



Starboard Advisors

The Navigator, Vol. 4

October 2018

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COOKING WITH GAS

Cooking with gas: (*idiomatic*) *Functioning particularly effectively; achieving something substantial.*

While recently working one evening in our Commercial Street office, my colleague Rita Newland unexpectedly popped back in to finish up some work and asked, “How are things going?” I enthusiastically answered: “Rita . . . we’re cooking with gas!”

In serving families as their dedicated fiduciary and financial office, one of the key measures of

success is the ability to provide a high level of service, on short notice, and to do it in a sustainable and repeatable way. Based on that measurement, we’ve certainly hit our stride at Starboard and could not be more honored to be working with all the families we represent.

With three quarters of 2018 already behind us, Hannah Andrews, editor of *The Navigator*, has put together a nice summary of Starboard’s activity year-to-date that I hope many clients and friends will enjoy scrolling through— you can find it further on down the newsletter.

In this final quarter of 2018 we are speaking with families and clients regarding year-end estate planning, performance updates, new tax strategies, and cash-flow planning for 2019. As Fall travel and the holidays approach, please don’t hesitate to contact us for a meeting or assistance in answering any of your year-end questions.

My very best regards,

Barton Weisenfluh
Founder & President

ON TO THE MARKETS

We are pleased to be partnering with the Kelleher Family and their holding company [Wall Street Access](#). Together and in collaboration with our [Investment Committee](#) we will be providing quarterly (and as needed) commentary on the capital markets. Tom Burnett, CFA & Vice Chairman of Wall Street Access, will be helping lead the charge for this portion of our client communications.

INDEX	% Change YTD as of 9/30/18
Dow Jones Industrial AVG. (TR)	8.83%
S/P 500 Index (TR)	10.56%
Nasdaq Composite	16.66%
Nikkei Tokyo	6.00%
China (Shanghai)	-14.70%
DAX Germany	-5.20%
CAC 40 France	3.40%
FTSE UK	-2.30%
Gold \$ per oz.	-8.60%
Crude Oil	21.20%
RATE on Ten-Year T Bond	3.06%
VIX Volatility Index Change	9.80%

Sources: WSJ, Bloomberg LP

Through the first 9 months of the year, the US stock markets, per the attached table, enjoyed significant gains. An extraordinary amount of volatility, however, has returned for the third time this year (once in January, then June, and now in October) and markets are, as of this writing, trading at lower levels compared to quarter end. The international picture is mixed with the markets in the major exporting nations of China and Germany under pressure from reduced trade and rising tariffs. Interest rates have moved higher with the US Ten-Year Bond firmly established above three percent. Bonds will begin to draw investor funds from the equity markets as the S&P 500 Index dividend yield is below 2.0%. Corporate earnings, however, continue to grow and the US corporate earnings performance is sustaining this market. After flat earnings in 2015 and 2016, the Index earnings rose 12% in 2017. According to FactSet, Index earnings will grow close to +20% this year and projected to grow another +10% in 2019. Currently, the S&P 500 is still trading close to historical highs despite the backdrop of rising interest rates. At Starboard we continue to carefully watch the Federal Reserve policy decisions on interest rates as well as the all-important pace of corporate earnings.

On balance, taking into consideration the amount of corporate earnings growth and still historically low interest rates, we believe US stocks are fairly priced – not particularly cheap, nor extraordinarily expensive. The result of these financial conditions is an uneasy balance with an environment where investors should expect corrections and “air pockets” at unpredictable moments.

YEAR-END CHECKLIST- MICHAEL OUELLETTE

From time to time clients and friends will be hearing directly from members of Starboard's Advisory Board and Investment Committee. For this edition of the Navigator, we are pleased to have [Michael Ouellette](#) share his thoughts and recommendations on financial planning as we approach year end. Mr. Ouellette has been a top executive in the Family Office industry for the past 20 years representing over \$4B of family assets. As valued and respected counsel, Mr. Ouellette began his family office career in Maine with a four-generation family office. Mr. Ouellette now serves as CEO for a two-generation family office in Massachusetts.

Recently, Bart and I were discussing year-end planning with the families we serve, and I thought it would be a great opportunity as an advisory board member to pass along some of topics we review and update with families. Although it is not a complete list and is always evolving, we both thought it covered the bases well, going into the 4th quarter.

