Foresight
Capital Management Advisors, Inc.

NAPFA-REGISTERED FINANCIAL ADVISOR

AIF® Accredited Investment Fiduciary®

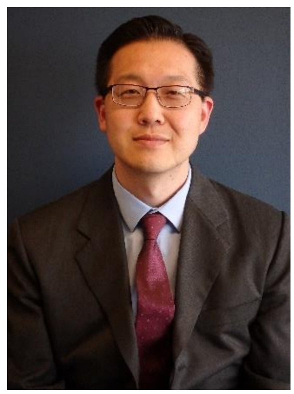
Newsletter 3Q 2017 and Market Summary

FCMA's Model Portfolios have gains, net of fees, for 2017 as follows:
Conservative Model +8.21%, Moderate Model +9.24%, and Aggressive Model +10.01%. The market continues on an upward journey and will likely result in double digit earnings by yearend if positive conditions continue. Economic indicators are strong and unemployment has reached its lowest since pre-2008, at 4.2% as of September 2017 with GDP estimated at 2.7% for 2017.

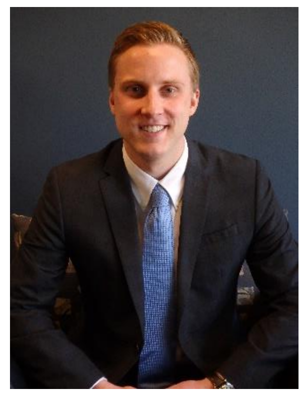
Welcome to our newest employees at Foresight

Amanda Glass-Cleary Univ Financial Analyst

Robert Park-CFP Financial Planner



Patrick Carney-UofM Intern



2018 New Savings Limits Announced

The US Government has announced several savings limit increases for 2018. 401(k) savings limit raises to $18,500, and if age 50+ rises to $24,500. IRAs remain the same at $5,550 and 50+ $6,500. HSAs savings raise to $3,450 for Individual and $6,900 for a family in 2018, both up from 2017 ($3,400 Individual and $6,750 for family). Also, Social Security to raise 2% in 2018, the largest raise since 2012. See our website www.fcmadvisors.net **for more details on the savings limits for 2018.**

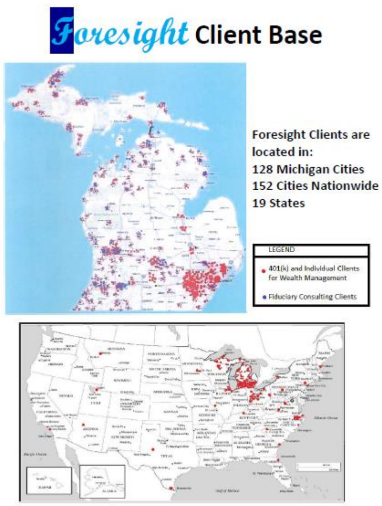
A New White Paper by Foresight: titled **Retirement Plan Costs Beware! A Mutual Fund Share Class Study-and Why the Cheapest Fund Class May Not be the Best! This assists trustees of retirement plans and helps them to understand the complex pricing of the mutual funds. Contact us if you would like a copy emailed to you.**

New Analytics at Foresight- Hidden Levers

Foresight has implemented a new tool called Hidden Levers which allows us to analyze portfolios by putting them through a stress test from history and simulate how the portfolio will react in today's market. We intend to utilize this tool on all the Foresight portfolios and will review its outcomes with you in your annual review meeting.

HSAs at Foresight

We now offer Health Savings Accounts which can be invested in our Model Portfolio strategies of Aggressive, Moderate, and Conservative. The HSA savings is a triple win for the consumer because you get to save in the HSA and get a tax deduction, then it grows tax deferred, and when you use the HSA for medical expenses it is tax free! There are also optional debit cards with our HSA program. Please call if you are interested in further details 734-429-4680.



FCMA Model Returns
Sept 30, 2017 YTD

Conservative Model	+8.21%
Moderate Model	+9.24%
Aggressive Model	+10.01%
Indexes:	
S&P 500 Index	+12.53%
MSCI EAFE Foreign	+17.21%
10Yr T-Bond Index	- 0.12%

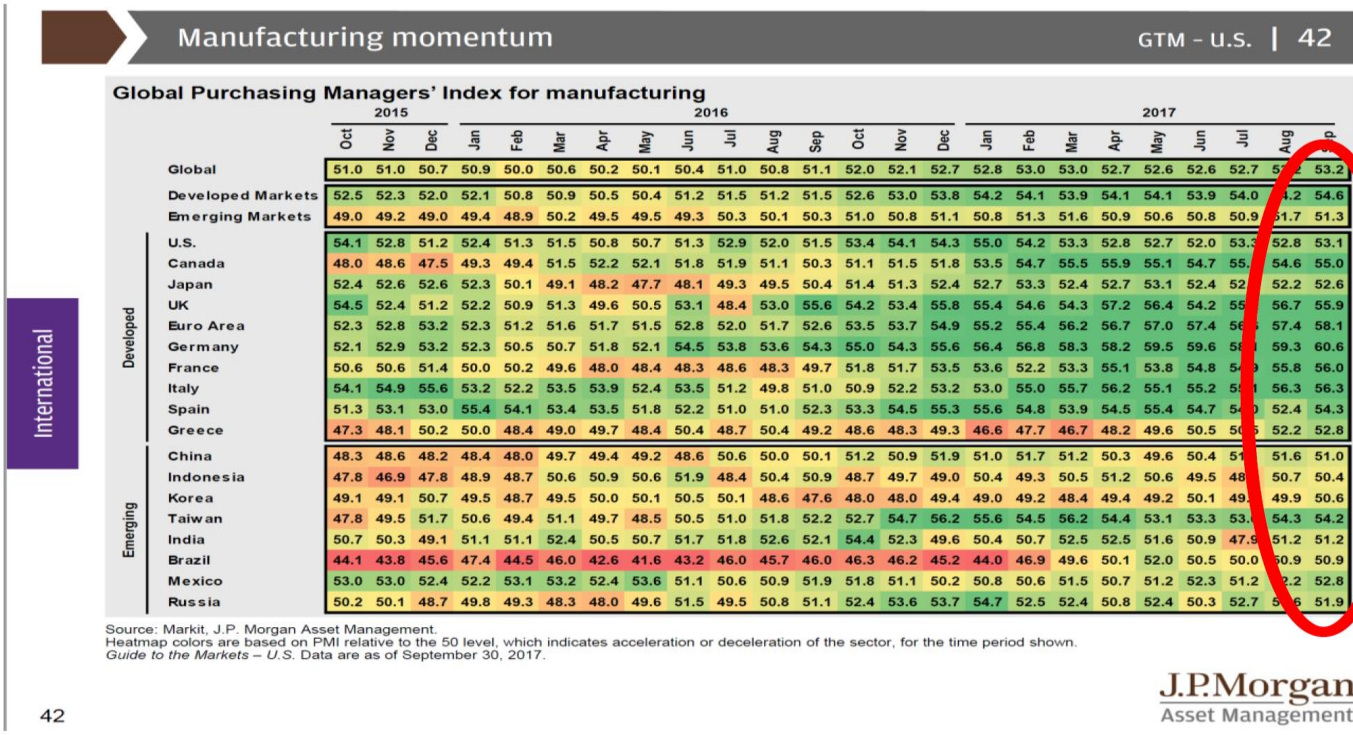
Future performance is not guaranteed; above returns are 2pt actual averages

Foresight's Outlook and Portfolio Strategies

Dow 23,000, tax cuts rumored by Washington, GDP expected to be 2.7%, and foreign countries now growing, so what's the next good news? It does seem never ending, but the consensus is the market is going even higher! Most analyst expect 2018 to bring us even better corporate earnings and higher stock prices. Most are questioning if the growth is real and can it continue? The best news is nothing is really overheated in the economy that could cause the next crash so it is likely to continue moving into the next generational bull market. According to Alex Dryden, of JP Morgan, who recently spoke at the FPA of Michigan Annual Conference, pointed out that current stock valuations are not too high and even a small tax cut will cause an immediate wave of corporate share buy backs which equates to higher stock prices in 2018. This also would allow US corporate earnings, of $2.7 T dollars, to repatriate back the US which in turn will boost our economy.

The bond market, according to Alex Dryden, " Is like a patient stuck in the ER room". They are on meds and the Federal Reserve keeps checking in on them hoping they are getting better, but interest rates are too low and the Federal balance sheet is too big. So the US needs to keep raising interest rates and wean ourselves off the monetary medicine by buying back Federal bonds and tightening the money supply so long interest rates can increase. The Federal Reserve intends to raise short interest rates, buy back bonds, retire bonds, and foreign investors will begin selling US bonds in lieu of buying foreign bonds paying higher interest rates. All this will help to raise short and long-term interest rates which the US needs to do. If this all goes to plan then our next recession is way off into the future, 6-8 years, which could make this the longest bull market in history! Whenever interest rates rise it does cause the bond market to get more volatile and lose value. Foresight has been careful to hold bonds with good yields and to keep the majority of fixed income in adjustable interest-bearing bonds.

Foreign countries, developed and emerging, are now all growing! This is the first time this has occurred in 10 years. Note on the right side of the chart all countries are over 50 for the score.



Global Purchasing Managers' Index for manufacturing

		2015 Oct	2015 Nov	2015 Dec	2016 Jan	2016 Feb	2016 Mar	2016 Apr	2016 May	2016 Jun	2016 Jul	2016 Aug	2016 Sep	2016 Oct	2016 Nov	2016 Dec	2017 Jan	2017 Feb	2017 Mar	2017 Apr	2017 May	2017 Jun	2017 Jul	2017 Aug	2017 Sep
	Global	51.0	51.0	50.7	50.9	50.0	50.6	50.2	50.1	50.4	51.0	50.8	51.1	52.0	52.1	52.7	52.8	53.0	53.0	52.7	52.6	52.6	52.7	[illegible]	53.2
	Developed Markets	52.5	52.3	52.0	52.1	50.8	50.9	50.5	50.4	51.2	51.5	51.2	51.5	52.6	53.0	53.8	54.2	54.1	53.9	54.1	54.1	53.9	54.0	[illegible]	54.6
	Emerging Markets	49.0	49.2	49.0	49.4	48.9	50.2	49.5	49.5	49.3	50.3	50.1	50.3	51.0	50.8	51.1	50.8	51.3	51.6	50.9	50.6	50.8	50.9	51.7	51.3
Developed	U.S.	54.1	52.8	51.2	52.4	51.3	51.5	50.8	50.7	51.3	52.9	52.0	51.5	53.4	54.1	54.3	55.0	54.2	53.3	52.8	52.7	52.0	53.3	52.8	53.1
Developed	Canada	48.0	48.6	47.5	49.3	49.4	51.5	52.2	52.1	51.8	51.9	51.1	50.3	51.1	51.5	51.8	53.5	54.7	55.5	55.9	55.1	54.7	[illegible]	54.6	55.0
Developed	Japan	52.4	52.6	52.6	52.3	50.1	49.1	48.2	47.7	48.1	49.3	49.5	50.4	51.4	51.3	52.4	52.7	53.3	52.4	52.7	53.1	52.4	[illegible]	52.2	52.6
Developed	UK	54.5	52.4	51.2	52.2	50.9	51.3	49.6	50.5	53.1	48.4	53.0	55.6	54.2	53.4	55.8	55.4	54.6	54.3	57.2	56.4	54.2	[illegible]	56.7	55.9
Developed	Euro Area	52.3	52.8	53.2	52.3	51.2	51.6	51.7	51.5	52.8	52.0	51.7	52.6	53.5	53.7	54.9	55.2	55.4	56.2	56.7	57.0	57.4	[illegible]	57.4	58.1
Developed	Germany	52.1	52.9	53.2	52.3	50.5	50.7	51.8	52.1	54.5	53.8	53.6	54.3	55.0	54.3	55.6	56.4	56.8	58.3	58.2	59.5	59.6	[illegible]	59.3	60.6
Developed	France	50.6	50.6	51.4	50.0	50.2	49.6	48.0	48.4	48.3	48.6	48.3	49.7	51.8	51.7	53.5	53.6	52.2	53.3	55.1	53.8	54.8	[illegible]	55.8	56.0
Developed	Italy	54.1	54.9	55.6	53.2	52.2	53.5	53.9	52.4	53.5	51.2	49.8	51.0	50.9	52.2	53.2	53.0	55.0	55.7	56.2	55.1	55.2	[illegible]	56.3	56.3
Developed	Spain	51.3	53.1	53.0	55.4	54.1	53.4	53.5	51.8	52.2	51.0	51.0	52.3	53.3	54.5	55.3	55.6	54.8	53.9	54.5	55.4	54.7	[illegible]	52.4	54.3
Developed	Greece	47.3	48.1	50.2	50.0	48.4	49.0	49.7	48.4	50.4	48.7	50.4	49.2	48.6	48.3	49.3	46.6	47.7	46.7	48.2	49.6	50.5	[illegible]	52.2	52.8
Emerging	China	48.3	48.6	48.2	48.4	48.0	49.7	49.4	49.2	48.6	50.6	50.0	50.1	51.2	50.9	51.9	51.0	51.7	51.2	50.3	49.6	50.4	[illegible]	51.6	51.0
Emerging	Indonesia	47.8	46.9	47.8	48.9	48.7	50.6	50.9	50.6	51.9	48.4	50.4	50.9	48.7	49.7	49.0	50.4	49.3	50.5	51.2	50.6	49.5	[illegible]	50.7	50.4
Emerging	Korea	49.1	49.1	50.7	49.5	48.7	49.5	50.0	50.1	50.5	50.1	48.6	47.6	48.0	48.0	49.4	49.0	49.2	48.4	49.4	49.2	50.1	[illegible]	49.9	50.6
Emerging	Taiwan	47.8	49.5	51.7	50.6	49.4	51.1	49.7	48.5	50.5	51.0	51.8	52.2	52.7	54.7	56.2	55.6	54.5	56.2	54.4	53.1	53.3	[illegible]	54.3	54.2
Emerging	India	50.7	50.3	49.1	51.1	51.1	52.4	50.5	50.7	51.7	51.8	52.6	52.1	54.4	52.3	49.6	50.4	50.7	52.5	52.5	51.6	50.9	47.9	51.2	51.2
Emerging	Brazil	44.1	43.8	45.6	47.4	44.5	46.0	42.6	41.6	43.2	46.0	45.7	46.0	46.3	46.2	45.2	44.0	46.9	49.6	50.1	52.0	50.5	50.0	50.9	50.9
Emerging	Mexico	53.0	53.0	52.4	52.2	53.1	53.2	52.4	53.6	51.1	50.6	50.9	51.9	51.8	51.1	50.2	50.8	50.6	51.5	50.7	51.2	52.3	51.2	[illegible]	52.8
Emerging	Russia	50.2	50.1	48.7	49.8	49.3	48.3	48.0	49.6	51.5	49.5	50.8	51.1	52.4	53.6	53.7	54.7	52.5	52.4	50.8	52.4	50.3	52.7	[illegible]	51.9

Source: Markit, J.P. Morgan Asset Management.
Heatmap colors are based on PMI relative to the 50 level, which indicates acceleration or deceleration of the sector, for the time period shown.
Guide to the Markets – U.S. Data are as of September 30, 2017.

