase earnings per share from sales growth or cost cutting gets harder. We believe this phenomenon helps to explain why corporate managers are said to be “poor market timers.” Also, the actual completion of a buyback authorization is far from guaranteed, which we think is an important distinction.

At the macro level, what does the ongoing acceleration in share repurchases mean for the direction of the U.S. stock market? In isolation, not much. While we concede the point that corporate demand for their own securities has been a support to U.S. equity indices in recent periods, we believe the far more important thing to keep an eye on is the underlying economic cycle and the monetary policy response of the Federal Reserve.

Based on our analysis of the data, U.S. economic growth remains unspectacular by historical standards, but relatively steady, with the last two years posting gross domestic product growth of 2.4 percent.²

We wonder if potential for wage acceleration is perhaps a driver of the increased repurchase authorizations, as companies look for ways to grow earnings as costs of employing workers increase.

Consumer spending continues to be a key driver, which is being supported by ongoing strength in employment conditions.

Finally, the commencement at the end of 2015 of the Fed’s long-anticipated interest rate normalization has actually created a bit of uncertainty in the market. Bigger questions as to the ability of the economy to support higher interest rates have been a debated topic. As it stands now, interest rates seem to be stuck in a “lower for longer” environment, as market participants increasingly believe that further rate hikes will be delayed.

While repurchase authorizations are one potentially constructive data point, we do not believe that investors should overreact to such headlines. In other words, we see stock repurchases as being far more of the “tail” than the “dog” itself. For additional questions on how our team constructs and monitors your portfolio, contact your financial advisor. ■

¹ Barron’s. <http://www.barrons.com/articles/beware-buyback-etfs-1455343695>. Accessed February 24, 2016.

² Fox Business <http://www.foxbusiness.com/features/2016/02/08/goldman-sachs-stock-buybacks-to-rescue-stock-market.html>. Accessed February 24, 2016.

PORTFOLIO MANAGERS: DRIVERS *of* OUTCOMES



BY LISA BRIGNONI

*At Fragasso,
we are proud
of our team
culture and
we consider
our dedicated
professionals
to be our
greatest asset.*

We often mention this to our valued clients because we understand how those organizational values translate to better financial outcomes for them. While our financial advisors are oftentimes the primary face of those client relationships, the portfolio managers work collaboratively with those advisors behind the scenes to help uncover and understand your goals, and translate the research from the portfolio management analyst team into investment results that help propel your financial success. Because of this role, they are a lynchpin in the Fragasso client experience.

When potential clients begin their financial journey with Fragasso, their financial advisor and portfolio manager begin the comprehensive process of learning their goals. Throughout this

process, they collaborate to uncover any obstacles that may stand in the way of financial success, with the ultimate goal of crafting a financial plan that is unique to every client situation and designed to withstand the challenges an ever-changing market environment presents. This structure has worked so well that portfolio managers have often transitioned into financial advisors themselves as their career develops. This orchestrated mix of collaboration has helped build a foundation of experienced professionals that can consistently serve our clients and their families well into retirement and beyond.

One of the most important tools that portfolio managers have in their arsenal is technology and as part of our mission to provide our clients best-in-class investment advice, I'm excited to share one of our big projects for this upcoming year, which is upgrading our performance reporting software. The goals of this project are two-fold:

1. Provide better tools to our portfolio managers that will ultimately improve the readability of the reports clients rely on to make important decisions affecting their lives and;
2. Allow our professionals to enhance the analyses they do on our clients' behalf in order to provide a more comprehensive look at the opportunities and challenges that may affect clients' portfolios.

We will share more details about this and other developments in the Portfolio Management Department as the year unfolds. ■

Investment COMMITTEE: *The Fragasso Team in Action*



BY MICHAEL GODWIN

In addition to the daily responsibilities of our Portfolio Management Department, at the end of every quarter Fragasso's Investment Committee meets offsite to assess current market situations, review portfolio allocation and vet each and every holding in our clients' portfolios.