1. Review of YTD taxable income and capital gains.
2. Assessment of any potential tax loss harvesting to offset known gains where appropriate.
3. Assessment of any remaining charitable giving with an eye on utilizing any LOW cost basis/HIGHLY appreciated security to maximize charitable giving.
4. Review and maximization of 2018 annual gift exclusions (\$15,000 per person).
5. Coordination with client accountants on year-end gains and 2019 tax planning.
6. Review of tax strategy for long held, low cost basis stock if clients are looking to diversify their holdings over the long haul.
7. Confirmation that those over age 70.5 have taken their Required Minimum Distribution (RMD) from their IRAs (Starboard and the account custodians can do this easily and track it through the course of the year).
 - a. A qualified charitable distribution (QCD), up to \$100,000 of deductible contributions and earnings, can be used to satisfy the RMD for each IRA owner and is excluded from their gross income.
8. Maximization of 2018 401(k) plan salary deferral limits: \$18,500 with a \$6,000 catch up provision for ages 50+.
9. Traditional IRA and Roth IRA contributions: \$5,500 to \$6,500 (deductibility and contributions are subject to income phase outs and retirement plan participation).
10. Review your beneficiary designations to make sure they are up to date with your current estate planning.

STARBOARD 2018 YEAR-TO-DATE

Jensen Investment Management: May 2, 2018



In early May, we hosted our first investment manager meeting on the waterfront in Falmouth, Maine. [**Jensen Investment Management**](#) (from Portland, OR) joined the Starboard team and clients for an interactive, and lively, round table discussion on stock selection, company analysis, portfolio construction, risk abatement and much more.

Portland Business Brews: June 13, 2018



In mid-June Starboard hosted the 10th semi-annual Portland Business Brews in local collaboration with [**Albin, Randall & Bennett, CPAs**](#) and [**KMA HR Consulting**](#) at Rising Tide Brewery. The evening was a light and lively networking engagement open to local professionals.

Advisory Board Meeting: July 12, 2018



On July 12th, Starboard hosted its inaugural [**Advisory Board**](#) meeting at the [**Portland Press Hotel**](#) with a private reception at our offices immediately after. Outside of our local board members, individuals came in from New York City and Boston to attend.

The day's agenda served as a well balanced guide to an exceptional gathering. To request a full electronic or hard copy of the presentations please, [**click here to contact Hannah**](#) at Starboard.

COMING UP!

Portland Business Brews: November 29, 2018



Our next Portland Business Brews event is scheduled for Thursday, November 29th at [Bunker Brewing Company](#).



Along with Albin, Randall & Bennett, CPAs and KMA HR Consulting, Maine's up and coming designer and retailer, [Alaina Marie](#) will be joining us!

If you are interested in joining us for an evening of networking, please [contact Hannah](#).

STARBOARD'S DAILY REPORT

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Starboard Advisors
Daily Report
October 01, 2018

Markets & Business

Futures point to gains on deal to replace NAFTA [Reuters](#)

S&P 500 could see a record session after U.S., Canada reach Nafta deal [MarketWatch](#)

Asia markets mixed as US and Canada agree on renewed NAFTA [CNBC](#)

Each morning Starboard releases a Daily Report with the latest headlines in Markets & Businesses and Global News. If you'd like to have our Daily Report delivered to your inbox each morning, you can [sign up here](#).

ABOUT US

Definition of Starboard: *Starboard is the traditional nautical term for the "right" side of a ship's hull and represented by the color green for navigational purposes. In addition, sailing vessels must give the "right of way" to sailboats on starboard tack (where the wind is coming over the right side of the vessel) and be provided clearance for safe passage.*

Starboard Advisors was founded by Barton Weisenfluh in partnership with the Kelleher Family Office and their holding company Wall Street Access. The firm provides a dedicated platform exclusively serving families as a single point of accountability for the stewardship of their financial lives.

The Kelleher Family and [Wall Street Access](#), founded by Denis Kelleher, has grown into a diversified financial service firm with a reputation as one of the best managed and best capitalized independent firms in the industry. Today the entrepreneurial spirit is alive and well where the second generation, led by Sean Kelleher, continues to press on with secure and sustained growth with likeminded professionals.

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