J.P.Morgan Asset Management

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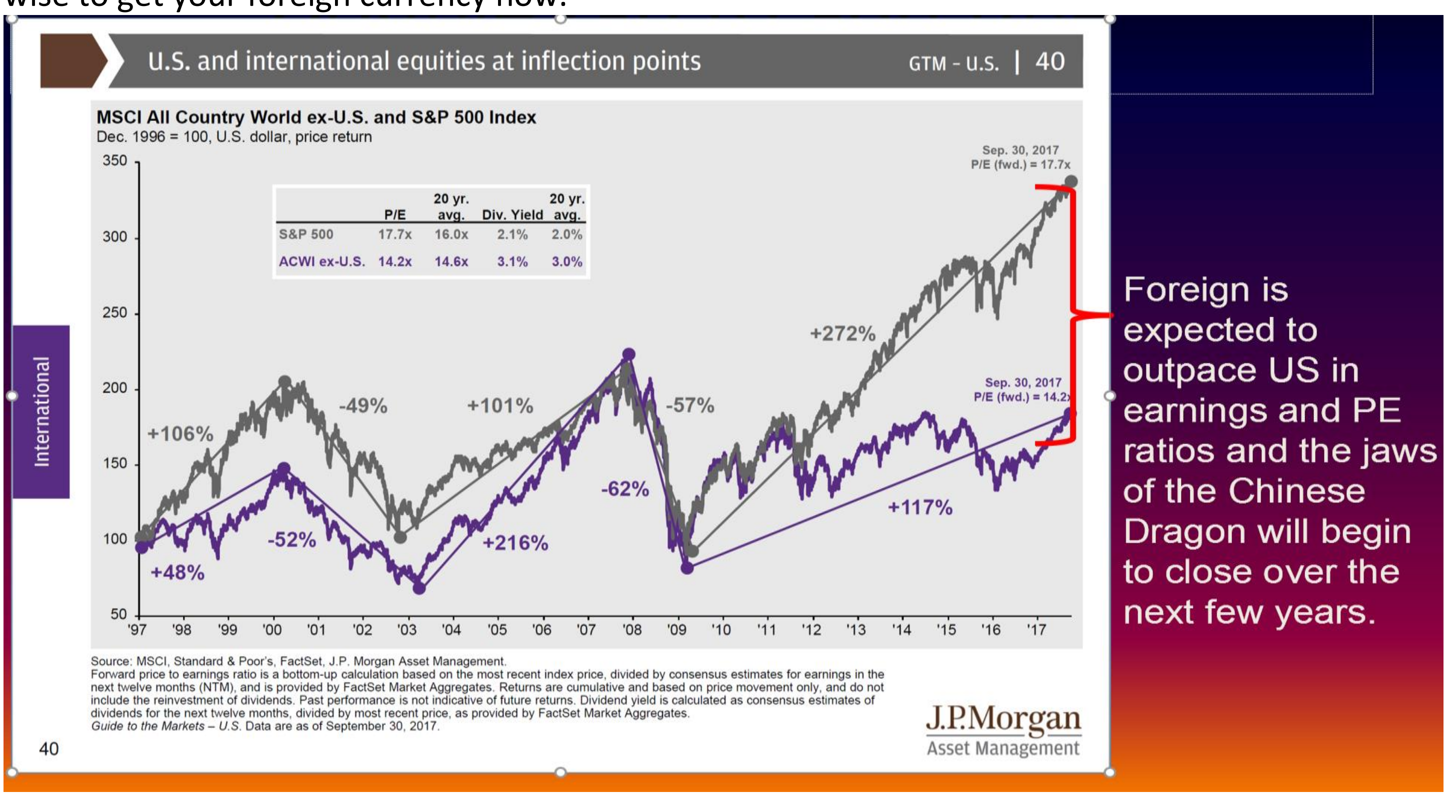
Foresight began increasing the holdings in foreign investments last January 2017. This has paid off nicely since the foreign indexes have outpaced the US for 2017 and likely to in the coming years. In 2018 the US $ is expected to begin weakening. A hint is, if planning to travel abroad it would be wise to get your foreign currency now.



Our economy, in the USA, is propelled by people not the government. Therefore, the health of our economy is being fueled by the companies and people running them. There are many analysts that believe we could be heading into the longest bull market in history! Time will tell, but there are some key factors supporting this theory. Given the USA is growing at a slower rate of +2%, the millennial population is the largest workforce at 86 million, unemployment is at 4.2% with mild wage inflation, interest rates are just beginning to rise, and inflation is nil. All these are supporting indicators that our bull market could continue for quite some time.

Foresight continues to monitor the geo-political situations and continues to be optimistic. We have moved all our portfolios into their normal risk allocations and maintained the increased foreign holdings for 4Q 2017. The mutual fund portfolios will be maintained as they were for 3Q 2017 with increased weightings in foreign-large blend, foreign growth, emerging markets, world stocks, healthcare, industrials, and materials. We continue to monitor the stock portfolios weekly and have stop losses on most double digit gains within the stock portfolios. The overall belief is to be globally invested in stocks and less fixed income currently. 2017 and 2018 are both likely to be decent market years and showing no signs of a recession. If the market has a pullback this will not concern us as we believe the economy is healthy and it will recover quickly. Please contact us if you have any questions about your portfolios.

Foresight Planning Ideas

IRS Contribution Limits for 2017 and 2018: ***401(k) and 403(b) savings limits for 2017 are $18,000 deferral max and for 50+ $24,000 deferral, and IRA limits $5,500 and if age 50+ $6,500. 401(k) and 403(b) savings limits are rising for 2018 to $18,500 deferral max and for 50+ $24,500 deferral, and IRA limits $5,500 and if age 50+ $6,500 for both years.***

Expect a Raise in Social Security for 2018! There will be a 2% increase in Social Security payments for retirees and other recipients for 2018. This is the largest benefit increase since 2012.

New White Paper : a new white paper on **Retirement Plan Costs Beware! A Mutual Fund Share Class Study- and Why the Cheapest Fund Class May Not be the Best!** This assists trustees of retirement plans and helps them to understand the complex pricing of the mutual funds. Contact us if you would like a copy emailed to you**.**

Foresight in the News! Our firm was ranked nationally as a RIA firm for 2017 in the Financial Advisor Magazine, July 2017.

New Health Savings Accounts-HSAs with Foresight: Foresight now offers HSA accounts for your Company or Individual HSA savings. An HSA with Foresight will allow you to choose the same 3 Model portfolios of risk either Conservative, Moderate, or Aggressive. If you have a High Deductible Health Plan then you can consider opening a HSA = Health Savings Account with Foresight. The HSA will allow you to save in 2017 up to $3,400 for single and $6,750 for a family; if +55 then $4,350 for single and $7,750 for a family. The savings rates are going up in 2018 to $3,450 for single and $6,900 for family. The HSA savings are not subject to Federal Tax and will grow, much like a Roth IRA, with no tax due if used for all qualifying health expenses, note cannot be used to pay health insurance premiums. If you are interested in more information on this strategic investment idea for your healthcare savings please contact us. 2017 HDHP=minimum deductible for single $1,300 and family $2,600 and out of pocket maximum for single $6,550 and family is $13,100. 2018 HDHP=minimum deductible for single $1,350 and family $2,700 and out of pocket maximum for single $6,650 and family is $13,300.

Foresight's New Web Portal Reporting: The Web Portal is for your protection and information security. Beginning in Nov 2016 all of our quarterly information will be sent to the Web Portal. We want our communication to be timely and beneficial to you. Go to **https://cwp.morningstar.com**. If you have any access issues please call or email us at 1-877-429-4690 or mgallagher@fcmadvisors.net.

Tax Information will be put in your Web Portal for ease of access. Please be sure to check here first as this will help save you time when gathering data for your tax preparer. Go to **https://cwp.morningstar.com.**

Did you Know? you can give your Tax preparer access to download your tax information directly into the tax software and save them a lot of input time. This will also likely save you a lot of money in tax prep fees. It is worth asking your tax preparer how this might save you. However, be sure to change your access to your custodian accounts, UID and PW, after your taxes are completed to re-secure your investment accounts.

Did you Know?: Foresight has written three white papers. **Low Cost Investing- The Costly Approach?** and **Target Date Funds-The Next Retirement Dilemma**, and most recently **Retirement Plan Costs Beware! A Mutual Fund Share Class Study- and Why the Cheapest Fund Class May Not be the Best!** Please email us at **consultant@fcmadvisors.net** if you would like a copy to read.

Did you Know? If you have Roth 401(k) it is wise to roll these funds to a Roth IRA before you turn 70 ½ because if the Roth funds are left inside a 401(k) they must take RMD (required minimum distributions) just like the pre-tax funds which defeats the purpose of letting the Roth grow! However, if you roll it over into a Roth IRA before 70 ½ then you do not need to take the RMD from the Roth IRA. This is a very important hint to remember!

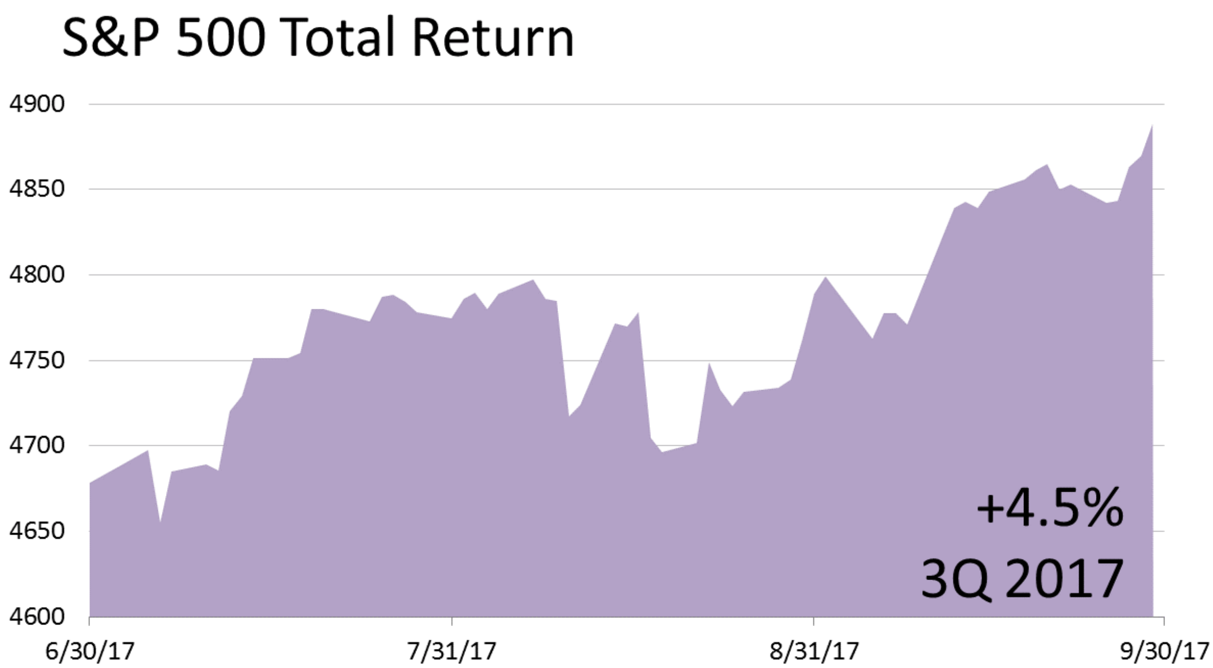
Did you Know?: You can take a distribution from your 401(k) or 403(b) prior to age 59 ½ without a 10% penalty; if you have separated from service no earlier than age 55. Funds must be in a 401(k) or 403(b) and cannot be in an IRA. Additionally, if you retire and wish to begin normal distributions prior to 59 ½ then a 72-T calculation can be done to allow funds to be removed from your IRA without a 10% penalty as long as you have separated from service.

Roth IRA Ideas if interested in additional savings ideas consider opening a Non-deductible IRA. This will allow you to save the maximum in your 401(k) and also save an additional $5.5k in a Non-deductible IRA, and $6.5k if age 50+. Then convert the Non-deductible IRA to a Roth IRA! It is a way to obtain a backdoor Roth IRA funding even if you are not able to save directly into a Roth IRA. Additionally, ask if your 401(k) allows for additional after-tax contributions. If so then you can add to the after-tax contributions and consider rolling them out to an IRA where you can do a conversion to a Roth IRA. This is another form of backdoor Roth!

On-line Access each year we encourage everyone to test your on-line access to your account(s) at the custodian or third party administrator for your plan. Please visit **Journeyrps.com** or **Noblepension.com** if a retirement participant. For individual clients at TD Ameritrade access **Advisorclient.com** for Schwab Institutional Clients access **Schwaballiance.com.** To access your web portal for individual accounts go to **https://cwp.morningstar.com** . If you have any difficulty accessing your account, please email or contact us.