Our work within the Investment Committee is rooted in the goal of providing our clients with the best risk-adjusted returns possible so their financial goals may be met. This has become ever so important as many investment banks are forecasting lower stock market returns going forward, a signal that the days of easier double-digit portfolio returns are behind us.

Though February was a solid month as equity markets retraced most of the losses experienced in January, we believe that volatility will remain elevated throughout the year. Key focuses of this quarter's Investment Committee meeting will center on:

- › Ensuring that our clients' portfolios are sufficiently positioned to weather further bouts of volatility.
- › Seeking out additional investment opportunities in certain asset classes that may have fallen too far too fast.

Our financial advisors have worked extensively with our clients to determine an appropriate return objective so they may meet their financial goals. It is our job in portfolio management to allocate our clients' portfolios in order to meet these objectives. As most investors know, the markets are prone to periods of wide swings.

For example, in August through November of last year, the S&P 500 had two successive months with negative returns of 6 percent and 2.5 percent followed by a positive 8.5 percent return in November.¹ This market volatility can create significant challenges within a portfolio. A portion of the next Investment Committee meeting will be dedicated to alternative holdings and focusing on those funds that are able to mitigate outsized moves in the stock market, thus giving our clients a more predictable return path for their portfolio.

Additionally, our research has indicated that some sectors within the fixed-income asset class currently offer significant long-term value. During the Investment Committee, we will present a detailed analysis of our findings and discuss any impacts these sectors may have on our clients' portfolios. The focus of the discussion will be on our outlook for the sector, key drivers of returns and whether or not increasing our exposure will provide higher risk-adjusted returns for our clients.

Our clients' objectives are what drive the work conducted within the Investment Committee. Each member on the committee brings a unique perspective that helps the group fully explore the possible opportunities and challenges facing clients each quarter. This collaborative forum strengthens our firm's investment decisions and helps propel our clients to their financial goals. ■

¹ Morningstar calculation



we are where
YOU LIVE & WORK

Fragasso's North Hills Office Now Fully Staffed!



BY ABIGAIL HAMILTON

This January, Fragasso Financial Advisors opened the doors to our new North Hills office, located at 11269 Perry Highway Pine Professional Building, Suite 430, Wexford, Pa.

15090. This development transformed the former North Hills satellite office, which was previously used for occasional meetings, into a full-time, fully staffed office.

It is through the loyal support from our clients that Fragasso has continued to grow, creating a need for more space to provide our services. This expansion was conducted in an effort to meet this growing demand while providing our clients in and around the North Hills region with a convenient and accessible location to meet with their advisors.

Seasoned financial advisors, Jeanette White, T.J. Drost and client account specialist, Lorraine Domhoff, are based at the Fragasso North Hills office. Jeanette has been providing clients with an unprecedented level of individualized service for more than 30 years and is also a six-year recipient of the Pittsburgh Five Star Wealth Manager award for exceptional service and overall client satisfaction.¹ T.J. has spent more than 18 years of his professional career helping others achieve security in their financial future, and is a CERTIFIED FINANCIAL PLANNER™ professional, a Certified Fund Specialist® and a member of the Financial Planning Association.

Fragasso Financial Advisors looks forward to increasing our presence in the Pittsburgh North Hills region, and continuing to help our clients propel their financial success.

Fragasso Financial Advisors: We are where you live and work. ■

¹ The Five Star award is presented to wealth managers, real estate agents, mortgage professionals, home/auto insurance professionals and dentists in more than 45 markets in the U.S. and Canada. The Five Star award recognizes service professionals who provide quality services to their clients.

In each market, award winners are listed at no cost in a special advertising section within the city/regional magazine and on fivestarpromotional.com.



THE 5 PILLARS to a company retirement plan's *success*

BY ROB YELENOVSKY



Maintaining compliance with regulations, understanding fee arrangements, deciding whether the current plan design is most appropriate, choosing and monitoring the plan investment choices, gauging the success of participant education efforts, and knowing your role as plan sponsor or trustee can be challenging. To properly navigate these issues, an unbiased periodic review can assist in avoiding costly mistakes. It is critical to an employer's operational and fiduciary success that a plan sponsor or trustee be thoroughly engaged.

