September 2024

IN THIS ISSUE

TAKING A FRESH LOOK AT RETIREMENT PLANNING

Michael Preto, CFP®, CIM®

When it comes to retirement planning, the industry typically takes a very conservative stance on drawing down your accounts to support your lifestyle. This is especially true for those invested in index-like portfolios, which is widely recommended for managing money. The reason for this caution is simple: index investors have no control over what they own, so their portfolios rise and fall with the market's movements. And markets can be unpredictable—just this year, Japan's Nikkei index finally surpassed its 1990 levels. No one wants to outlive their savings, so planning for the worst is often the default.

However, as Jason mentions later in this newsletter, we've been managing money differently for the past 10 years—by investing the equity component of your portfolio in high-quality businesses. But what exactly does that mean, and how does it affect your retirement?

What Makes a Business "High-Quality"?

Here's a quick look at the characteristics of a high-quality business:

1. Minimal or no debt.
2. A simple, easy-to-understand business model.
3. A strong management team, often led by the founder.
4. A history of delivering above-average profits.
5. A track record of growing both revenue and profits.

By owning 20-30 of these types of businesses—rather than thousands of companies spanning a range of quality, as is typical in an index portfolio—you gain a significant advantage. You know what you own, you trust in each company's ability to handle future challenges, and you can be confident that these businesses will drive returns for you and your family.

Sure, there will be short-term market challenges, as there are with any portfolio. But in the long run, regardless of broader market fluctuations, the prospects for high-quality companies remain strong. And that confidence translates into your retirement plan.

Staying Conservative, but with Confidence

While we remain careful with your retirement plan, here are the conservative assumptions we make:

1. We plan for you to live until 95.
2. We don't include the equity in your home.

3. We only project a 2% real rate of return.
4. Current inflation rates are factored into your lifestyle target.

Your plan is also updated annually based on the actual market value of your portfolio. So, as your portfolio outperforms our assumptions, you may find yourself able to afford more than initially planned. This surplus is what we call your "***Dreampool.***"

Now, it wouldn't be responsible to say, "Your portfolio has earned 8% over the past decade, so let's assume that'll continue indefinitely." But it's also not right to say, "Let's be overly cautious, just in case," because this kind of thinking can lead to missed opportunities. You might reach a point where you realize you could've done more while you had the chance.

We want you to know that the last 10 years have been strong, and we're optimistic about the next 10, 20, or even 30 years. Let's plan for a future where you can enjoy the ride.

EMBRACE VOLATILITY IN YOUR RETIREMENT PLAN

Learn how to navigate market fluctuations and make the most of your retirement savings with smart tips from Mike Preto CFP®, CIM® in this must-watch video.

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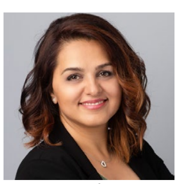

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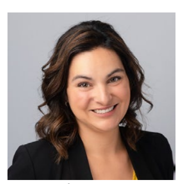

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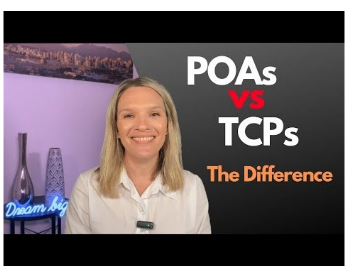
HILLSIDE IN THE NEWS

Jason recently returned as a guest on BNN's Market Call to discuss global markets.

Watch the entire episode online HERE.

POWER OF ATTORNEY OR TRUSTED CONTACT PERSON - WHAT'S THE DIFFERENCE?

Amanda Baxter, Investment Advisor at Hillside Wealth, explains the key differences between Powers of Attorney (POAs) and Trusted Contact Persons (TCPs). Watch to learn more HERE!



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CELEBRATING A DECADE OF HILLSIDE PERFORMANCE

Jason Del Vicario, CFA®

We have achieved a major milestone for Hillside Wealth Management as September 2, 2024, marks the 10th Performance Anniversary of our Hillside Focus, Balanced, and Conservative model portfolios.

What better time to get back to basics? Below are a few key insights we've gained over the past decade managing our clients' hard-earned capital:

Accumulating Wealth is Simple

1. Spend less than you earn.
2. Invest the difference. We recommend a concentrated basket of high-quality stocks.
3. Hold, and when cash flow allows or stock prices dip, add to your investments.
4. Wash, rinse, repeat.

In line with this, we've established three core rules at Hillside:

1. Don't invest short-term money in stocks.
2. Don't leave long-term money in cash.
3. Don't check your portfolio daily, weekly, or even monthly. We don't track the price of our house hourly—so why treat our retirement or other financial goals any differently?

A Sneak Peek at a Decade of Results

Without predicting the future based solely on the past, here are a few key statistics from our first decade of managing concentrated portfolios of high-quality businesses:

1. We've experienced a negative year once every 3-4 years.

2. We've underperformed our benchmark approximately once every three years.

Despite these fluctuations, our process has outperformed the benchmarks over the past 10 years, and we have every reason to believe and trust that this trend will continue.

Lastly, we eat our own cooking! On a personal note, my family's assets are invested in the Hillside Focus Model.

AUGUST 2024 PERFORMANCE RESULTS

An overview of our three portfolios to date.

Performance to September 03, 2024	YTD	6 Mo	1 Yr	3 Yr**	5 Yr**	10 Yr**	Inception **
Hillside Conservative Growth*	**12.81%**	**6.37%**	**16.18%**	**5.47%**	**6.93%**	**7.85%**	**7.85%**
HCG Benchmark[1]	*6.38%*	*4.67%*	*10.37%*	*1.28%*	*3.93%*	*4.25%*	*4.25%*
Hillside Balanced Growth*	**14.42%**	**5.76%**	**16.58%**	**6.51%**	**8.78%**	**10.03%**	**10.03%**
HBG Benchmark[2]	*9.62%*	*5.91%*	*13.90%*	*3.34%*	*6.65%*	*5.77%*	*5.77%*
Hillside Focused Growth*	**18.93%**	**6.88%**	**21.84%**	**9.55%**	**12.52%**	**11.08%**	**11.08%**
HFG Benchmark[3]	*14.55%*	*7.42%*	*18.28%*	*6.81%*	*11.35%*	*8.54%*	*8.54%*

Past performance is not an indication of future returns.

* Performance is presented gross of fees.   **Inception: Sept 2, 2014. Results beyond 1 year are annualized.
[1] Hillside Conservative Growth Benchmark: 100% Vanguard Conservative ETF
[2] Hillside Balanced Growth Benchmark: 100% Vanguard Balanced ETF
[3] Hillside Focused Growth Benchmark: 100% Vanguard All-Equity ETF

Source: SIACharts.com

The performance presented in this portfolio report is hypothetical and does not represent a specific client account. Details regarding actual returns of an investment account are available from the client's advisor.

Performance is calculated using month-end market values of the model portfolio. Since we use a model portfolio to calculate performance there are no client-initiated cash flows (deposits/withdrawals) to account for. Performance is calculated by dividing the change in the model portfolio's market value by the model portfolio's market value at the beginning of the performance period. Also, all income generated by the portfolio's holdings are held within the model portfolio in cash and is accounted for in the portfolio's month-end market value - this results in a total return measure of the model's performance.

Returns for periods less than 1 year are shown as periodic returns while returns for periods greater than 1 year are annualized. Returns do not include fees and actual returns experienced by an investor may differ from those shown. Past performance is not a guarantee of future results.

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