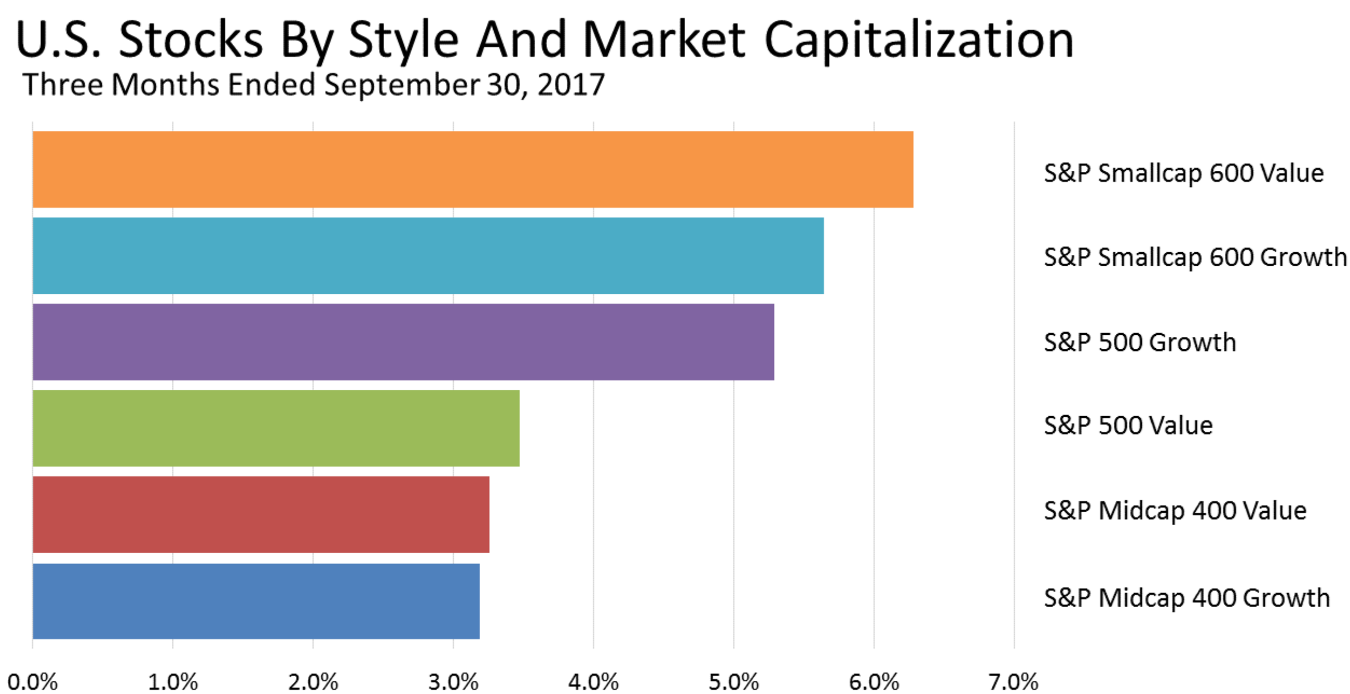
Quarterly Market Summary

3Q 2017



Past performance does not guarantee your future results.

Stocks posted a 4.5% total return in the third quarter of 2017, following a return of 3.1% in the second quarter and 6.1% in the first quarter.



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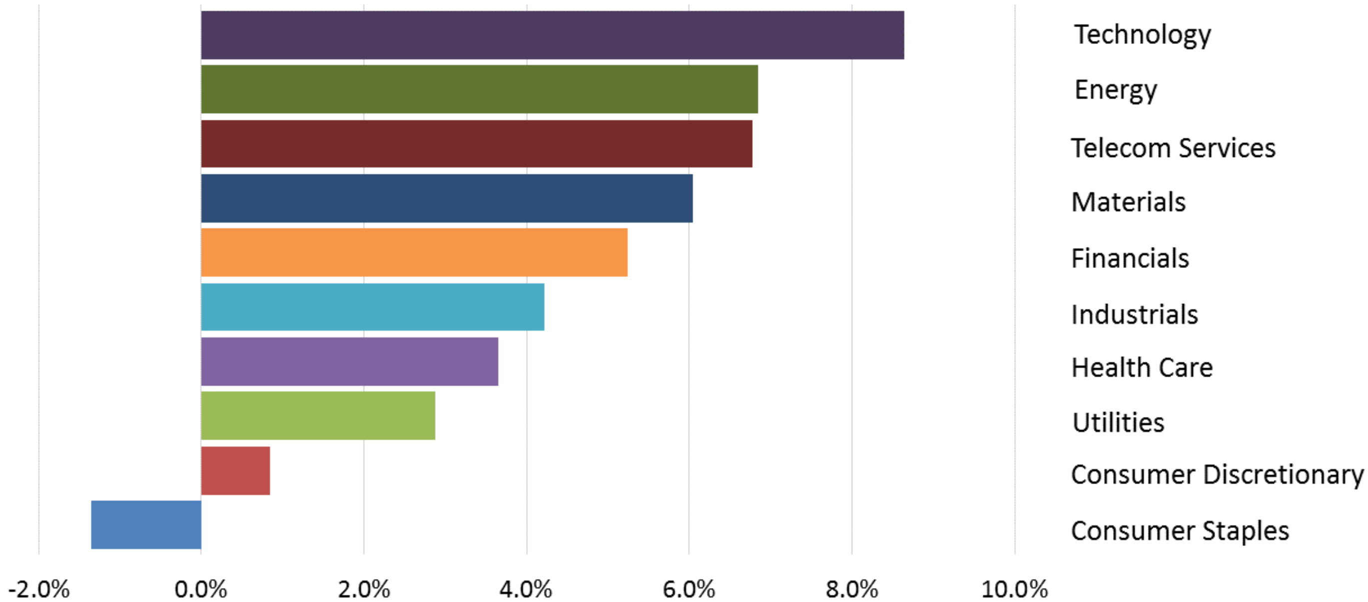
Standard & Poor's 500 Sector Indexes

Three Months Ended September 30, 2017



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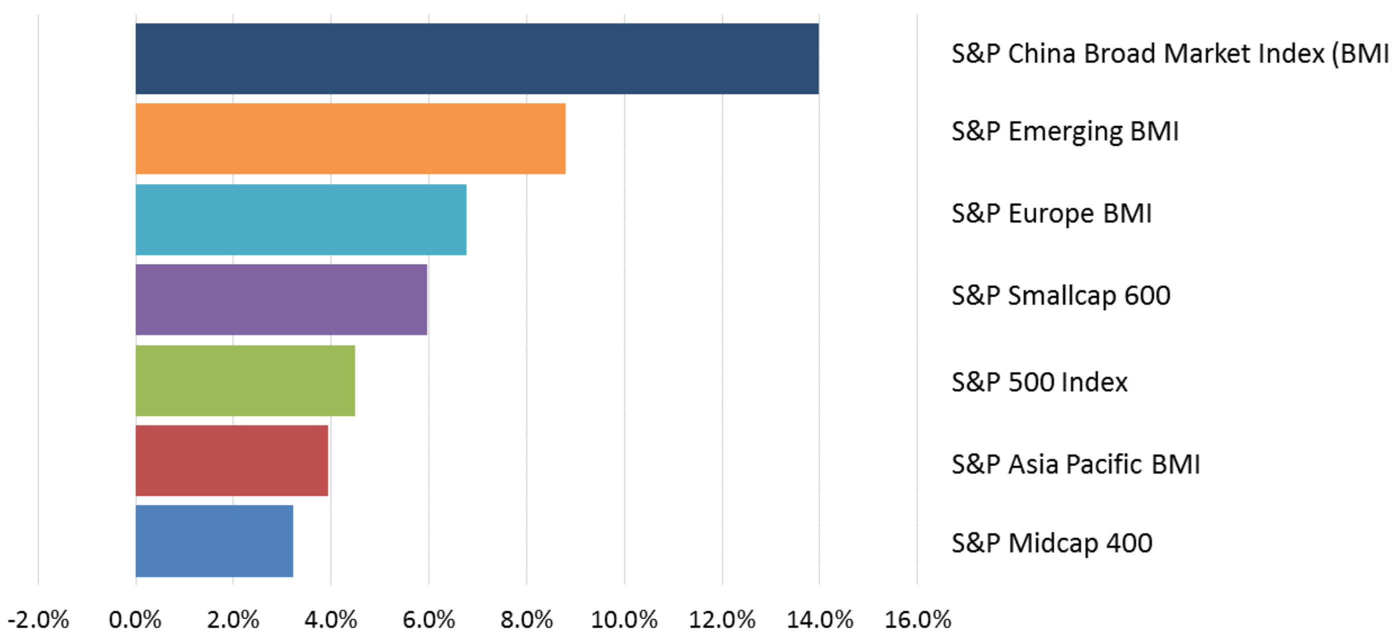
In the quarter that ended September 30, 2017, technology stocks surged. With the price of oil shooting up 10%, energy stocks returned to 6.8%. Defensive sectors driven by consumers languished as investors showed an appetite for riskier assets.

U.S. Stocks Versus Major Foreign Stock Markets

Three Months Ended September 30, 2017



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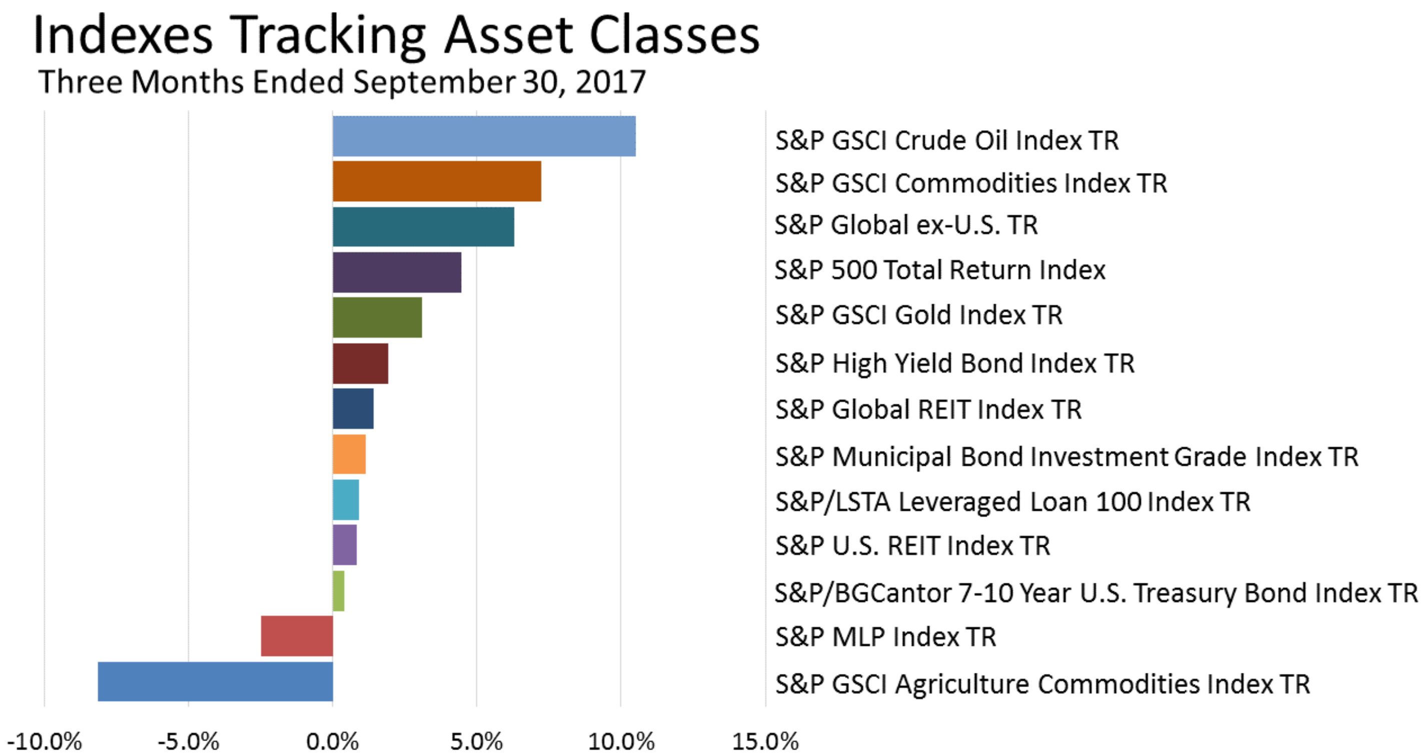
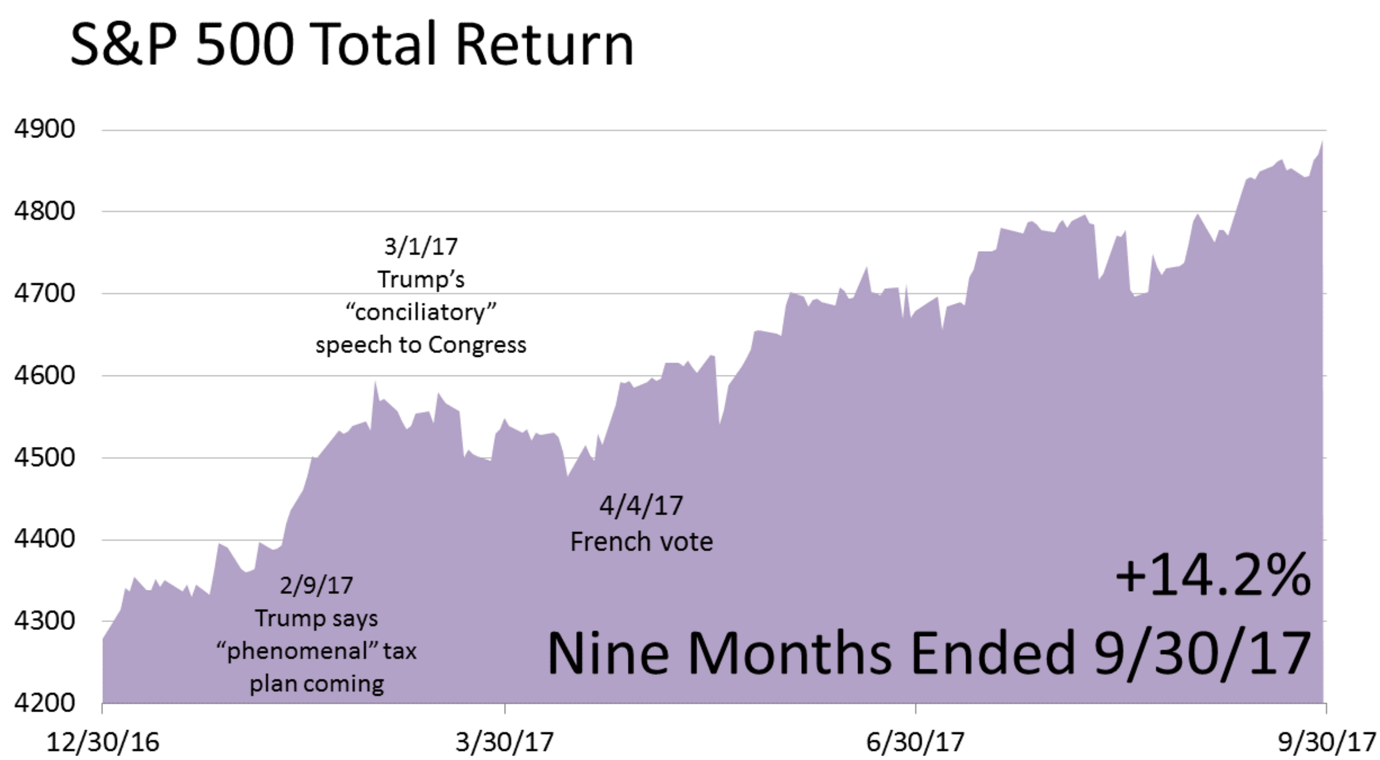
Major foreign indexes again beat the U.S. as global economic growth continued to pick up. This continues the recent trend in which world growth is catching up with the resilient U.S., which led to the global recovery after the financial crisis of 2008.