Fiduciary Responsibility: First, you must understand what it means to be a fiduciary, as well as who is and who specifically is not. You are a fiduciary if you are a plan sponsor, trustee, or investment committee member of an endowment or a retirement plan. Under the ERISA (Employee Retirement Income Security Act) law, as a fiduciary, you are charged with and held to the legal obligation of acting in the best interest of the person or organization that has entrusted you with management and control of their funds. Your broker or advisor may not be a fiduciary. This is crucial because there is a good chance your advisor is prohibited from acting as one, or may look to outsource this responsibility, leaving you solely liable to any breach. This may change with the SEC's proposed uniform fiduciary standard. Knowing whether your advisor can act as a fiduciary today, and into the future, is critical.

Managing a company retirement plan is complicated. The right advisor can help.

Proper Benchmarking: Next you should understand all fees, commissions and expenses that are charged to the plan, the plan sponsor and the participants. For example, mutual funds may provide rebates back to your third-party administrator (TPA) or record keeper. Some of those rebates may not be passed on to the participants, but kept by the TPA or record keeper without your knowledge. Some record keepers may pay your advisor a 1 percent commission of total assets up-front, which can be sizable, to move the plan to their platform. Knowing why your advisor may recommend a change of record keepers, the full range of fees, commissions and rebates in your plan, and benchmarking those to industry guidelines, is in your and your employees' best interest. Retirement fees come in various forms creating complexity even for experienced retirement professionals. Taking a more critical view of your plan fees may be quite surprising or even alarming. As a fiduciary, you have a duty to determine the fees are reasonable. To do this, you must understand all of the arrangements and costs.

Plan Design: There are many options that exist when designing a retirement program and it can be overwhelming. Most plan sponsors have not received a thorough explanation of what options are actually available, and what impact it may have on their retirement and tax planning. Factors such as the type of entity, number of highly compensated employees (HCEs) or key employees, owners, family of owners, and rank and file employees, all have an impact on the type of plan design that may be recommended. Both qualified and non-

qualified executive compensation, as well as various profit sharing programs and defined benefit strategies, should be considered. This is true when choosing the correct provider, TPA, financial and tax advisors and legal professionals. When speaking to business owners, we have found this to be the area that is understood the least. Conversely, it is the area where we often find the greatest opportunity to increase the value of the retirement program benefit.

Investment Decisions:

Investment selection and monitoring, and recommending periodic changes to the investments are all duties of the fiduciary. As the plan sponsor, trustee or investment committee member, you have a fiduciary responsibility to the selection and ongoing review of your plan's investments. It may be in your best interest to create an Investment Policy Statement (I.P.S.). The I.P.S. forms the basis of your investment decisions and criteria for any future changes. A prudent system to monitor your plan investments is often comprised of an advisor acting as a fiduciary to your plan, along with the plan sponsor and/or the investment committee, and reviewing the investments periodically for acceptance by the guiding I.P.S. Only a fiduciary to the plan can provide advice to actually make fund decisions, including initial selection and ongoing fund replacements where necessary.

Participant Education: Educating employees about their workplace retirement plan has gone from relatively unnecessary to absolutely essential. While more employers are automatically

enrolling employees in their plans and providing educational benefits such as online website tools and pre-recorded webinars, these are often not enough to assist the workers most in need of retirement planning. Employers may want to expand their focus to address financial wellness and the real barriers to funding a successful retirement, which ultimately helps both the retiree and the organization. Many record keepers and financial advisors can provide a range of employee education resources personalized to your plan to help make saving and retirement planning easy and understandable.

