

# MARKET ANALYSIS & COMMENTARY

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One thing I have learned over the past thirty plus years, is the various stock market sectors, (utilities, real estate investment trusts, telecoms, industrials, durables, financials, etc.) rarely move in the same direction. This was especially true during the second quarter. Our dividend focused stocks, specifically the REITs, utilities and telecoms, significantly lagged the rest of the market, causing your second quarter performance to be nearly flat.

These dividend focused stocks are in your portfolio for a couple of very important reasons. First, they provide a substantial dividend income stream, typically averaging over 3%. But secondly, and more importantly, they tend to provide downside support when the broader market reverses. It is frustrating when they lag the broader market but they tend to perform well when others lag.

Another thing I have learned is that attempting to time the stock market is futile. Staying invested is the better strategy. When corrections come, and they will, it is time to be a buyer of stocks, not a seller.

## A STABILIZING VOICE

With the constant negative output of the 24/7 news cycle, it is easy to lose heart and want to just crawl under the covers and shut out the world. As investment advisors, we can't hide. We have to ferret through all the noise and pull out what news we need to guide our clients toward reaching their financial objectives.

Through the years, we have sought out well-reasoned insights from the very best investment professionals. Those stabilizing voices have been some well-known icons, such as Sir John Templeton, Peter Lynch and Benjamin Graham. Their steady and consistent maxims have been reliable guides for decades, and for decades to come.

Brian Wesbury, Chief Economic Advisor for First Trust Advisors, has been a stabilizing voice for us. His quotes have been peppered through our commentaries over the past 10 years. Brian keeps us, as advisors, grounded and focused on what is

really important. With the media being so negatively biased and governmental policies in a state of constant turmoil, the noise can be deafening. Brian is one who is constantly reminding us to keep our eyes fixed on what is important. He reminds us it is business fundamentals, the entrepreneurial spirit, and it is the people behind businesses that move our economy forward.

In his most recent commentary, Brian's advice is:

*"As has been true since 2009, those who stay optimistic will be richly rewarded. Especially with a better set of fiscal policies. Stay optimistic and stay invested."*

*Monday Morning Outlook – July 3, 2017*

## FIDUCIARY RULE BECOMES EFFECTIVE

After much debate about whether or not the fiduciary rule would ever become law, the Department of Labor's fiduciary rule became effective June 9, 2017. There have been many news reports regarding the new regulations. Essentially, the new law requires all advisors of individual retirement accounts (IRAs) to follow "fiduciary" standards. An advisor's fiduciary duty is a duty to put their client's best interest above their own. As we wrote about in our Third Quarter 2016 commentary, Margo & I both serve in the fiduciary capacity, and do so with regards to all of your accounts, not just your IRAs. In your Advisory Agreement booklet, it is stated it this way:

*"The Investor's Fiduciary Advisor Network, LLC, also known as Investor FAN (collectively "Advisor"), was started with the core belief that investment clients deserve the highest level of care from investment professionals. A "Fiduciary" is a person who must deliver you the highest standard of care and place your interests in front of their own."*

In 2012, well before the fiduciary standard became law, I joined with Rod Ehrlich as he formed Investor FAN. Our goal was to insulate our advisory practices from the conflicts of interest inherent in the financial services field. Frankly, this was one of the best decisions I have made in my professional career.

Our door is always open to you. Any time you have questions, concerns, or would like to sit down to discuss your portfolio, please contact us. We are here to serve you.