Past performance does not guarantee your future results.

Crude oil's 10% gain following a second quarter slump stands out and non-U.S. stocks again beat U.S. stocks. Fixed-income asset classes all posted positive returns with bond yields stable in the third quarter.

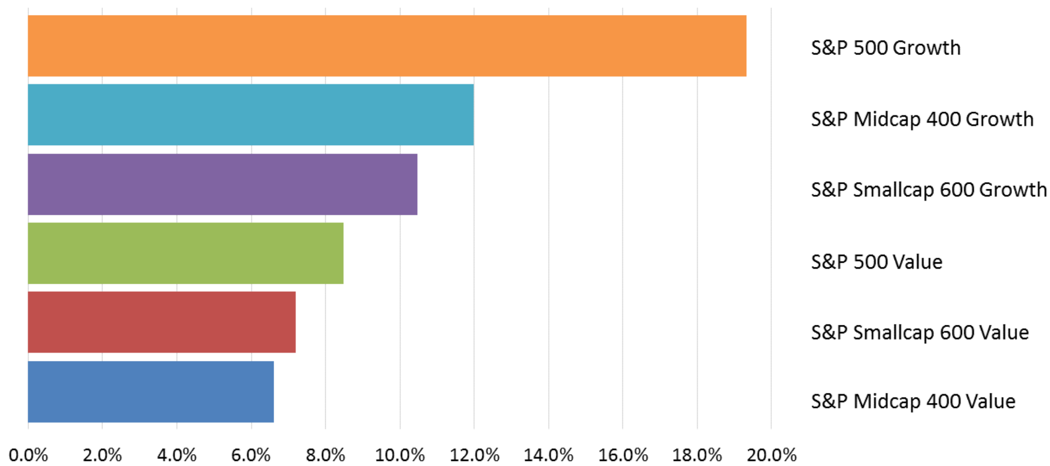


Past performance does not guarantee your future results.

Stocks posted a very impressive 14.2% gain in the first nine months ended in 2017. The year started by continuing a rally that began with the Nov. 8 election of President Trump. Even as investors abandoned expectations that tax cuts proposed by Republicans were imminent, strong economic and earnings data drove stocks to new highs, and global economic growth was additive.

U.S. Stocks By Style And Market Capitalization

Nine Months Ended September 30, 2017

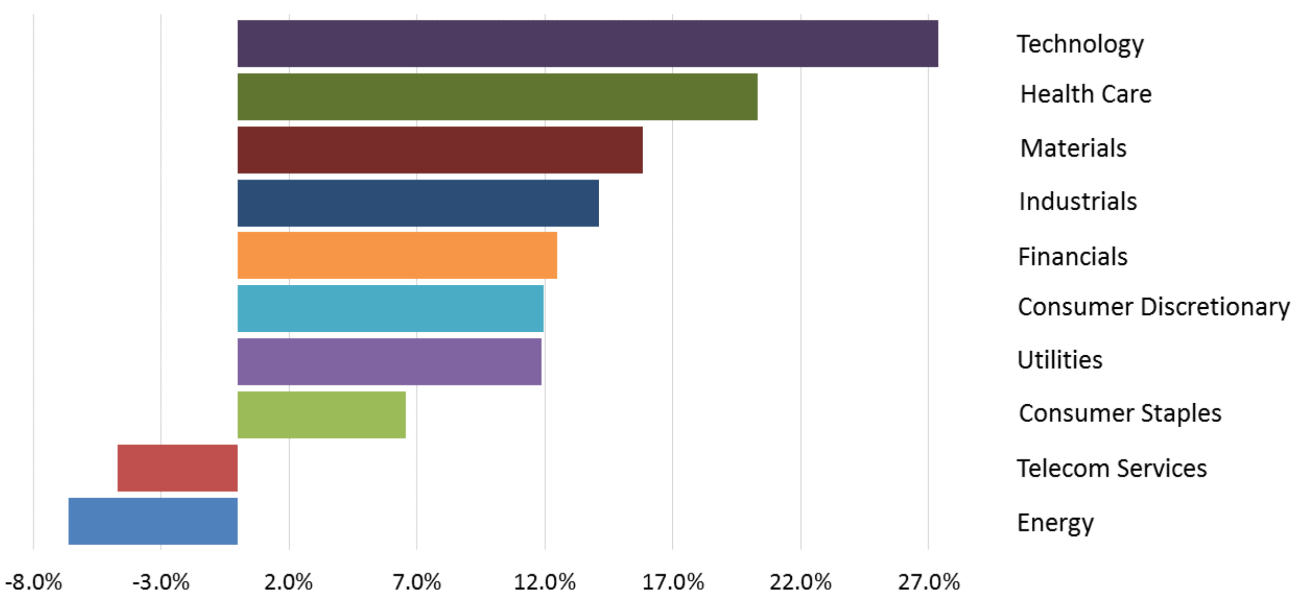


Past performance does not guarantee your future results.

In the nine months that ended September 30, 2017, a wide gap opened between the top-performing large-cap growth stocks' return of 19.3% and the 6.6% on mid-cap value companies. It was the second quarter in a row in which large-cap growth dominated stock classifications. It was the mirror image of the fourth quarter of 2016, when large-cap growth stocks were the laggards. This rotation is not uncommon but defies prediction. It's a dynamic risk methodically tempered by strategic asset allocation and rebalancing.

Standard & Poor's 500 Sector Indexes

Nine Months Ended September 30, 2017

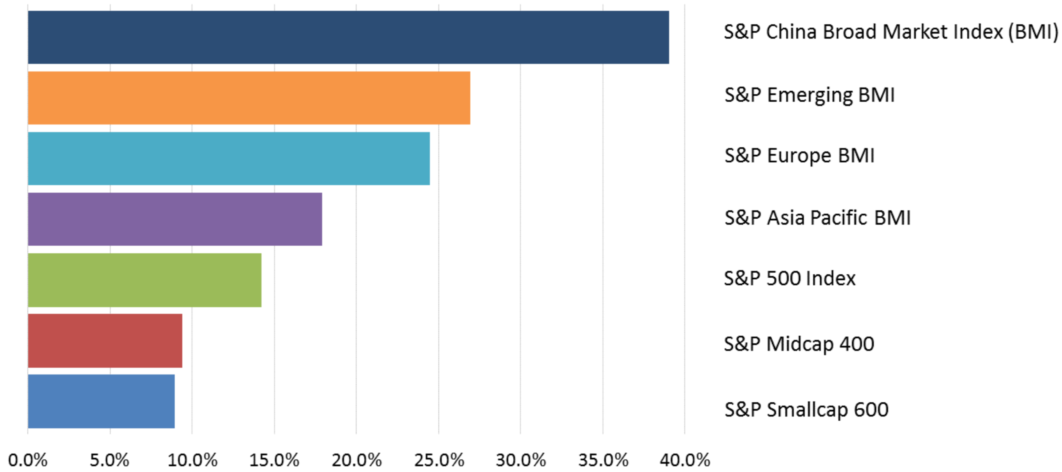


Past performance does not guarantee your future results.

Technology surged as investors rotated back into the FAANG stocks – Facebook, Apple, Amazon, Netflix and Google, after abandoning them late last year. Health care companies recovered from their fourth-quarter slump, which was attributed to Mr. Trump's campaign statements about reining in soaring prices. The energy sector lost value, as oil prices traded down on a rising U.S. oil-rig count and growing domestic production and inventories. Utilities had a surprisingly strong performance considering that investors mostly assumed that bond yields would rise in 2017 when, in fact, they did not rise through the first three quarters of the year.

U.S. Stocks Versus Major Foreign Stock Markets

Nine Months Ended September 30, 2017

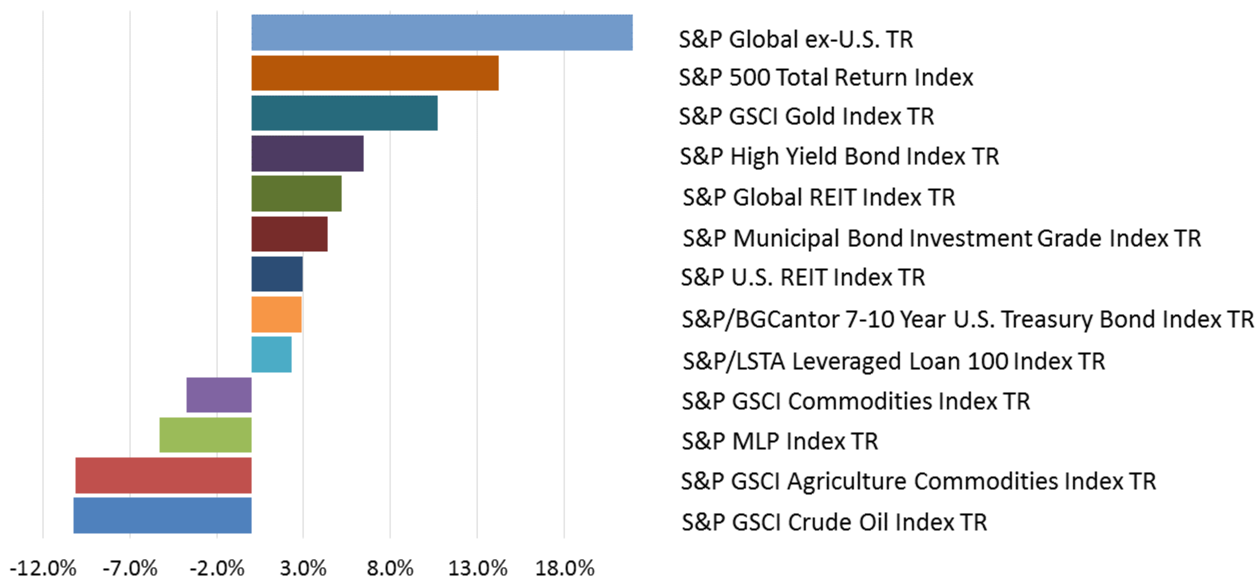


Past performance does not guarantee your future results.

In a reversal from the fourth quarter of 2016 China, Emerging Markets, Europe, and Asia Pacific outperformed U.S. indices in the nine months ended September 30, 2017. Among the U.S. indices, S&P 500 large-caps beat mid- and small-caps, another reversal from the fourth quarter of 2016. Those sharp shifts in sentiment occur regularly and are unpredictable. But they're just short a disruption to a long-term portfolio that you need to depend on for generating part of your retirement income stream.

Indexes Tracking Asset Classes

Nine Months Ended September 30, 2017



Past performance does not guarantee your future results.

In the nine months that ended September 30, 2017, foreign stocks were No. 1 among the broad array of 13 asset classes shown here. In this period, Standard & Poor's global stock index, which excludes U.S. stocks, gained 22% versus 14.2% on the S&P 500. Overseas markets were catching up with the fourth quarter "Trump rally" in U.S. stocks, as the growth rate of foreign economies improved. Other notable developments include:

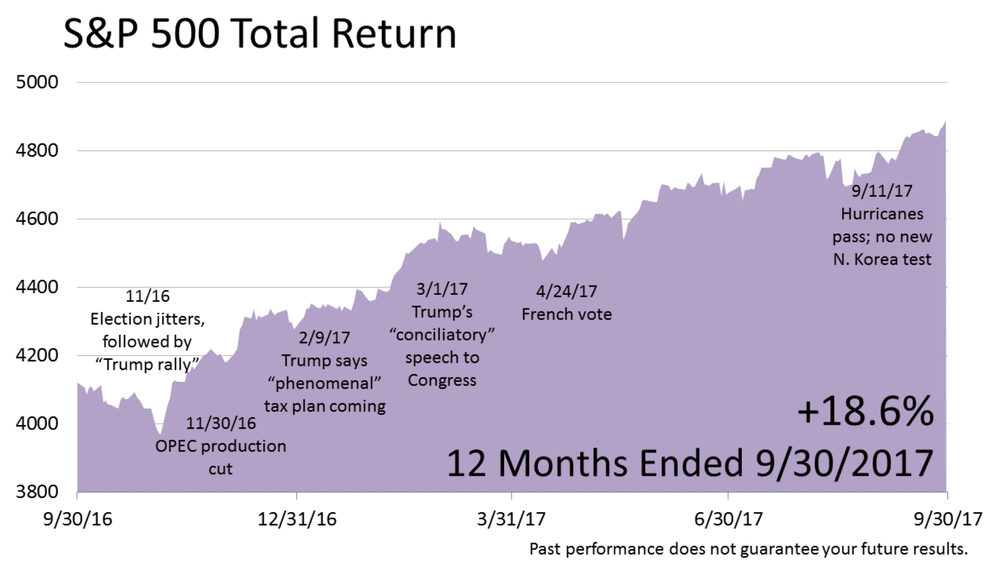
— Gold rallied, reversing its fourth quarter 2016 slump on U.S. dollar strength.

— Oil, MLPs and commodities all posted negative returns.

— Riskier assets were rewarded, lifting high-yield bonds and leveraged loans.