These five pillars of the company retirement plan are critical to the financial success of the plan and each of its participants. As the plan sponsor or trustee, it is your responsibility to understand your role and responsibilities thoroughly. Have questions? Contact Fragasso Retirement Plan Advisors today. ■



YOUR

Whole Financial Picture

IN the Click OF A Button

The statements you receive each month that detail activity in your financial accounts are critical to staying informed about your financial well-being. But how often have you wanted the big picture view of your total wealth? Often times, unless you are putting your various statements together on your own like pieces to a puzzle, you're not getting the total perspective on your financial accounts. Account View and WealthVision are tools offered to Fragasso clients through LPL Financial that help to give you a more complete and real-time look at your wealth with just a few clicks of your mouse.

Account View is a digital portal that provides safe and secure access to your financial accounts from your computer, smart phone or tablet. By logging onto Account View via MyAccountViewOnline.com, you can easily see your total portfolio value, review individual accounts and track changes in your account value over various time periods. The convenience of this tool extends beyond your Fragasso accounts to include the option of linking your outside accounts, including your 401(k) or bank accounts, so that you may view your entire net worth in a centralized location.

Account View is a helpful tool if you are interested in getting information about your account activity. But if you are interested in checking up on how you are tracking toward your goals as laid out in your financial plan, we can add on the WealthVision feature to your Account View access. WealthVision is the financial planning tool that our advisors and portfolio managers use in-house to develop the personal financial plans we deliver to prospects before becoming a client. Once you become a client, we continue to use the WealthVision tool to monitor and track your progress towards your goals. We are able to conduct in-depth planning for your retirement through cash flow analysis, insurance needs evaluation and estate planning. You have the option to upload your will and other financial documents so that you may access them at any time electronically.

Your access to WealthVision will allow you to view your overall net worth and financial planning assumptions along with the financial planning reports that are regularly included in your annual review. You can also use WealthVision to create and monitor a budget for your household. This is a private cash flow report that only you can access so your privacy remains secure. In addition, WealthVision gives you access to an education center that offers various training videos that will help you better understand your financial planning options.

Account View and WealthVision are great tools to help you monitor your accounts, your personal financial plan and your progress towards your financial goals. These tools are available to you as a Fragasso client at no extra charge. And if living a little greener is important to you, then using Account View will be even more appealing. The system allows you to choose paperless statements, freeing up both your mailbox and the landfill. Digital statements also give you more timely access to your information to keep you current on your account activity. ■

If you are interested in enrolling on the Account View and WealthVision portal, please contact your financial advisor at Fragasso to learn more. We encourage you to take advantage of these powerful tools as a way to monitor your financial success.

Securities offered through LPL Financial, Member FINRA/SIPC. Investment advice offered through Fragasso Financial Advisors, a registered investment advisor and separate entity from LPL Financial.



BY
BRIANNE
KING

At Fragasso, we strive to provide all of our clients with an exceptional client experience that encompasses your financial needs. We understand the importance of holistic financial planning, which includes collaborating with your accountants and other important professionals to help ensure your personalized financial plan is executed properly.

With your written permission, we offer you the benefit of corresponding on your behalf with your accountant and other professionals to help ensure all aspects of your overall financial plan are aligned and to relieve you of the burden of coordinating multiple service providers on your own. Additionally, we can share important financial documents, such as a 1099 or a realized gain-loss report, with your service providers. This can be a significant value add for our clients who choose to make quarterly tax payments throughout the year. While we look to minimize realized gains in your non-retirement accounts, gains cannot always be avoided and may fluctuate throughout the year. When we work with your accountant we can provide real-time information regarding your accounts that may affect how much you need to pay in quarterly taxes. In addition, it is helpful for us to communicate with your accountant regarding carry-forward losses that you may have from previous tax years. We use this information so that we can make a meaningful decision on the appropriate amount of gain you may realize in a given year. When we have a relationship directly with your accountant, we are able to work with them to properly plan for your taxes throughout the year.

