

• Firm Update by Jim Steffen, CFP®, President



It seems like the favorite topic of conversation this year has been the weather. One of the coldest, snowiest and now wettest years we've experienced in a generation, maybe longer. It's hard not to be jealous of our retired clients that winter in the South! Perhaps the beautiful weather we experienced over the 4th of July is a sign that the rain has stopped and the sun will shine on Minnesota the rest of the summer!

The highlight of the year so far would have to be the opening of our new office. After a year of talking, designing and building, we finally got settled back in February. The team loves the new space and we've had a chance to host some wine tasting dinners, making good use of the kitchen and bar. The ribbon cutting and grand opening celebration in March was a huge success. Thank you to all who attended! If you haven't had a chance to visit yet, please stop in anytime for a tour.

We have some fun events scheduled for the coming months. July 20th is our annual Rum River canoe and BBQ event. We've been doing this for several years now and always have a great time. If you have never had the chance to enjoy the scenic Rum River, this is your chance! If canoeing is not your thing, you're invited to join us for the BBQ in the Steffen's backyard.

The firm's "New Client Reception" is scheduled for the evening of August 21st. If you've become a Trott Brook client since the spring of last year, you will be receiving a formal invite in the coming weeks. We also invite the person that referred the new client to the firm. Please save the date! This is a fun event, also held at our home, and an opportunity to get to know our new clients better as well as thank those who have helped us grow. Hint: if you've haven't referred a friend our way yet, there is still time. ☺

September brings two other annual favorites, The Trott Brook Golf Invitational and the Benefit Bash. The golf tournament will be held on September 4th at Rum River Hills Golf Club in Ramsey. We find a few new golfers every year to play in this popular two-person team event. It's not too early to find a partner and call the office to reserve your spot! The 10th Annual Benefit Bash is on Saturday, September 20th. We're excited to have Shane Martin performing as we again raise money for the Anne Talle Anoka Area Chamber of Commerce Scholarship Fund.

Lastly, many of you know that Ted Erhart is a fan of Warren Buffett and has been a regular attendee of the Berkshire Hathaway Annual Meeting in Omaha. Well, I figured since Warren is 84 and his partner, Charlie Munger is 90, I better make the trip before it's too late. And I'd like you to join me! We've reserved a block of rooms in Omaha for May 1st and 2nd, 2015. The meeting is still ten months away, but it's the biggest event to hit Omaha all year so we have to plan well in advance. Please let me know if you have interest. Ted promises it will be a trip you'll never forget!

• Commentary by Ted Erhart, CFP®, Financial Consultant



With another summer well underway and US stocks near all-time highs, I think it's a great time to describe one of my favorite investing metaphors. If you've been a client of Trott Brook for some time, you may have heard some variation of this before. For new clients, pay attention!

Investing in the stock market is a lot like betting on a Ryder Cup team in golf. The Ryder Cup is a competition held every-other year between the U.S. and Europe. The U.S. puts their best golfers on one team and faces them off against a team of the best European golfers. (On a side note, the 2016 Ryder Cup competition will be held at Hazeltine National Golf Club in Chaska).

Even if you don't know anything about golf, you'd probably recognize that an entire team of world-class players like Tiger Woods or Phil Mickelson will do exceptionally well over time. In particular, when conditions are favorable (calm winds, soft greens, etc.), a team of this caliber will shoot incredible scores.

The problem with golf is, like investments, conditions aren't always favorable. Sometimes the wind is blowing, it's raining or the greens are incredibly fast. Even the best golfers will struggle in these circumstances. Unfortunately, they can't just "take-the-day-off" when things look difficult.

So what does all this talk about golf have to-do with investing? A lot actually. At Trott Brook, we view portfolio construction very similar to managing a Ryder Cup or other professional sports team. We are trying to put together the finest players who, on average, will produce the best results over-time.

Conditions in the investment world over the past several years have been optimal. Virtually all major asset classes have experienced solid gains. It's kind of been like golfing with zero wind and cups that have been enlarged.

With U.S. stocks near record levels, I cannot emphasize enough that these conditions WILL NOT last indefinitely. Eventually, we are due for a round of wind and rain. What you can take comfort in is knowing that your investment portfolio is comprised of a mix of the best players in the business who we believe are best suited to meet these challenges.

I also want to remind investors that it is a mistake to believe that your financial advisor, or anyone for that matter, can side-step market turbulence (or tough conditions).

Consider Peter Lynch. Mr. Lynch is often considered one of the best mutual fund managers in history. During his tenure at the helm of Fidelity Magellan from 1977 to 1990, he produced average annual returns of approximately 29%! I heard him joke once that he was more consistent on the down-side. He said that while he was managing his fund, the overall market declined by 10% or more nine different times. Each of those times, so did his fund!

As you enjoy some nice summer weather and investment returns, just remember that from time-to-time, both Mother Nature and the markets will cause some turbulence.

