As I am writing this on the morning of April 2nd, I was hoping to report that the stock market was putting behind the negativity of the past two months. Not to be so. Currently, the broad market averages are all down about 2% today.

From our prior quarterly report, we include again the following commentary:

> *"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."*

This is not just a trite view. History has proven it true. The patient investor, one who doesn't panic when the markets are in turmoil, has been rewarded. The stock market fundamentals are solid. What is moving the stock market today is emotion. Fear! I have often said that my most important job is to protect my clients from "Fear" and "Greed". That continues to be true. Don't let emotion drive your long-term investment decisions.

The Dow Jones Industrial Average (DJIA) rose to an all-time high of 26,616 on January 26th, but by February 9th it was at 24,190 and the quarter continued to have whiplash like volatility. As of right now, the DJIA is trading at about 23,600. This is where the market was at the end of November 2017. Simply put, the stock market has given up all its gain since the end of November. We have a negative return for this quarter but are still positive for the past twelve months.

The correction (defined as a 10% decline) began as the Federal Reserve began increasing interest rates causing the 10-year yield on treasury bonds to increase faster than expected. It was not necessarily the increase in the 10-year bond interest rate that caused the over-reaction, it was the sudden pace of the increase. Traders became fearful of increased costs to business, compounded by the steel tariff announcement, the fear of possible trade wars, thus increasing the costs of goods we

purchase. This turned to a panic for traders. Thankfully we are not traders, but rather long-term investors and take a long-term approach to account allocations.

We expect the markets to fully recover and provide you with a satisfactory gain by year-end. We must get through all the noise and saber rattling and allow the economy to speak for itself. With full employment, and the economic stimulus from tax reform, we expect the economy to continue to strengthen. As it does, stock market averages will recover, and you should be rewarded with higher account valuations. Time will tell.

Qualified Charitable Contributions

If you are one of the many taxpayers who will have their lives simplified by not needing to itemize deductions on your income tax returns, ***and*** you have a Required Minimum Distribution (RMD) from your IRA, ***and*** you have a desire to give to charitable organizations – a Qualified Charitable Contribution (QCC) is something you should seriously consider.

If you have part or all of you annual RMD paid DIRECTLY from your IRA to a charitable organization (must be a 503(c)), you may exclude the contribution from your taxable income. A QCC could be beneficial even for those who will still be able to itemize charitable contributions. Doing so might allow more of your medical expenses to be deductible and/or reduce the amount of your social security that is taxable.

To do this, we will need the name of the charity, its mailing address, phone number, the amount you want to donate, the frequency of the donation (monthly, quarterly, one-time). We will then prepare the paperwork to make it happen.

Email Communication Reminder

If you communicate with us regularly via email, due to our vacation schedules and such, please be sure to address all your business-related emails to both of us:

ed@investorfan.com **margo@investorfan.com**

Your continued trust and confidence in us is appreciated. Please call or email any questions or concerns. Our door is always open for you!