Similar to working with your accountants, we also believe it is important to work alongside your attorney to ensure the estate plan that you have developed with them is translated to your investment accounts here. It is essential to have a will established to ensure your assets transfer to the appropriate people and/or charities you care about. Did you know that the beneficiaries listed on your Individual Retirement Accounts supersede whatever you have listed in your will? As an example, let's consider a divorced couple who have

HOW FRAGASSO WORKS WITH ACCOUNTANTS & OTHER IMPORTANT PROFESSIONALS

since been remarried to someone else. Each party may have thought to update their will but if their IRA still lists their ex-spouse as the beneficiary for that account, those assets are going to their ex-spouse no matter what the will states. By working together with you and your attorney, we can better understand how you would like to have your assets distributed and make sure those wishes are also translated to your investment accounts.

If you are not currently working with an attorney or accountant and would like a referral we would be happy to provide you with a recommendation of a trusted professional who we believe would be a good fit for your individual planning needs.

Our firm has been in the investment management and financial planning business for more than 40 years and we have worked alongside many reputable attorneys and accountants. We welcome the opportunity to refer you to a trusted professional and also meet the professionals with whom you have developed a relationship over the years.

We hope to enhance your client experience with Fragasso by building a relationship with your trusted professionals so that we can all work together to help you achieve your goals. ■

Number 1

IN WESTERN PA

BARRON'S 2016 LIST OF THE TOP 1,200 FINANCIAL ADVISORS

The sun is making itself known, temperatures are on the rise and for the seventh consecutive year, Barron's has recognized Fragasso Financial Advisors as a top firm! Bob Fragasso is ranked the No. 1 financial advisor in Western Pa. on Barron's 2016 list of the Top 1,200 Financial Advisors.

Bob makes no secret about the importance of these rankings. Not only is this a top recognition by the most respected financial news publication in the country, but it is an indication of our collective hard work and the success our team realizes on behalf of our clients. Barron's evaluates firms based on assets under management, but also on revenues generated by advisors for their firms, regulatory records and quality of the practice.

We do very important work for our clients and we do it well. We are honored to once again receive this prestigious recognition. ■

AMERICA'S TOP 1,200 FINANCIAL ADVISORS
<http://www.barrons.com/articles/americas-top-1-200-financial-advisors-1457157598>

EVENTS & *Awards*

TOP 150 REGISTERED INVESTMENT ADVISORS¹

Financial Planning ranks Fragasso Financial Advisors as one of the top registered investment advisors in the nation on its 2016 list of Top 150 Registered Investment Advisors. Registration does not imply a certain level of skill or training, nor any regulatory endorsement or approval of our investment advisory services. The award marks the latest in a series of recent honors for Fragasso Financial Advisors. We take pride in the work we do for our clients, and we are humbled by this honor.

¹ To capture independent fee-only planning firms, every effort is made to exclude firms with broker-dealer and insurance company affiliations and those with substantial outside ownership stakes held by private equity firms and some outside investors. The list also does not include roll-ups, aggregators or turnkey asset management programs. To capture firms that provide true holistic financial advice to individuals, only firms with 50% or more individual clients, as can be determined through the Form ADV, are included. Subjective review of unusual cases may result in inclusion or exclusion based on factors unique to those firms. As the RIA industry evolves, so does the criteria.

HOPE IN ONE CHARITY GOLF CLASSIC

We invite you to join Fragasso Financial Advisors in offering support to the Hope in One Charity Golf Classic, which will be held on May 9, 2016 at the Diamond Run Golf Club in Sewickley, Pa. Money raised from the event supports the mission of two vital organizations: Animal Friends and the Homeless Children's Education Fund (HCEF). Last year, the Hope in One Charity Golf Classic raised a total of \$37,007 which resulted in a donation of just over \$18,500 to each organization. With your help, HCEF is able to serve as a voice for the homeless children of Allegheny County and to ensure that they are afforded equal access to the same opportunities as their peers. the no-kill mission of Animal Friends, making it possible for them to ensure the well-being of companion animals, while ending overpopulation, abuse and unwarranted euthanasia. More information can be found at <http://homelessfund.org/events.html>.

BEGINNER'S GUIDE TO BECOMING AN EFFECTIVE FIDUCIARY

What do your responsibilities as a fiduciary really entail? What are your liabilities?

