WORTH MAGAZINE
W
ESTABLISHED 1992

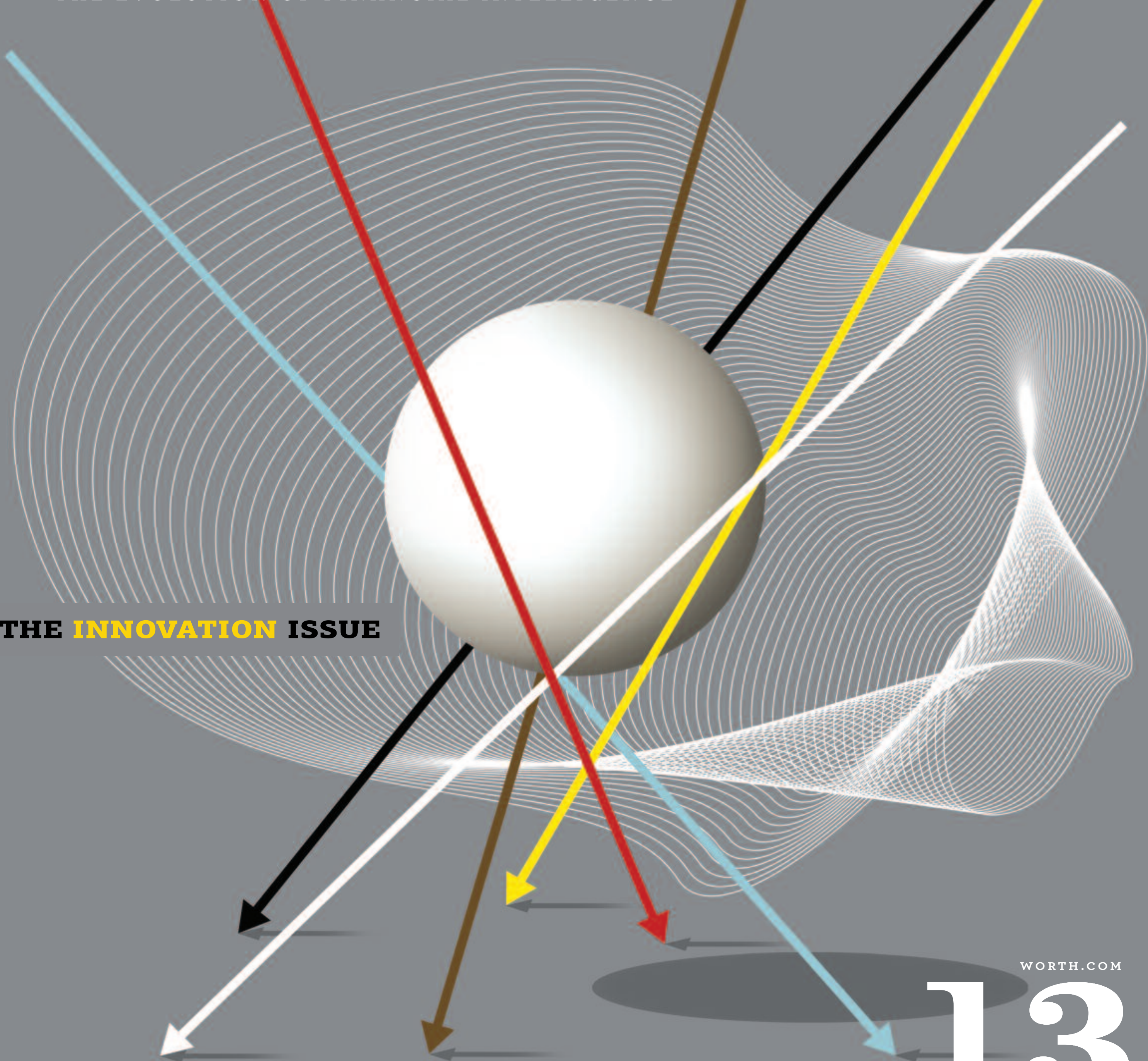
MAKE
10 Top Conferences for Ideas; LinkedIn's Path to Profits; The School of the Future?

