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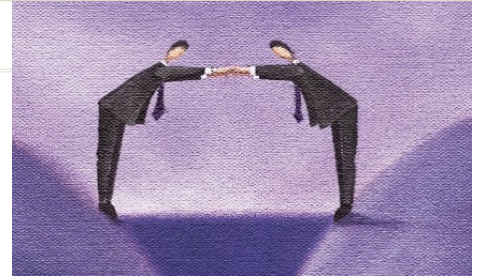
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MONTEITH WEALTH, LLC.

HEADS OR TAILS

TWO SIDES OF THE SAME COIN



The topics discussed in this and future letters are for informational purposes only. We hope our thoughts on investing and the related fields of taxes will help you achieve and enjoy financial independence. We believe only when you combine a knowledge of both can you be a successful investor.

Heads: Taxes

It's time to talk about Bitcoin.

Cryptocurrency can be difficult to understand, and it is difficult to explain thoroughly — this is a good time to mention that it's usually a bad idea to invest in something you don't understand. Put simply, cryptocurrency is a digital account of value. Its value is mainly determined by its quantity and how much people are willing to pay for it. There are currently thousands of different cryptocurrencies, Bitcoin being the most well-known. Crypto was once thought of as a potential tax haven; those days are over.

1. Every taxpayer must disclose if they have any financial interests in virtual currencies when filing tax returns.
2. Receiving crypto as payment, promotion or reward, trading or exchanging it for another crypto, and even mining it can all be taxable events.

3. Using crypto to purchase something is a taxable event. For example, there are some car dealerships that accept crypto. If you were to purchase a car for \$40,000 using crypto that you purchased for \$10,000, the transaction would require you to report a taxable gain of \$30,000. If you held the crypto for less than a year the gain would be considered short-term with taxes owed determined by state and federal tax brackets. For some individuals, this could be as much as 51% or more of the gain.

One of the few good features of cryptocurrencies was its simplicity and low-cost use in transactions. Just as more and more businesses were accepting it as tender the IRS, as well as other world governments and agencies, got involved. If you own crypto, now may be a good time to consider getting out of it and globally diversifying instead.

Did You Know?

Digital currencies may be here to stay. The EU, China, Japan, and even the US are exploring the digitalization of their currencies. It is difficult to say when this could happen but seems to be only a matter of time. A digital US dollar may have large scale consequences, both good and bad, possibly changing banking how we know it. Though much is uncertain, it seems difficult to see how this can bode well for Bitcoin and other cryptocurrencies like it.

Tails: Investments

As your financial advisors we believe our most important duty to you is to help you achieve and maintain a level of wealth where you will have the freedom of choice to work or not to work; to reach a point where you may enjoy a life of freedom after long years of working. Here are four types of investment risks that investors face.



Risk Of Total Loss

Many of you may remember the energy company Enron. In 2001 it was one of the largest companies in America with its stock trading at \$90 per share. By the end of that year the company was in bankruptcy with its stock valued near zero. We neutralize this type of risk by investing in thousands of companies. So, if there would be another Enron the impact on your investments would be negligible — diversification!

is a risk that we can minimize by investing in many thousands of companies across the globe. Adding bonds to your investments allows us to reduce volatility risk further. Occasionally one or more sectors of your portfolio becomes expensive. When that happens, we take the opportunity to sell a portion of that high priced sector and use the proceeds to purchase undervalued positions. We call this rebalancing (sell high and buy low).

provides a base line of expectation, which in turn takes a little surprise out of the unknown.

Risk Of Distraction

Thanks to social media platforms like Twitter and Facebook it seems anyone can be an investment genius. Buy Bitcoin, gold, silver, or get out of the market now because it is going to crash! Buy GameStop or AMC, this company or that, etc. The fact is around 90% of active fund managers fail to beat the S&P 500 over a 15-year period. We do not attempt to accurately predict the future — of course general predictions and observations can be made. The best investment plan is one that hopes for the best and plans for the worst. Sticking to a plan may seem stubborn, but in this case we call it discipline. Historically, the stock market rewards discipline.

Risk Of Volatility

Stocks and bonds go up and down, and in most cases, minute by minute. It is the risk that we must take to earn higher returns. But this

Stress and worry, often overlooked, is a real consequence of a lack of discipline. We build investment portfolios so that the historical volatility matches your comfort level during market declines. This



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