Join Robert Yelenovsky, AIF®, vice president and manager of Fragasso Retirement Plan Advisors, and Eugene Maloney, executive vice president and corporate counsel for Federated Investors, Inc., as they discuss the fiduciary standard. This event will provide you with the resources you need to become a more effective investment steward.

THURSDAY, MAY 5, 2016 ■ 8:00 A.M. - 9:30 A.M. ■ DUQUESNE CLUB, WALNUT ROOM
325 SIXTH AVENUE, PITTSBURGH, PA 15222 ■ TO RSVP, PLEASE EMAIL LINDSAY BASCIOTTA AT LBASCIOTTA@FRAGASSOADVISORS.COM



EMPLOYEE *News*



CONGRATULATIONS!

Fragasso would like to congratulate Rachel Weaver, portfolio manager, and Matthew Karr, manager of investment research, on earning their series 7 securities licenses. We are proud of our employees' accomplishments, and believe in making their growth a continued priority.



DOTTI BECHTOL, RETIREMENT

Please join Fragasso Financial Advisors in congratulating Dotti Bechtol, formerly our fiduciary assets business development officer, on her retirement this January. Dotti joined the Fragasso team four years ago, and since then has used her strong connections to the nonprofit community to launch and develop the Fragasso nonprofit and endowment initiative. Employees got together Friday, Jan. 15 to celebrate Dotti's accomplishments and the transition into the next exciting chapter of her life. Although she will be deeply missed, Dotti has earned the opportunity to spend more time with her family and focus on her passions of traveling and racing vintage cars. Dotti will continue to be a strategic partner to Fragasso Financial Advisors, and a friend to us all. Congratulations Dotti! ■



Welcome TO THE FRAGASSO TEAM!



BROOKE BARESSI



BONNIE KATZ

Fragasso Financial Advisors would like to congratulate employees Christina McCahill and Johanna Matsui on their recent promotions! Christina McCahill first joined the firm in 2013 as the director of first impressions. As of this January, Christina has been promoted to the operations administrator for Fragasso's three Pittsburgh offices. In this position Christina is responsible for supporting the company's IT coordination and facilities management, and assisting the chief financial officer. Johanna Matsui, who joined the firm in 2014 as an administrative assistant, also received a promotion this January. Johanna is now a trading analyst within the Portfolio Management Department, where she is responsible for working collaboratively with financial advisors and portfolio managers to ensure implementation of all portfolio decisions. Both Christina and Johanna set high standards in their previous work, and we are excited for their continued growth within the firm.

This February, we were also pleased to welcome two new employees to Fragasso, Bonnie Katz as director of first impressions, and Brooke Baressi as client account specialist. Bonnie is a Pittsburgh native who recently returned to the city after spending 10 years living in California and working as a realtor. She has a strong background in customer service and looks forward to working directly with clients to make a positive impact. Brook has nine years of experience working in various customer service positions, and most recently worked in human resources as a recruiter. She is excited by the opportunity to learn a new role within a tight-knit company that has the reputation of being one of the best places to work. Bonnie and Brooke are talented individuals who have made great additions to the Fragasso team.

Fragasso Financial Advisors continues to grow and evolve in an effort to place employees in rewarding positions while delivering an excellent client experience through a collaborative work environment. ■

610 Smithfield Street
Suite 400
Pittsburgh, PA 15222

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For the seventh consecutive year,
Barron's has recognized Fragasso
Financial Advisors as a top firm!¹

*Bob is ranked the No. 1
financial advisor in Western Pa.
on Barron's 2016 list of the
Top 1,200 Financial Advisors.*

¹ The rankings are based on assets under management, revenue produced for the firm, regulatory record, quality of the practice and philanthropic work. This is the seventh consecutive year Fragasso has been named to the Barron's top 1,200 list.

FRAGASSO
FINANCIAL ADVISORS

Investment advice offered through Fragasso Financial Advisors, a registered investment advisor.

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