GROW
How to Beat the IRS; Investing in Chinese Wine; The New Emerging Markets

LIVE
10 American Weekends; Philanthropy Do's and Don'ts; The Best in Smart Luxury Goods

Worth®

THE EVOLUTION OF FINANCIAL INTELLIGENCE



THE INNOVATION ISSUE

WORTH.COM
13
VOLUME 20 | EDITION 04

Los Angeles, CA | Leading Wealth Advisor

Signature Estate & Investment Advisors LLC
Gary K. Liska, MS, CFP®, CRPC®, AIF®, Senior Partner

"The shrinking dollar, expanding debt and inflation—how can I protect my purchasing power?"

By Gary K. Liska

Heightened uncertainty, sovereign debt fears, the U.S. debt future austerity, higher inflation and taxes are front and center. Here are key themes to understand and embrace (like it or not) and plan for accordingly.

Inflation. Current CPI stands at 3.1 percent (1.6 percent in 2010), which many believe is drastically understated; real inflation is much higher. Wage pressure (employment) and housing (42 percent of CPI) are lagging economic indicators; when these indicators improve significantly, inflation can quickly ramp up.

Weak dollar. Ben Bernanke's playbook and moves by the Fed via QE I (TARP) and QE II (ending June 2010) have increased dollars in circulation, thereby devaluing the dollar and attempting to inflate the economy out of recession. The falling dollar also forces our trade partners to pursue their own inflationary policies.

Fiscal/monetary policy. The Fed funds rate is at record low levels and is remaining accommodative. Deficits in the United States and across the developed world are higher than ever as a result of the stimulus policies intended to lift the global economy. These policies and several pronounced global economic imbalances suggest an environment of rising and higher inflation.

Emerging economies transformation. Emerging economies have effectively exported deflation to the developed world for 30-plus years, and the tide is beginning to change. Commodity-driven emerging market economies will continue to face higher costs. There are warning signs of emerging market inflation, wage pressures and a higher share of global GDP.

Here are recommendations to consider that may protect your purchasing power against the double whammy of inflation and a weak dollar.

Income/debt. Inflation hedges for your income portfolio should include TIPS (Treasury inflation protected bonds), specifically short-term TIPS to reduce duration risk. "Un-fixing" your income with floating-rate bonds and floating-rate preferred stocks is a way to hedge for rising rates. Additionally, high-yield bonds and convertibles will have less interest rate risk by adding credit risk while increasing yield. These are great alternatives while the economy and corporate profits continue to improve.

Non-dollar investments. Increasing contributions to global growth from emerging economies and less from developed countries will continue to create significant value and greater return potential. Diversify a minimum 20 percent of your equity and fixed-income holdings in non-dollar-denominated assets (emerging market and overseas equities, debt and currencies). International TIPS and emerging market bonds of countries with improving economies, pristine balance sheets, and stable currencies can hedge currency depreciation.

Commodities/commodity stocks. Commodities are priced in U.S. dollars on the world markets, therefore we pay more while other currencies pay less as the dollar weakens. Exposure to tangible assets and commodities, such as metals (gold, silver, copper), oil, and agriculture, is an excellent way to hedge declining purchasing power and inflation. Commodity stocks' high operating profit margins will benefit from the increase in the prices of the underlying commodity as demand outstrips supply.

Equities/MLPs/REITS. Dividend stocks with solid balance sheets and growth stocks with international reach and market share remain very attractive. The weak dollar has helped many multinational, export-heavy corporations sell more goods and services overseas and increase profits. Master limited partnerships have traditionally paid high, steady and rising dividend income and are tied to the energy and oil markets. Lastly, equity REITS (yes, real estate) should benefit as rents rise in inflationary periods in addition to the underlying tangible asset appreciation.

The best time to prepare for inflation is before it begins. It is increasingly important to include explicit inflation and weak-dollar protection in your portfolio. Everyone is NOT keenly aware of the effects of inflation on purchasing power.