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Jim & Lisa Steffen

It's hard to believe the year (and the summer) is already half over! As usual, it has been an action packed first half of 2014 for the Steffens. If there was ever a winter to get out of Minnesota, this was it! We were able to escape to Cabo, Mexico with Lisa's family to celebrate her parent's 50th Anniversary. In April, the LPL Masters conference took us to Oahu, Hawaii! Prior to the conference, we had an adventuresome week in Kauai hiking, kayaking and touring the island. Lauren and Tommy are continuously keeping us running with all their activities. Lauren wrapped up her basketball season and jumped right into Track and Field. Despite a cold and rainy season, she did well and received her first track "letter!" Tommy is in full swing with Anoka traveling baseball. They locked up the first seed with a 24-4 regular season record and are now on to the playoffs. Tommy and Lisa are working on their golf games. Tommy is on the junior golf league at Bunker Hills and Lisa has several scramble tournaments on her calendar. Tommy, Jim and his dad enjoyed their Canada fishing trip. They mixed it up this year with a day of catfishing on the Red River. Tommy caught the biggest with a 36" monster! Jim started on his bucket list goal of kayaking the entire Rum River. He completed the first 26 mile leg, only four more days to go to get to Anoka. Due to the flooding, the boat and the dock are still in the garage. Unfortunately it's going to be a short fishing season this year.



Nikki Cellette

Summer...my favorite season by far, minus the rainy days and mosquitos! We are very fortunate to have many friends and places to visit up north throughout the summer which leaves very little time at home on the weekends. From camping to condos to cabins we have had an amazing time. My husband George and son Zach have loved golfing at different courses; and my daughter Brooklyn and I love the lakes! Zach played his first year of high school Lacrosse this spring and now is active six days a week in two hockey camps preparing for the next season. He will turn fifteen in August and hopefully will be passing his driver's permit test. Watch out anyone that frequents the Ramsey area of the new driver on the loose! Brooklyn just finished her 4th year of soccer. She has become more determined than ever this year to score and has definitely turned into a girl with ambition. One game she scored four goals! She also has been taking swimming lessons at the YMCA. The sessions began with her fear of going underwater and now remarkably she is a fish (even on days when mom thinks it's way too cold!) In August, I will again be attending the LPL National Conference in San Diego. I enjoy meeting other LPL assistants and learning new ways for our office to become more efficient. I'm very excited to be extending the trip for a few extra days of sightseeing and enjoying the beautiful California beaches!



Ted Erhart

It's hard to believe we're halfway through 2014! My wife Kelly started 2014 with a new job as a nurse anesthetist at St. Cloud Hospital. Being straight out of grad school, the first few months were a bit stressful. Kelly had to learn a new working environment and no longer had the assistance of a veteran anesthetist at her side. Half-a-year into her new career, she has found her stride. I've seen her confidence build month-by-month. We had a chance to travel over the winter. Immediately after Christmas we spent about a week in Playa Del Carmen, Mexico with my side of the family. We toured the Mayan ruins at Chichen Itza which was incredible! Escaping the cold a few months later, we spent a long weekend in Las Vegas. I had never been to either destination so both trips were especially memorable. On a Saturday in early March, Kelly decided we should make the trek to see the ice-caves on the North Shore before the spring thaw. My dad and brother joined us for the day which turned out to be a fun trip and a lot of exercise! This spring I picked-up where I left off with my trail cameras that I've positioned on our hunting property. I have found so much joy with these little gadgets. It is just amazing to see what happens in the woods when no one is around! My wife and I took a "stay-cation" the first week of June to tackle a bunch of projects that we put off while she was in grad school. It was a very productive week and a great way to kick off the summer. For the remainder of summer, I'm looking forward to a guy's weekend on Rainey Lake with my uncles and a family vacation up north in August.



Krisandra French

Well, winter is officially over (let's hope!). I think we have had plenty of rain and now need some sunshine and nice weather. I have been with Trott Brook for nine months already. Boy has time flown by! The last time we sent our newsletter, I was the brand new team member. It has been great getting to know our clients and working with each of you. Our family was blessed with Jaxton, our grandson, on April fourteenth. He has been a wonderful addition to our family. It's fun having a little one around again. How quickly we forget what it's like (never on time when we have him with us ☺). It's been a busy spring for us. Baseball is finally under way and we have been at a field three to four days a week with Zach, our youngest. Our sixteen year old Josh is in weight training for football as he prepares for this fall's season. He will be a senior at Anoka High School. It doesn't seem possible that he will be graduating. Where does the time go? He finally agreed to get his drivers permit. I am very excited for him to get his license so I won't have to drive him all over or pick him up at midnight when he is ready to come home. My husband is in the golf season and enjoys every minute of it. I took up golf lessons so I could enjoy playing with him as well. Thank goodness he has lots of patience!!

A more balanced approach