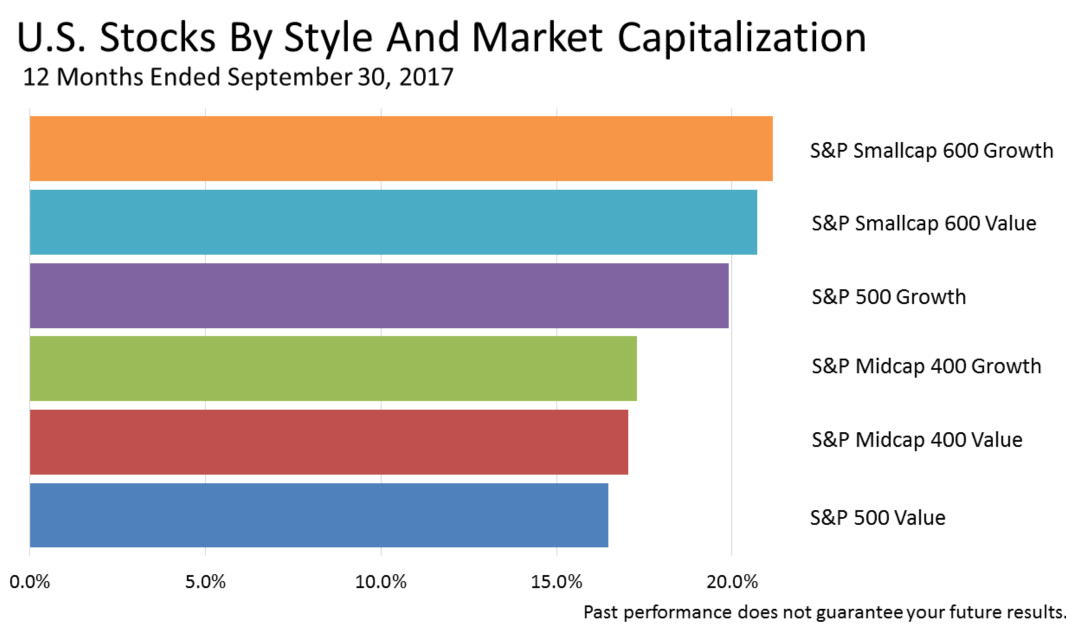
— Munis posted additional gains following their fourth-quarter 2016 rallies.

— Across the spectrum of fixed-income assets, returns were positive following a decline in value in income-producing assets in the fourth-quarter of 2016 returns, when bond yields surged and prices dropped post-election.



Stocks over the 12 months ended September 30, 2017 showed a 18.6% total return, as the growth engine of the American investor's portfolios did its job. The long economic expansion that began after the financial crisis of 2008 has shown renewed strength lately. Earnings at the S&P 500 companies recovered from a collapse in the energy and mining sectors. Enthusiasm for a Trump presidency boosted stock prices as 2017 began, and a stream of strong U.S. economic data began to flow amid evidence of global economic acceleration.

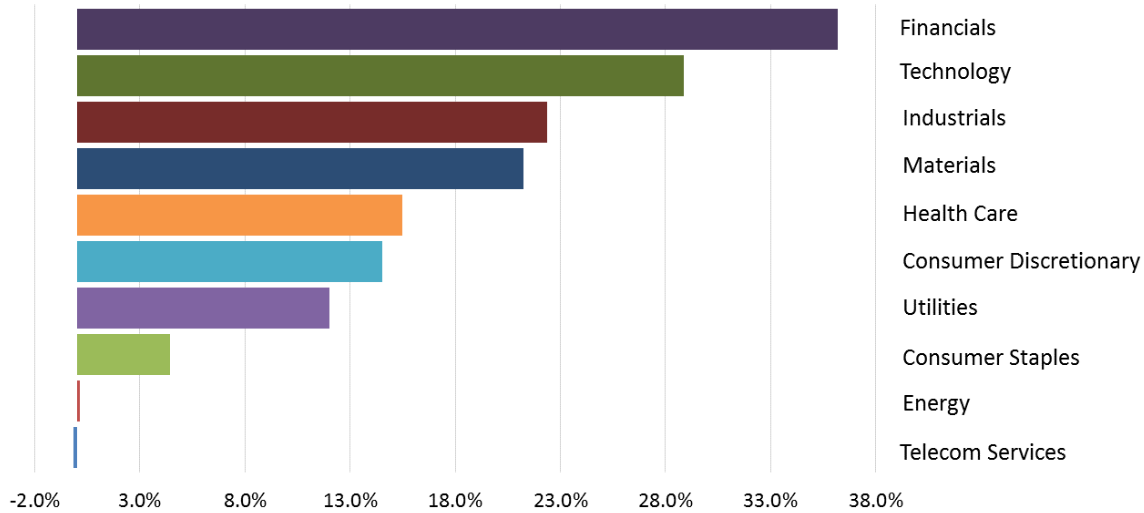
An 18.6% return in 12 months is nearly double the historical norm. Does that mean stocks must fall? No. The economy is still strong and earnings are being driven by real-wage growth and strong consumer spending growth, which drives earnings. Of course, past performance does not guarantee future results and market sentiment could send stocks down by 10% or even 15%. Strategically allocating assets based on their long-run history of returns and risk characteristics along with the expected economic environment, is the prudent choice for sensible investors. That means resisting temptation to bet more on stocks after they've risen or selling stocks after prices drop sharply. It means not regretting that you did not own more stocks and staying committed to a long-term strategic plan.



For the 12 months ended September 30, 2017, small-cap companies led the strong rally. Taking more portfolio risk by investing in more volatile types of companies was rewarded with stronger returns. Growth shares generally can be strong performers when the economy is strengthening, as it has been over the 12 months. More conservative types of stocks — like value-priced shares in blue-chips — lagged.

Standard & Poor's 500 Sector Indexes

12 Months Ended September 30, 2017

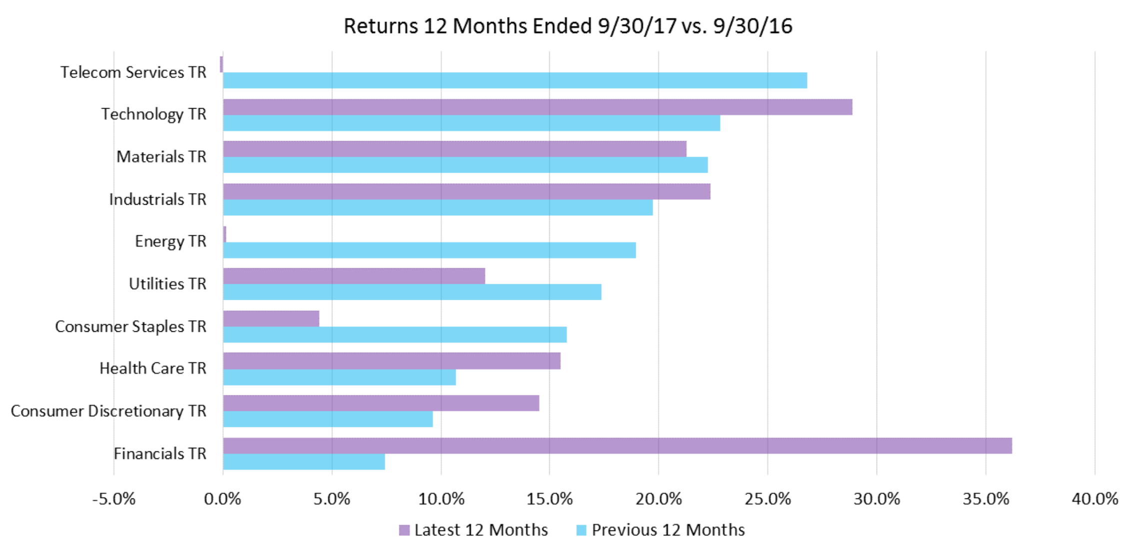


Past performance does not guarantee your future results.

In this snapshot of the 10 industry sectors comprising the Standard & Poor's 500 companies in the year ended September 30, 2017, financial stocks were the biggest gainers. Financial stock prices were bid up on post-election hopes of a significant rollback of Dodd-Frank legislation regulating their activities, along with an expectation that rising interest rates would fatten profit margins at banks.

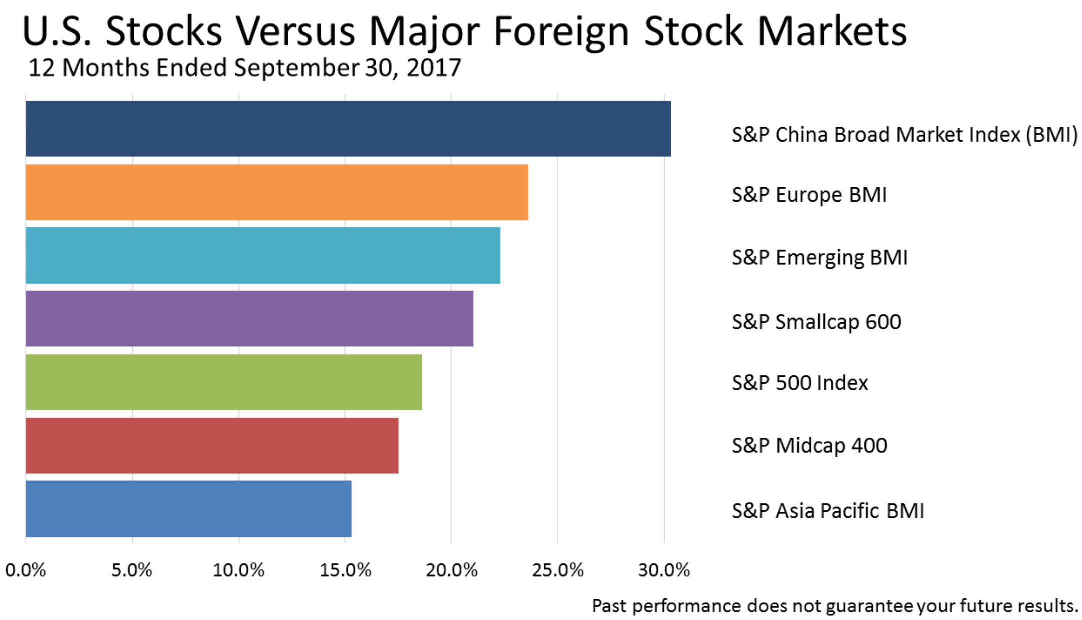
The lagging sectors during the 12 months — telecom, consumer staples and utilities — are defensive sectors, less volatile and less exciting segments among America's largest publicly-held companies. Investor thirst for risk has grown. In those12 months, energy company shares slumped, as crude oil retraced some of last year's price recovery.

Sector Rotation

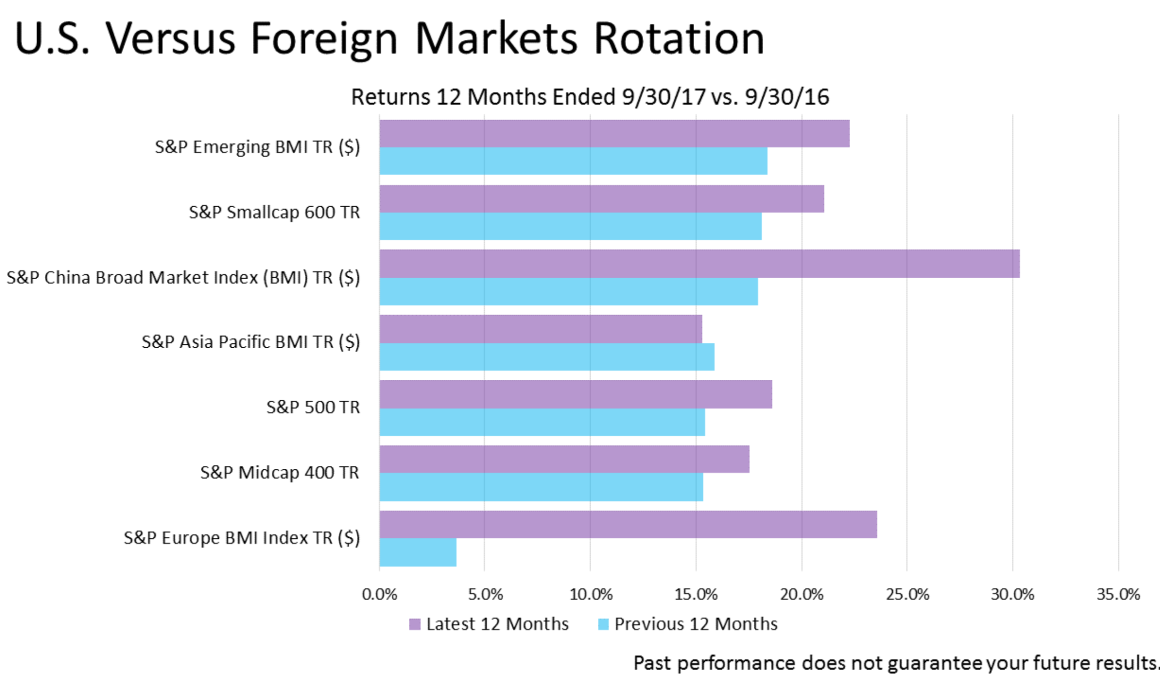


Past performance does not guarantee your future results.

Modern Portfolio Theory suggests periodic portfolio rebalancing as a way to smooth out short-term differences in returns on different types of investments in a portfolio. This chart illustrates how that works, using the 10 industry indexes that comprise the Standard and Poor's 500 companies. It shows an industry's return in the 12 months ended September 30, 2017 compared to its return in the 12 months ended September 30, 2016. For example, telecom stocks showed a flat return in the 12 months through the end of September 2017 after leading all industry sectors 12 months earlier. Telecom shares went from darlings to dogs. The last 12 months were a complete about face from the prior 12 months. Applying a quantitative discipline that expects volatility and rebalances based on these shifting preferences is a statistical approach to managing the risk inherent in sector rotation.