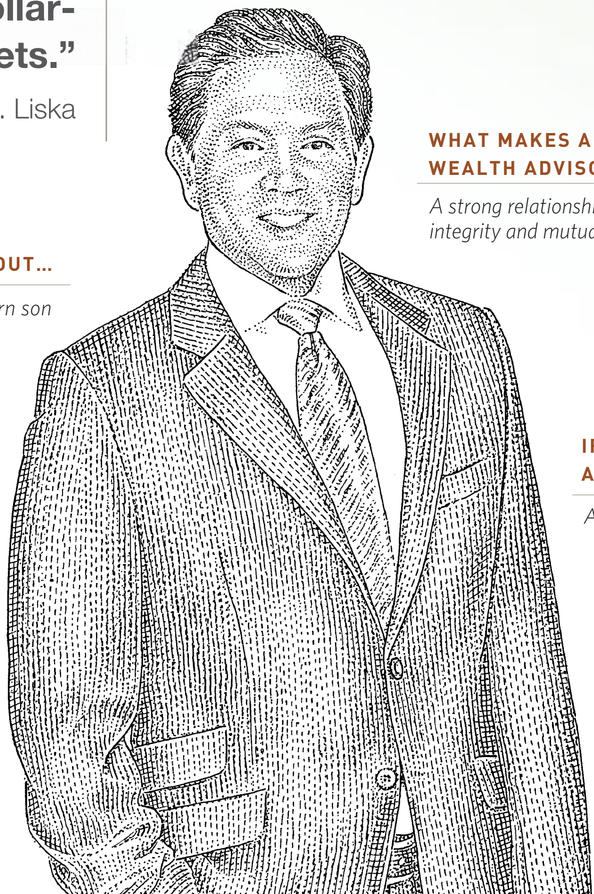
Do not be late to the party. Act before inflation expectations are fully priced into the asset.

"Diversify a minimum 20 percent of your equity and fixed-income holdings in non-dollar-denominated assets."

– Gary K. Liska

How to reach Gary K. Liska

Please call my office at 310.712.2323 to schedule a meeting, either over the telephone or face to face.



WHAT MAKES A GOOD WEALTH ADVISOR...

A strong relationship built on trust, integrity and mutual respect

I NEVER LEAVE HOME WITHOUT...

Kissing my wife and newborn son

IF I WEREN'T A WEALTH ADVISOR, I'D BE...

A professor

About Gary K. Liska

Gary K. Liska has been in the financial services industry since 1994 and is a founding partner of SEIA. Less than 15 years after its inception, SEIA reached the milestone of $2 billion in assets under management. Mr. Liska is a Certified Financial Planner and holds a master of science degree in financial services and is a core member of SEIA's investment committee. He specializes in comprehensive wealth management strategies for individuals, as well as corporations. Mr. Liska recently completed the AIF (Accredited Investment Fiduciary) designation.

Assets Under Management
$2 billion (firm total)

Minimum Fee for Initial Meeting
None required

Minimum Net Worth Requirement
$500,000 (investment services)
$5 million (Private Client Group)

Largest Client Net Worth
Confidential

Financial Services Experience 17 years

Compensation Method
Asset-based, fixed and hourly fees

Primary Custodians for Investor Assets
Charles Schwab & Co. and Fidelity Investments

Professional Services Provided
Investment advisory and money management services, private client wealth management, corporate retirement planning, estate planning, insurance planning and philanthropic planning

Website www.seia.com

Email gliska@seia.com

Signature Estate & Investment Advisors LLC | 2121 Avenue of the Stars, Suite 1600, Los Angeles, CA 90067 | 310.712.2323

Gary K. Liska, MS, CFP®, CRPC®, AIF®
Senior Partner

Signature Estate & Investment Advisors LLC
2121 Avenue of the Stars
Suite 1600
Los Angeles, CA 90067
Tel. 310.712.2323

Email: gliska@seia.com
www.seia.com

REPRINTED FROM
Worth®
THE EVOLUTION OF FINANCIAL INTELLIGENCE

About the Worth Leading Advisors
The Worth Leading Advisors admittance process is based on, but not limited to, the Advisor's experience, education, fiduciary status, compliance record, wealth management services, methods of compensation and scope of current business. In order to be considered for the Worth Leading Advisors Program, financial professionals must be willing to provide complete and full disclosure to investors so that independent analysts from InvestorWatchdog.com can thoroughly screen and evaluate their credentials, ethics and business practices. Once admitted, Advisors pay a fee to be included. Investors and potential investors are solely responsible for the decision to select particular Advisors.