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Indexing Advice

by Robert Gephart

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For a comfortable retirement, spend less than you earn and invest the difference.

DJIA: 20,812	**S&P 500: 2364**	**NASDAQ: 5825**	**10-yr Treasury: 2.39%**	**March 2017**

If you are looking for someone to manage your portfolio, please call to discuss options for investable assets above $200,000.

Indexing Advice is a newsletter that recommends how to diversify your investments across different market sectors based on current market news and trends. It does so by recommending that you invest a specific percentage of your assets in specific market sector funds (see the table below for current recommendations). This allows you to apply this advice in your company retirement plan or in your own brokerage account. If timed properly, this approach will likely achieve above average returns while mitigating risk with diversified holdings. This newsletter is published 4 times per year. It is recommended that you re-balance your portfolio to the current recommended percentages at least annually (if not more frequently) in order to take advantage of changing market conditions. If the preferred ETFs are not available in your retirement plan/401k, select the closest match available. If you have any questions about your specific plan or any other financial matter, do not hesitate to call me at the number listed above.

Sector:	Prev.	Current	Preferred Exchange Traded-Fund (ETF) Name	Symbol
Large Cap Stocks	35%	45%	Vanguard S&P 500 ETF	VOO
Small Cap Stocks	25%	35%	Vanguard Russell 2000 ETF	VTWO
Emerging Markets	20%	10%	Vanguard FTSE Emerging Markets ETF	VWO
Intermediate Corp Bonds	20%	10%	Vanguard Intermediate-Term Corporate Bond ETF	VCIT

Economic Outlook:

The stock market has continued to make record highs! Why is this happening? How much higher can it go? It can go a lot higher.

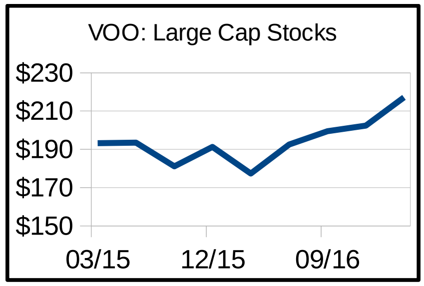
Ever since President Trump won the election, the market has been on fire. Initially investors were hopeful that Trump might hold true to some of his campaign promises. Now that he is in office, investors (and everyone else) are finding out that Trump is very dedicated to following through on his campaign promises. That means that companies can expect lower taxes and reduced regulations, both of which will go straight towards the profitability of companies in the United States. This is good for U.S. stocks.

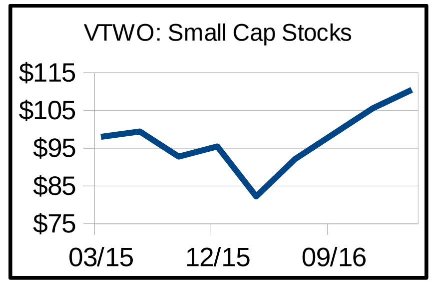
Recently, interest rates have reversed and started going back down. So as the market keeps moving higher, interest rates have been falling. That means that both stocks and bonds are winning. I don't believe that this will continue. Trump's policies look to be reflationary. What this means is that they will boost the economy as well as increase inflation. A lot of people think that inflation is bad. Well, a lot of inflation is bad, but a healthy economy needs some inflation. Interest rates in the U.S. will continue to move toward the normal level of 3-4%. Therefore, I have decided to decrease our bond allocation.

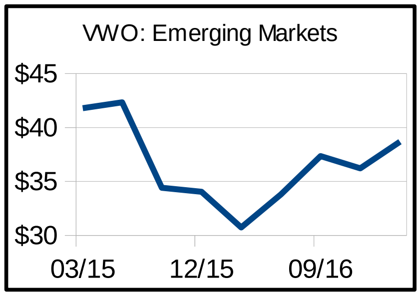
With this issue, I am decreasing the allocation to our international fund. With the threat of protectionism coming from the White House, the big losers would be overseas companies as their access to the U.S. consumer will be reduced. In the long run, I think that the world's economy is on the upswing, however I believe that the initial boost from Trump's policies will go towards U.S. companies.

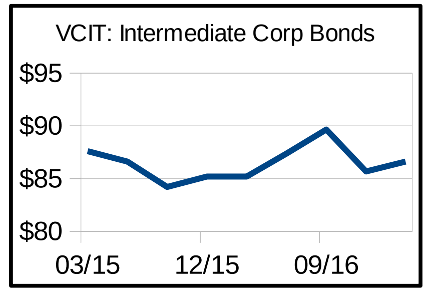
Stay fully invested.

Yours truly, Robert Gephart, CFP®









Learn Something New: Rebalance your Portfolio

You should rebalance your portfolio at least once a year. But what do I mean by rebalancing? I mean that you should work through the math and make sure that your positions are sized appropriately.

When you call your HR department and change your paycheck percentage allocations for your 401k plan, you are only changing the future dollars that will be invested in each of your 401k investments. That change does not rebalance the investments in your portfolio.

Over time, some investments go up or down more or less than other investments. This normal market action causes your investment allocations to get out of whack. Combine that with changing the allocation percentage and you will find that you need to rebalance more often than you think.

So how do you rebalance your portfolio? If you have $100,000 in your 401k and are you looking to rebalance your portfolio to the percentages shown on page 1, you should have $45,000 invested in the S&P 500 Fund, $35,000 invested in Small Caps, and $10,000 each in the Emerging Markets and Intermediate Corporate Bond Fund. So looking at your account balances and some funds have more than the target amount, you should sell some of those investments until you are at the target amount. This will generate cash in your account so that you can then add to the investments that are below the target amount. If you have a little bit of cash left over at the end because you can’t buy any more full shares, that is fine.

Rebalancing is important because you want your investments to be properly allocated so that you achieve the diversification and risk balance that this newsletter promotes. If you don’t rebalance, over time, your allocations will drift to be something that may be less desirable.

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