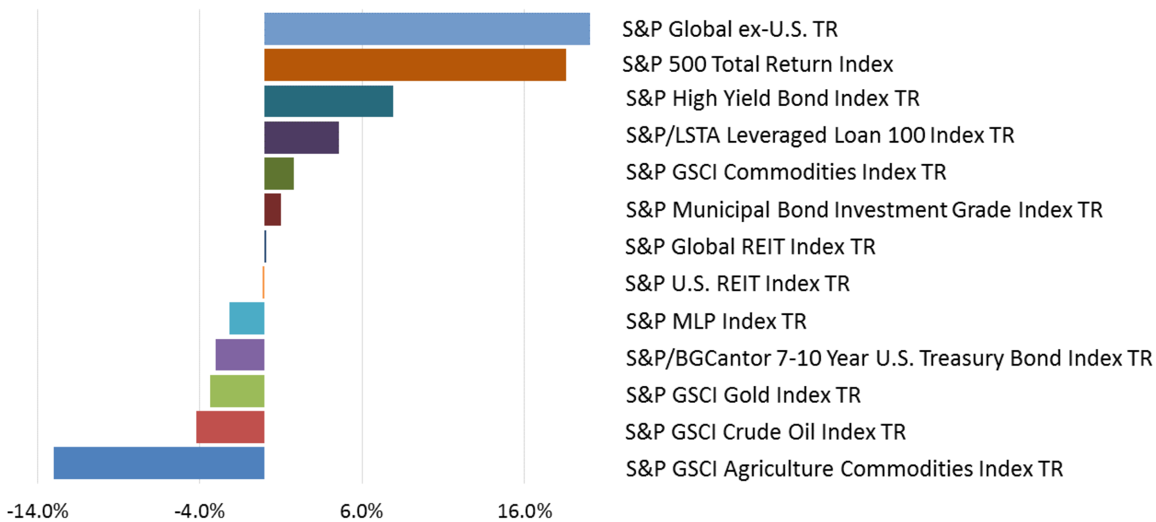
While U.S. stocks posted a booming 18.6% return in the 12 months ended September 30, 2017, foreign stock markets across the globe performed even better, as the economies of China, Europe and Emerging Markets gained strength. The surge of the U.S. dollar in 2014 and 2015, which pummeled the value of foreign stocks in broadly diversified portfolios, has faded from memory. For diversified portfolios, the strengthening of foreign stock returns versus U.S. shares brought a welcome shift in leadership because growth in countries making up the world economy is not a zero-sum game.



European shares were the worst performers in the 12 months ended September 30, 2016, but outperformed U.S. stocks in the following 12 months. Periodic rebalancing invests in lagging and losing segments of a broad investment universe, forcing purchases of assets depressed based on historical results and expected economic growth. So, if a hypothetical portfolio was rebalanced October 1, 2016, for instance, you would have purchased more shares in the losing European stock market than in the other types of stocks shown. In classic form, the laggards in 2016 came back in 2017. European stocks 23.6% return in 2017 was second only to China's highly-volatile stock market's return of 30.3% in the 12 months ended September 30, 2017.

Indexes Tracking Asset Classes

12 Months Ended September 30, 2017

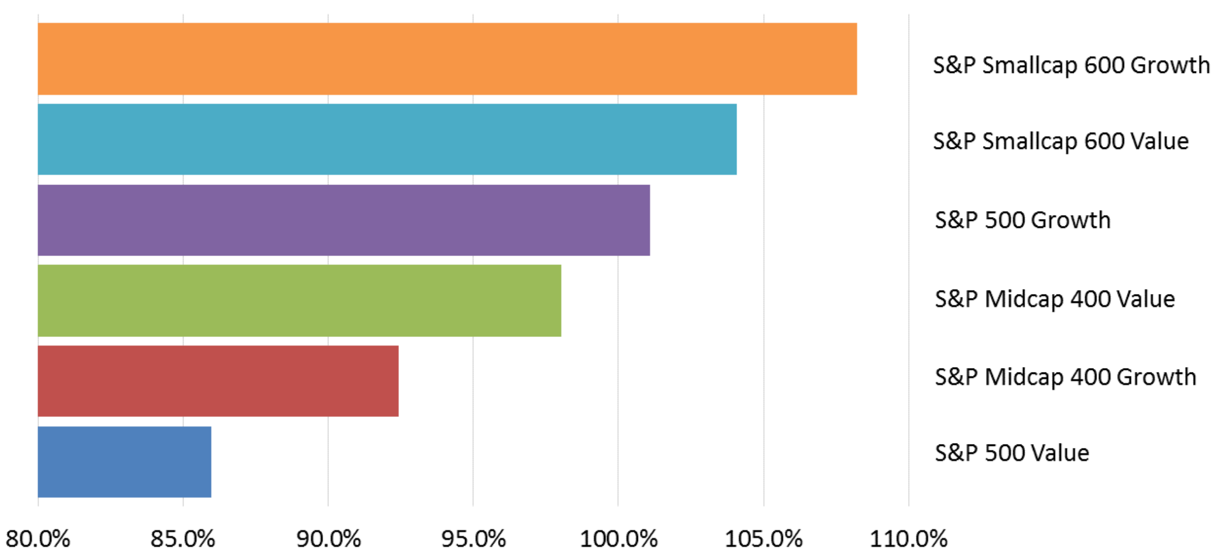


Past performance does not guarantee your future results.

In the 12 months that ended September 30, 2017, non-U.S. stocks were the top asset class. Global economic growth picked up, boosting foreign investments. Laggards during much of the recovery that followed the global economic crisis, foreign markets are playing catch up with U.S. stocks, even as U.S. stock returns astound. Stock markets everywhere have been surging on the strength of a synchronized global expansion, outperforming every other asset class by a wide margin. Oil, gold and commodities were the laggards for the period, as crude oil prices gave back some of their 2016 gains.

U.S. Stocks By Style And Market Capitalization

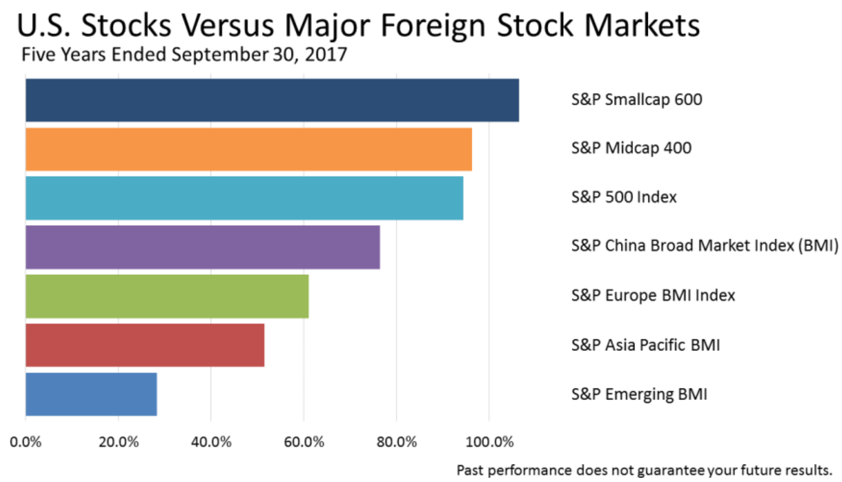
Five Years Ended September 30, 2017



Past performance does not guarantee your future results.

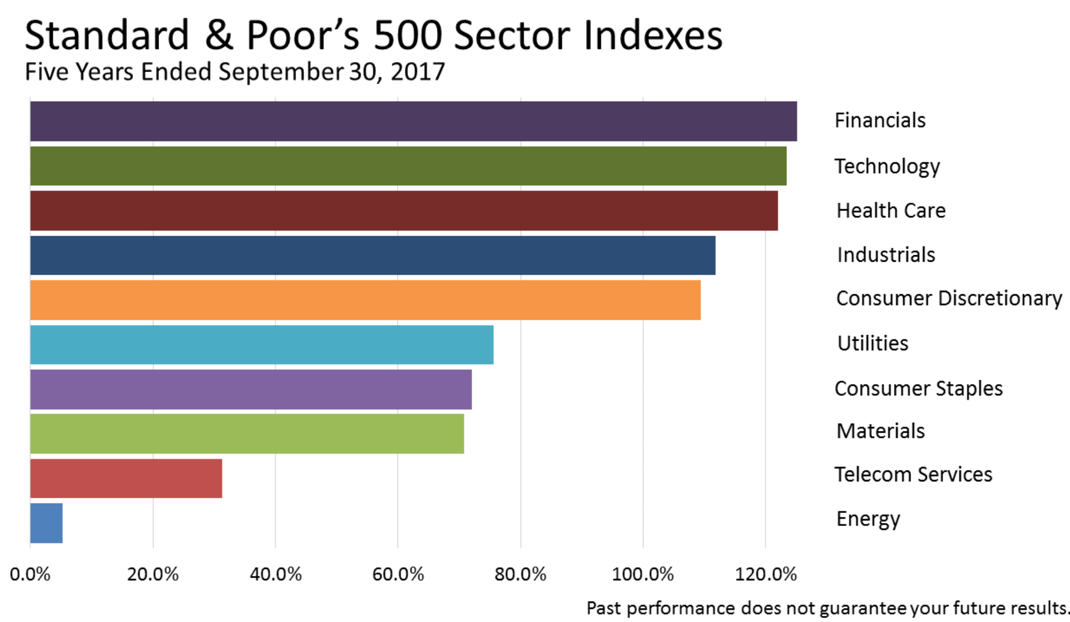
Over the five years that ended September 30, 2017, small-caps were No. 1 among major U.S. stock asset-class styles. More volatile companies — small-caps, which are subject to bigger swings in price than large companies — gained more than other asset-class styles.

Small-cap outperformance reflected growing confidence in the economy and greater tolerance for risk, as expectations brightened for U.S. and global economic strength through 2018.



For the five years that ended September 30, 2017, U.S. stock indexes outperformed the rest-of-world by a substantial margin, despite a surge in equities in non-U.S. markets in the last 12 months.

Also, among the U.S. indexes, note that small and mid-caps returned more than the large-cap S&P 500 index. This is, in fact, the long-term norm. Slightly better returns are expected over the long-term for tolerating slightly more volatility of returns on small and mid-caps compared to large-caps.



For the five years that ended September 30, 2017, value-oriented industry sectors lagged. Consumer staples, energy, raw materials, telecom, utilities and consumer staples where didn't give investors the appreciation or growth sectors. Companies with earnings growing fast relative to peers were bid up higher in price.

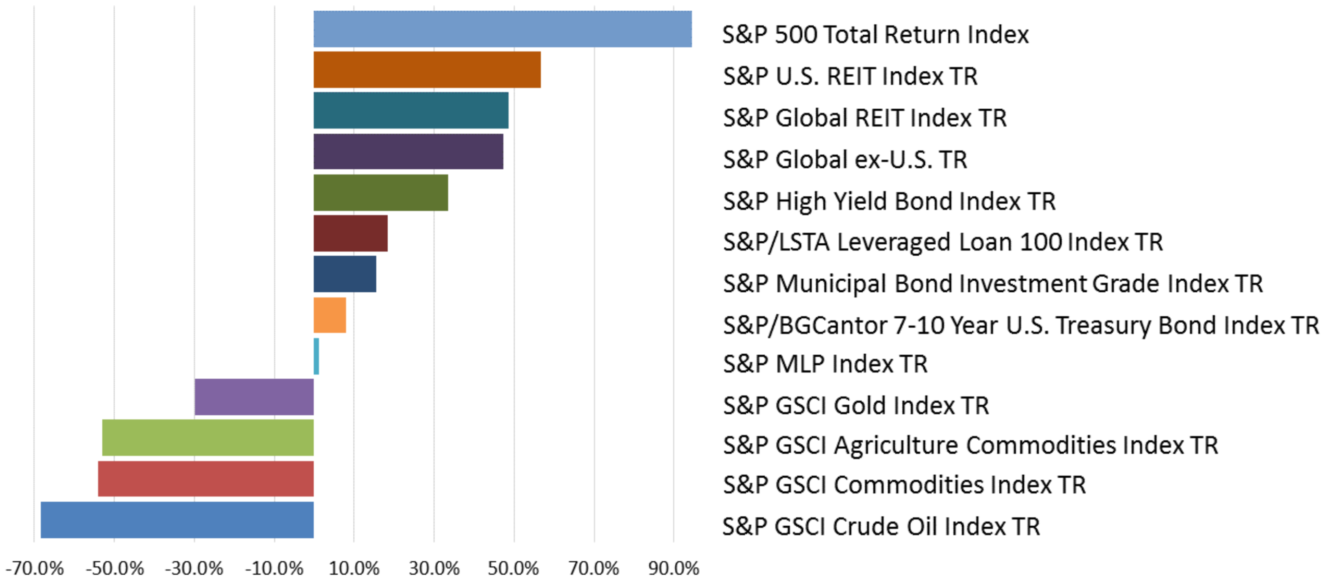
The No. 1 industry over the five years was financial services. Some large financial services companies literally collapsed in the 2008-09 global financial crisis. The return of financials to the No. 1 slot for a five-year period represents an indication that the economy's most damaged sector is fully recovered.

A massive change in the way information is consumed set big-tech aloft. Facebook, Amazon, Apple, Netflix and Google were bid up and fully valued.

Energy and material sectors were slammed by the collapse in the price of oil and other commodities. The energy sector of the stock market is highly correlated with crude oil prices. The price of crude oil, even after almost doubling from its early-2016 bottom of $26 per barrel, as of mid-October 2017 remained priced at less than half its 2014 peak in price of $114 per barrel.

Indexes Tracking Asset Classes

Five Years Ended September 30, 2017



Past performance does not guarantee your future results.

While U.S. stocks are the key growth engine in diversified portfolios, stocks are only one part of a prudent portfolio.

This chart shows the five-year returns on a broad set of indexes representing 13 asset classes, including the S&P 500.

The 68.4% loss in the S&P Goldman Sachs index tracking crude oil's price gives you a clear indication of the risk of investing too much in any one industry, asset class or style.

Real returns were strong in this five-year period, which was characterized by a remarkably low inflation rate of less than 2%.

The Standard and Poor's 500 showed a total return of 94%, <u>double</u> the return of major foreign stock markets.

America led the world economy out from the server recession that followed the 2008 financial crisis.

The U.S. bounced back before, and more, than any other major world economy after The Great Recession and this five-year period is replete with evidence of American exceptionalism.

It's actually pretty amazing.

