

MARKET ANALYSIS & COMMENTARY

THIRD QUARTER 2017

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The DJIA was up for the past eight quarters, and your accounts have benefited nicely. The media is already beating the drum for a market correction. Every day, it seems, a different market guru calls for a top to the market. One of them will eventually make the right call at the right time, but seldom does the same person catch it right more than once. A future correction will happen, but no one knows when. As we have stated many times in the past, market corrections are necessary to shake out market excesses that build up over time. These downturns are normal and healthy for the market. Following “every” stock market correction, the markets have recovered and moved on to higher valuations.

The fundamentals of the companies we invest in are strong, and while the economy is not yet acting like a race horse, it is showing signs of strength. The proposed income tax reduction legislation, if passed, will be very economically stimulating. More people are working and paychecks are incrementally increasing. We were all stung by the 2007 financial crisis, but even as terrifying as that was, here we are ten years later benefiting from a magnificent market recovery. While many are worried there is a crash around every corner, it is when main street and wall street stop worrying about a crash, that we need to be cautious. First Trust Portfolios has recently made an analysis of the past ten years. Ten years ago, on Monday, October 9 was the S&P 500 market peak before the financial crisis. Even though it was difficult to endure, over the last ten years the S&P 500 has outperformed (on a total return basis) gold, oil, 10-year Treasury Notes (purchase exactly 10 years ago), housing, and “cash”.

While the stock market is no longer undervalued, based on continued economic growth, it should continue to make patient, long-term investors, very happy. Do understand, though, investing in common stock will have its ups and downs. However, history has proven that each down has been eventually followed by a solid market recovery to new heights. Be patient; be rewarded.

IN OTHER NEWS

NorthStar Realty Finance: Many of you received paperwork regarding NorthStar Realty Finance. This is mandatory information for shareholders, but there is nothing that we need to do at this time. You may disregard the information.

Equifax: One of the three major credit reporting agencies has been hacked. The media believes anybody who has credit is likely affected. Equifax is offering free credit monitoring. Using Equifax to monitor your credit is up to you, however, we do strongly recommend checking your credit on a regular basis. Each of the three major credit agencies allow one free report each year. You can also place a hold or freeze on your credit. You will be notified if any new credit information is requested. You may need to provide additional identifying documentation to legitimate sources, if you hold or freeze your credit.

Business Continuity: Ed's future retirement plans have been on the mind of many of our clients. Many have noticed that he has been taking some extended travels and has shortened his work week. Be assured though, even while away, Ed is still very connected to the office. With technology as it is today, he is able to monitor what takes place, just as if he is sitting in his office here.

Over the past ten years, Margo has been groomed to take over as principal advisor for our clients. She earned the prestigious Certified Financial Planner (CFP®) professional designation in 2012. For the past several years Margo has assumed an ever-increasing role in both investment analysis & selection, as well as portfolio management.

Ed plans to continue an active advisory role for many years to come. He will be in the office on a regular basis, but will also continue taking longer weekends and a couple of extended vacations throughout the year.

Important: To assure that your email messages are received and responded to in a timely manner, please be sure to address your business-related emails to both of us.

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As always, it is your continued trust and confidence in us that is our most important consideration. Please call or email any questions or concerns. Our door is always open for you!