

**Happy New Year!**

Much has changed over the past year, some we are happy about, and some, not so much. Rather than getting mired down in those areas of contention, I prefer to speak of what well could be the greatest economic advances since those ushered in during the Reagan years.

It is clear investors are buoyant about the impact the new tax law will have on the economy. The stock market averages have been steadily climbing to new highs. Lowering the tax burden, not just for corporations, but also for individual tax payers, is believed to be highly stimulative to our economy. This was proven true back in the 1980s when President Ronald Reagan pushed for tax law reform. We benefited from great economic growth back then. Economic growth should follow our current tax reduction.

Quoting our favorite economist:

*“One word that could describe Donald Trump's unexpected ascendancy to the presidency is – "revolt." Revolt against the "establishment." Revolt against the "status quo."*

*After all, status quo bureaucracies, tax rates, institutions, regulations, and narratives promised prosperity, yet the economy was mired in slow growth and many felt it was hard to get ahead.*

*Since 1993, the top federal tax rate on US corporations has been 35%, one of the highest in the world. This has forced US companies to expand overseas. Both sides of the political spectrum knew it was a problem, yet nothing was ever done.*

*Now the rate is 21%, and full expensing of business investment for tax purposes is law. These changes will boost the incentive to invest and operate in the US, leading to more demand for labor, which means lower unemployment and faster wage growth, as well. From an economic perspective, this is a revolution.”*

-January 2<sup>nd</sup>, 2018, Brian Wesbury, Chief Economist, First Trust Advisors

Brian has been a trusted resource for many years. He is consistently clear, concise, and mostly spot-on accurate.

The new tax law is far from perfect, and there are sure to be areas to address in the future. Regardless, as Brian states above, we should all benefit from domestic economic growth. Another benefit should be the spillover effect benefiting the economies of other nations. As goes the USA, so goes the world.

Closing with what I said in last quarter's 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."*

**Refreshed Report Format:** You may note the "Holdings By Type" pages of the report have been refreshed. Previously, we simply sorted by the general Type; Equities, Exchange Traded Funds (ETFs), Real Estate Investment Trusts (REIT), etc. We have now broadened our type format. Non-Sector ETFs are now sorted by the general size of the companies it holds (Large Cap, Mid Cap & Small Cap). Equities and sector ETFs, are classified by their respective sector, including Financial, Healthcare, Technology, Utilities, Foreign, and a broad Equity category. Fixed Income and Mutual Funds are separately categorized, where applicable.

Over this past year, Margo and I have discussed the importance of the growing global economy. Europe and Asia have been getting stronger and more economically stable. We feel it prudent to add international exposure to our client accounts and have done so using diversified Foreign ETFs and Mutual Funds.

**Important:** Ed's future retirement plans have been on the mind of many of our clients. You may 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. Ed plans to continue his active advisory role for many years to come.

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

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