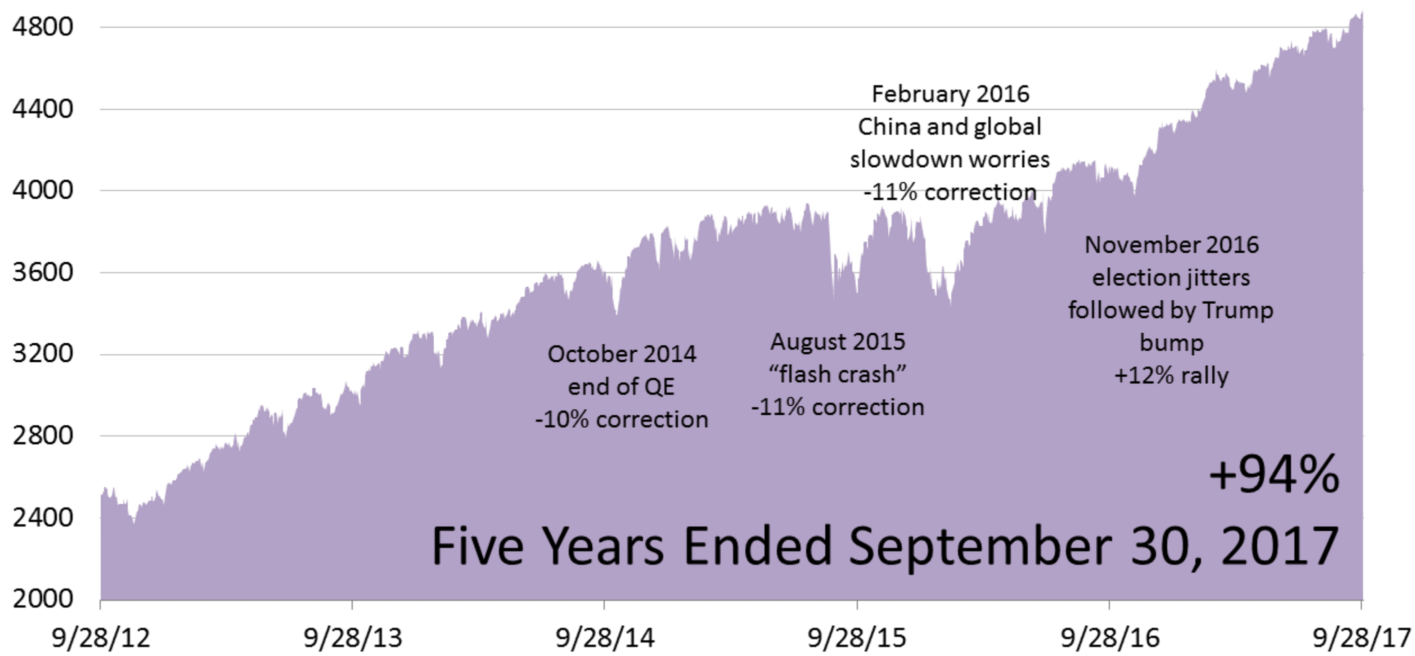
At the bottom of the pack, in last place among the 13 asset classes shown, was crude oil.

The price of oil dropped globally because of a surge in U.S. supply that resulted from the shale-fracking revolution.

Some economists say oil prices won't ever recover back to $100 a barrel because U.S. oil production would increase and fuel lower prices.

Commodities and gold were losers over the five years, due to the strength of the dollar, slowing demand for most commodities and low inflation.

S&P 500 Total Return



Past performance does not guarantee your future results.

The five-year period is part of a bull in stocks that started in March 2009, as the economy emerged from the worst financial crisis in decades.

After rising steadily in 2012 and 2013, the Standard & Poor's 500 traded sideways from mid-2015 to mid-2016, nosediving three times along the way, share prices broke out after the November 2016 election and they've climbed steadily since then.

The expansion is now the second longest in modern U.S. economic history.

Over the last five years, the S&P 500 total return, which includes reinvestment of dividends, was 94%.

Without dividends, the average price of a share in the S&P 500 soared by 75%.

The Standard & Poor's 500 has been breaking new all-time highs for months, and stocks are trading near the high end of their historical valuation range.

Larry Fink, the CEO of the world's largest investment manager, recently issued a warning about the stock market.

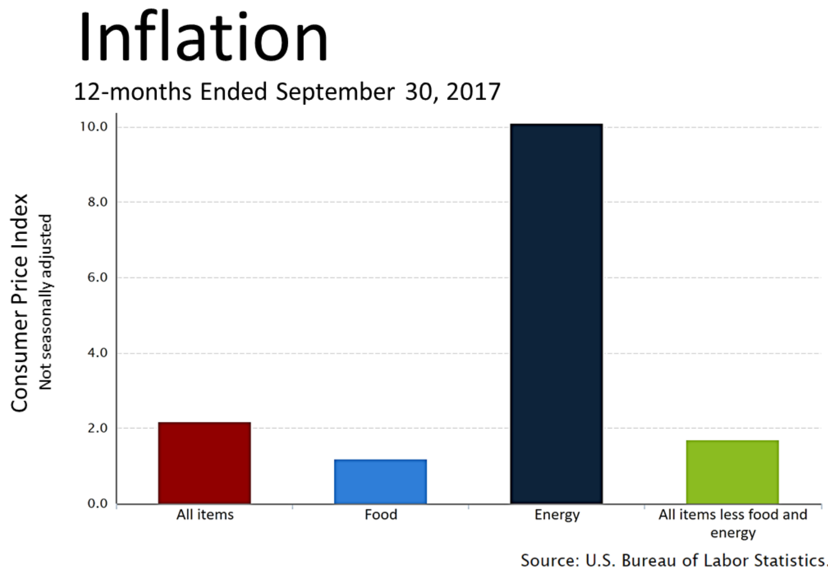
As this long bull market grows older, the statistical likelihood of a bear market — a drop of at least 20% — does indeed increase.

But fundamental economic conditions that have accompanied bear markets in the past are not present at this time.

We're not seeing restrictive Fed policy. Economic growth isn't slowing. Stock investors are not acting irrationally exuberant.

A correction of 10% or 15% is always possible, just on a change in sentiment or unexpected bad news.

Yet the economy shows no signs of coming undone in the foreseeable future, and the bull market could also go on longer and head much higher.

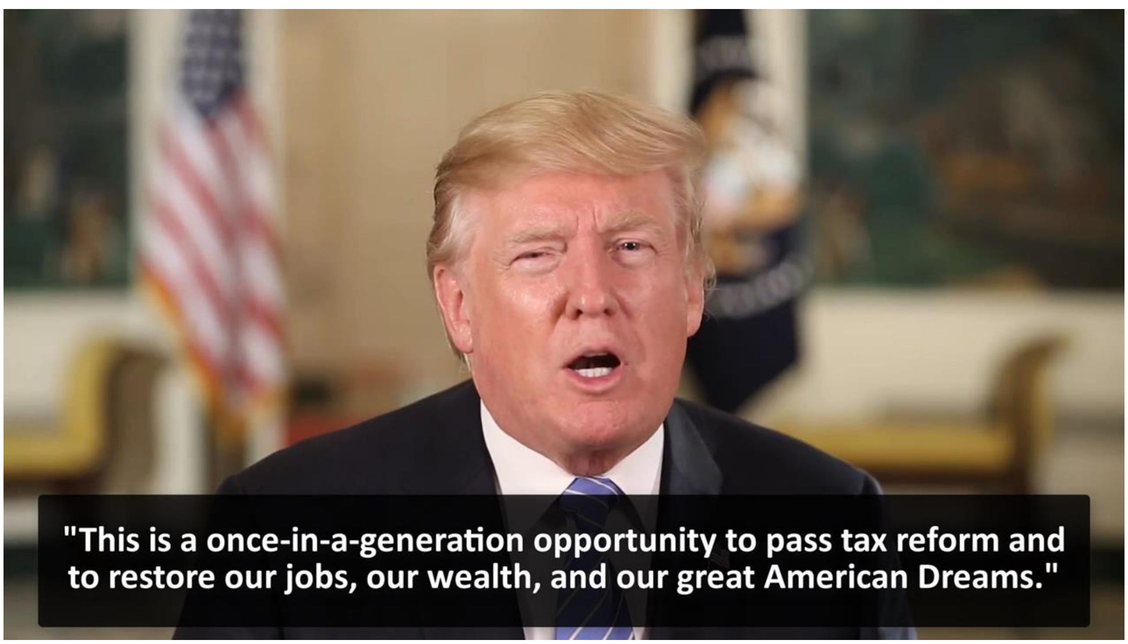


All recessions in modern U.S. history have been caused by the Fed, usually because the Fed tightened credit too much to squelch inflation.

In the current economy, inflation has been below normal and lower than expected.

That's giving the Federal Reserve added leeway to let the economy run faster without worrying about igniting inflation.

The latest numbers from the government showed that oil prices rose in September because of the disruption from hurricanes hitting the Gulf Coast, but inflation otherwise remained benign.

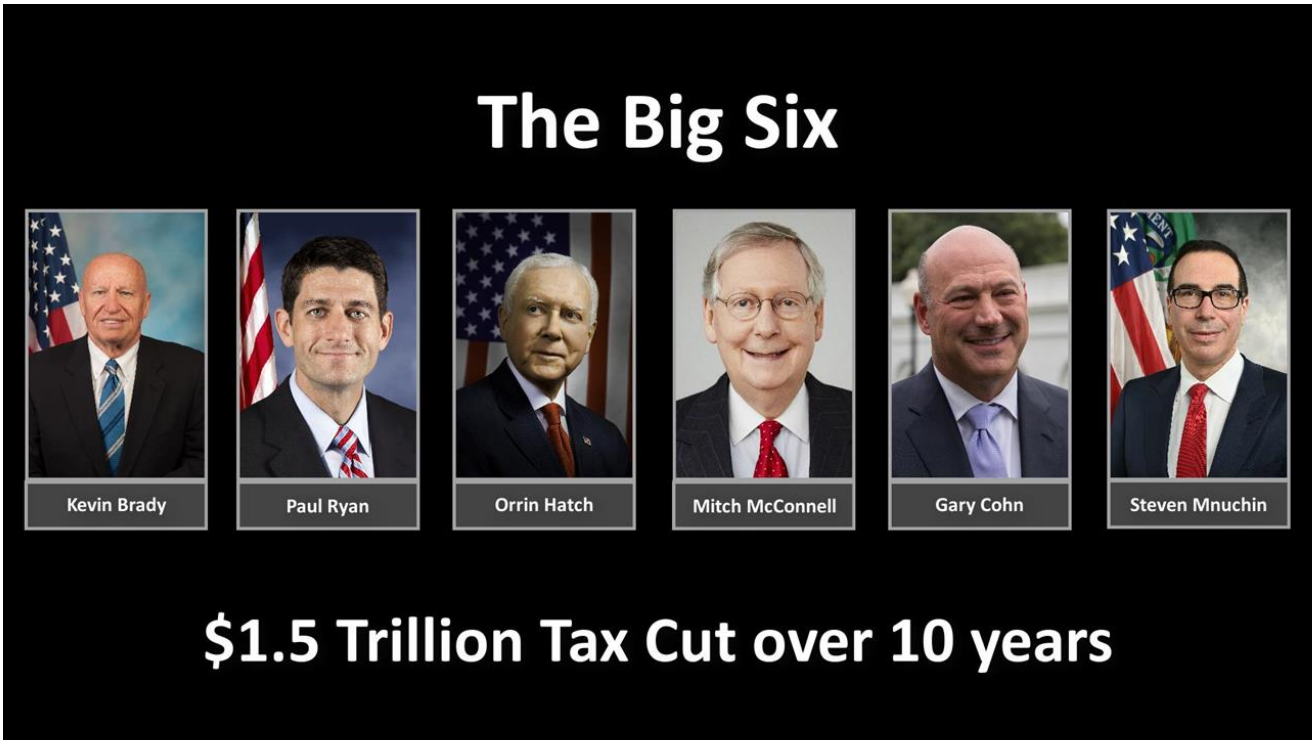


While stocks are really fun to talk about in the midst of a long-term economic expansion that is accelerating, the fourth quarter of 2017 is a time to focus on year-end tax planning.

While the fourth quarter is always when you focus on year end planning, this year the stakes are higher.

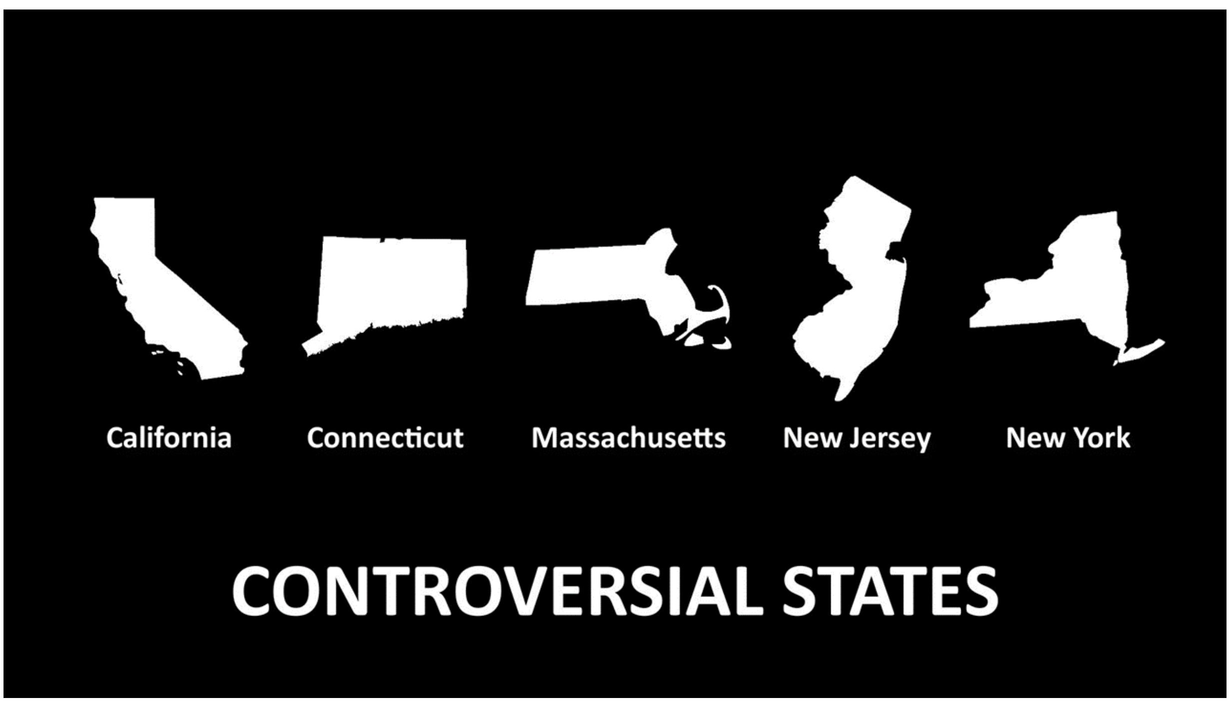
The U.S. Tax Code may undergo its most significant revision since 1986.

