

A STOCK PICKER'S MARKET



We enter 2016 with the Stock Market correcting. Selloffs are great for long-term investors, but bring fear instead of enthusiasm. We believe 2016 will be a positive year, but it will be a bumpy ride. It is a stock picker's market. We love that. We're stock pickers.

Many investors are worried that the Bull Market is coming to an end. In our opinion, it's maturing, but not ending. We all know the Stock

Market doesn't go up forever, and can't be positive every year. Corrections are healthy. Assets are re-pricing. Zero % interest rates are gone, but money is still cheap. We see reasons to be optimistic.

THE MATURING BULL MARKET



Maturing Bull Markets often experience narrowed leadership. That was certainly the case last year. Growth was hard to come by. Very few companies

were able to grow revenues and profits. The sluggish global economy and strong U.S. Dollar made our nation's exports expensive, thus less competitive abroad. Despite this, the U.S. was a top global performer last year. The S&P 500 was driven by just a handful of stocks. The top 10 stocks in the S&P 500 index were up 14% while the remaining 490 stocks were down 6%. What you didn't own was just as important as what you did. It is a stock picker's market.

There are many global issues which have largely been ignored over the years such as slowing growth in China; an absence of growth in Europe; instability in the Middle East and increasing acts of terror around the world. Uncertainties with the Federal Reserve and the Presidential election also contribute to investor confusion and concern. Many of the global issues will take decades to solve but Presidential election years are historically good for stocks. The US is the safest and most stable Market in the world. Demand for US assets remains strong.

TECH IN 2016



Mike Frazier, President

We have maintained a large exposure to Technology for years, and plan to add to it. There is so much activity and innovation in the digital age, and it is very investable. We see the

Internet of Things, where devices become more connected really taking shape this year. It's all happening in the cloud. The convenience and benefits that smart mobile devices bring does come with a cost. Network hacking and cyber theft are growing almost as fast as mobile traffic. Cyber security software companies are keeping up with the dangerous trends of cyber terror. We have been invested in cyber security for a couple of years now, and plan to expand our footprint there.

Like Tech, Health Care is benefiting from great innovation, and we see it continuing in the Biotech space. New therapies and medicines for the treatment of multiple sclerosis, arthritic pain and cancer are making major strides. The word cure is being mentioned like never before and it's investable.

BEAUTIFULLY BORING BLUE CHIPS



Mike Harris, Partner

Finding investment income without taking too much risk has been a challenge in the low interest rate environment. At this stage, higher rates would be a good thing, reflecting economic health and demand growth. We still like high quality corporate and muni bonds, and are keeping a short-term to medium-term duration in our portfolios. In many cases, we are finding value in Blue Chip dividend stocks, and are rotating traditional bond money there. In 2016, we are drawn to **Beautifully Boring Blue Chips** that pay safe dividends.

CONSUMER SPENDING



Meredith Rosen, Partner

Consumer spending drives the US Economy. The consumer is proving more selective; call it the Amazon-effect. Americans today prefer to buy online with home delivery rather than drive, park and shop at the malls. For the first time ever, there were more shoppers online than at brick and mortar stores over Thanksgiving weekend. What's more, nearly half of online purchases are made from a mobile device. We have been invested early and often in smart phones and smart devices.

STRATEGIES DURING A CORRECTION

This graphic has served as our roadmap during the current stock market correction. Yes, we HOLD strong stocks and YES we raise substantial cash and YES we drop weak stocks. But the HEDGES are still in place as markets continue to search for a bottom from which to resume the longterm bull market. OPTIONS continue to help our portfolios by banking cash to counter the stocks' downward moves. *Please watch our video on Strategies by clicking this graphic.*



Retirement Planning Update



Nancy Tredwell, CRPC
and Debbie Mitchell, CFA, CFP

The Federal Budget Deal that was signed into law in November 2015 included two changes to Social Security collection strategies. The two strategies amended were "File and Suspend" and "Restricted Application". People who are between the ages of 66 - 70 by April 30th and not currently collecting social security need to take action to preserve possible filing options for their spouse. There is a 4/30/16 deadline to take advantage of these changes, so we recommend you act soon. Please call us if you have any questions or want to explore these changes.

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