You don't want to ignore what's proposed and risk making a costly financial mistake.



Two Congressmen, two Senators and two Trump administration officials published a framework on September 19th for a 10-year tax cut totaling $1.5 trillion.

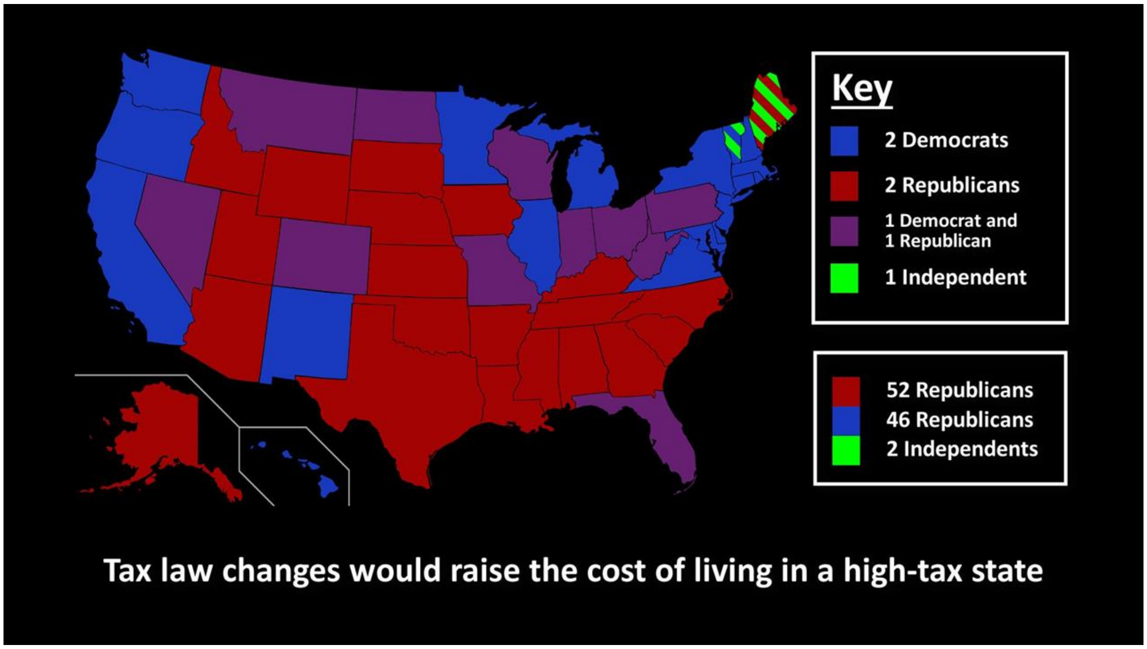
Then, the Trump administration, on September 27th, published a nine-page outline for cutting taxes over the next decade by about $2.2 trillion.



The President's proposal eliminates the federal deduction for state and local taxes.

This single provision raises about $1 trillion of revenue over the next decade and is key to paying for the tax cut.

Places with relatively high state and local taxes — California, Connecticut, Massachusetts, New Jersey and New York — are expected to fight this change.



Since those states have Democratic Senators, this provision could pass in the Senate - assuming all Republicans vote along party lines - but its survival in the House of Representatives is less certain.

This change to the tax law would effectively raise the cost of living in a high-tax state.

As a result, residential real estate values in these high-tax urban and suburban areas would be likely to fall.

It would lower the nest egg of millions of pre-retirees and retirees in these places.

The success of this single provision will largely determine the ultimate size of the final tax cut package, and we will follow its success in the weeks ahead.

PROPOSED INCOME TAX RATES

Current	10%	15%	25%	28%	33%	35%	39.6%
Trump Administration	10%		25%		35%		
Big Six	12%		25%		35%		

Year-end tax planning is all about timing your deductible expenses and income, and that’s all the more important right now because your tax rate may be much lower next year.

Under the proposal, we go from the seven current tax brackets to just three.

This proposal would simplify taxation and crush the tax preparation business.

Most itemized deductions will be eliminated and so will the Alternative Minimum Tax — assuming the reform plan becomes law.

This proposal is really good for business owners, doctors, lawyers, and other professionals operating as an S corporation, sole proprietorship, LLC or other form of partnership - if you are in the 35% or 39.6% tax bracket, your tax rate may drop to 25%.

As the year end approaches and the size and shape of tax reform becomes clearer, you want to think about ways of shifting income to 2018 and accelerating deductions.

You may need to find a way to accelerate the purchase of a car, computers or other capital investments into this year.

If your tax bracket is going to drop as a result of the reforms, you may want to take that deduction you've been thinking about this year instead of waiting.

It's also wise to consider deferring capital gains on securities into 2018.

Roth IRA conversions will need to be carefully reviewed in the overall context of tax reform.

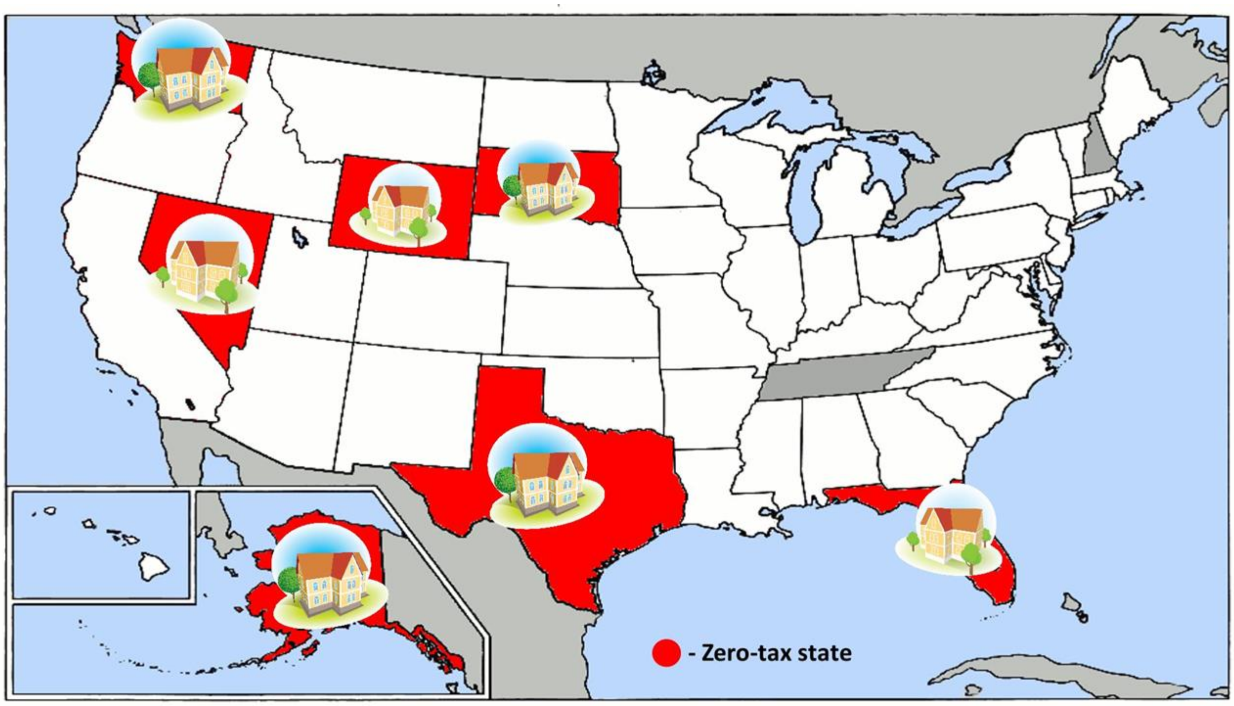
Anyone considering a conversion to a Roth IRA from a traditional IRA will likely want to postpone conversion until next year.

Converting next year would be a lot less costly if your tax bracket declines from 35% to 25%.

If you inherited an IRA in 2016 or 2017, you may face some unexpected tax consequences.

The income tax deduction for estate taxes may be eliminated.

While this change won't affect that many people, it's worth mentioning because of the tax savings to be gained from planning.

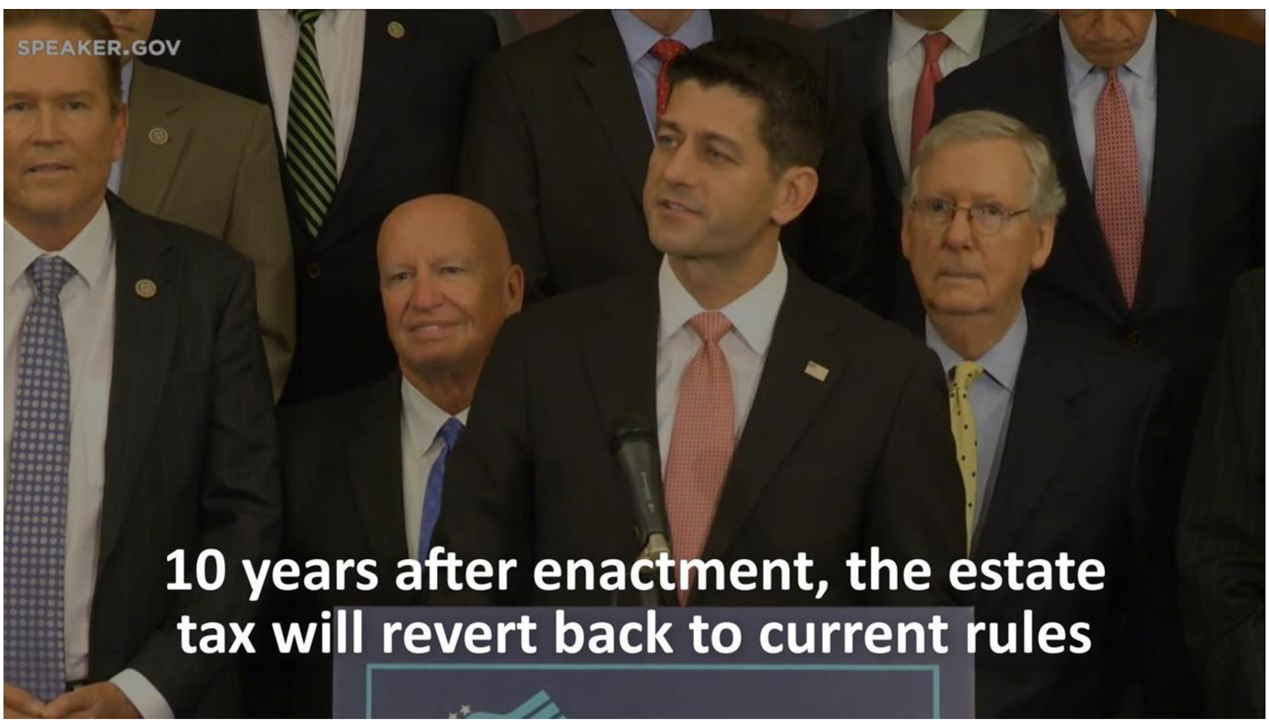


If the proposal to eliminate the federal deduction for state income taxes does indeed become law, creating trusts in zero-tax states will be more important than ever.

Although the estate tax may be eliminated, a trust in a zero-tax state could provide significant annual savings on income taxes.

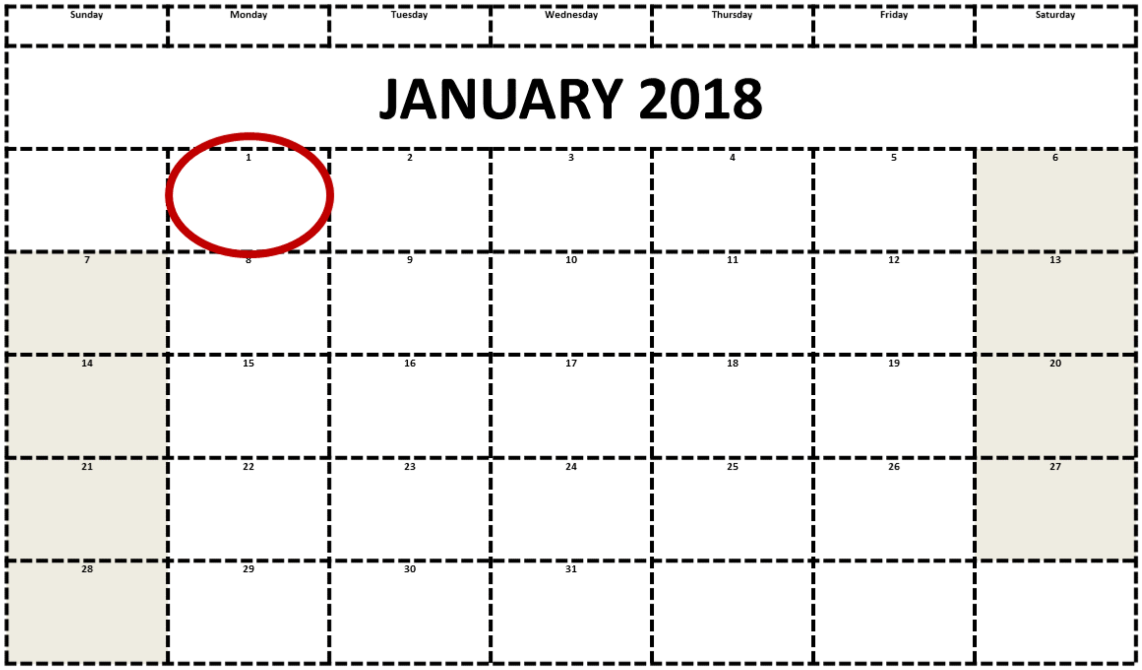
If you inherited assets in 2016 or 2017, choosing the official date of death for tax purposes could be important.

You'll need to pay close attention to events in the weeks ahead to stay in touch.



The elimination of the estate tax is proposed, but it would only be eliminated temporarily - for 10 years.

Under the proposal, estate tax laws would revert back to current rules a decade after enactment.



It’s only prudent to plan for the reforms to become effective January 1st, 2018.

This may seem defensive but it’s just good planning.

We are independent financial advisors, a source of objective, authoritative facts about wealth management.

We’ll have updates on year-end tax planning in the weeks ahead.

Please subscribe to our e-mail newsletter to see our reports on your smartphone.

Disclosures and Notes

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