

Economic and Investment Update – 4th Quarter 2016

The first three months of 2016 were particularly volatile for the investment markets, marked by substantial declines in oil prices, the slowdown in China’s economic growth, and the vote for Britain to exit the European Union. As we discussed in client communications at that time, we believed the market declines would be short lived, since they were based predominantly on fear, and that the best approach for investors was to stay the course and not to make any short-term reactionary moves to their portfolios. Subsequently, the markets experienced a quick turnaround, as if on cue, and with very little interruption. The markets have continued to rise ever since, with most asset classes having increased high single digits as illustrated in the chart below:

Index	YTD 2016*	Description
S&P 500 Index	7.84%	Large-Cap Stocks
Russell 1000 Growth	6.00%	Large-Cap Growth Stocks
Russell 1000 Value	10.00%	Large-Cap Value Stocks
Russell 2000 Growth	7.48%	Small-Cap Growth Stocks
Russell 2000 Value	15.49%	Small-Cap Value Stocks
MSCI – EAFE	2.20%	International Stocks
MSCI – Emerging Market	16.36%	Emerging Market Stocks
Barclay’s Aggregate Bond Index	5.80%	Domestic Bonds
Consumer Price Index (thru 8/31/16)	1.83%	Inflation

*Denotes returns as of September 30th, 2016

These returns are welcomed, especially coming off of 2015, a year where no major index experienced a double digit return for the entire calendar year. Notably, that was the first time this occurred since 1937.

As we begin the fourth quarter of 2016, the political climate will likely create additional short-term volatility for the markets. It is worthwhile to note, however, over the last 14 election cycles since 1960, election years have produced positive returns in 12 of them. (For a more detailed review of market performance during various presidential candidacies, please reference the enclosed attachment.)

In our opinion, from an investment perspective, a Trump or Clinton presidency should not have a material impact on long term investment performance. Other variables such as company profitability, interest rates, investor confidence and global growth are more meaningful. Likely, Apple, as the largest company in the S&P 500 Index, when releasing new, cutting edge products, would move the market more directly than the president.

As you are surely aware, Total Wealth Planning implements portfolios which are globally diversified, while tuning out noisy media hype, often causing us to appear contrarian at times. However, since the early stages of the economic recovery in 2009, a time when much of the prevailing news was quite negative, we have positioned portfolios with an overweight to equities. The benefit has been stronger portfolio results, with several of those years having experienced double digit returns, even for the most conservative of portfolio allocations. For 2016, our overweight to “value” style stocks over “growth” stocks has enhanced returns further, since the former has performed notably better. Furthermore, alternative investments such as holdings in domestic and international real estate and infrastructure, along with opportunistic investments in structured notes, have proven beneficial both from a standpoint of both overall risk reduction and return enhancement.

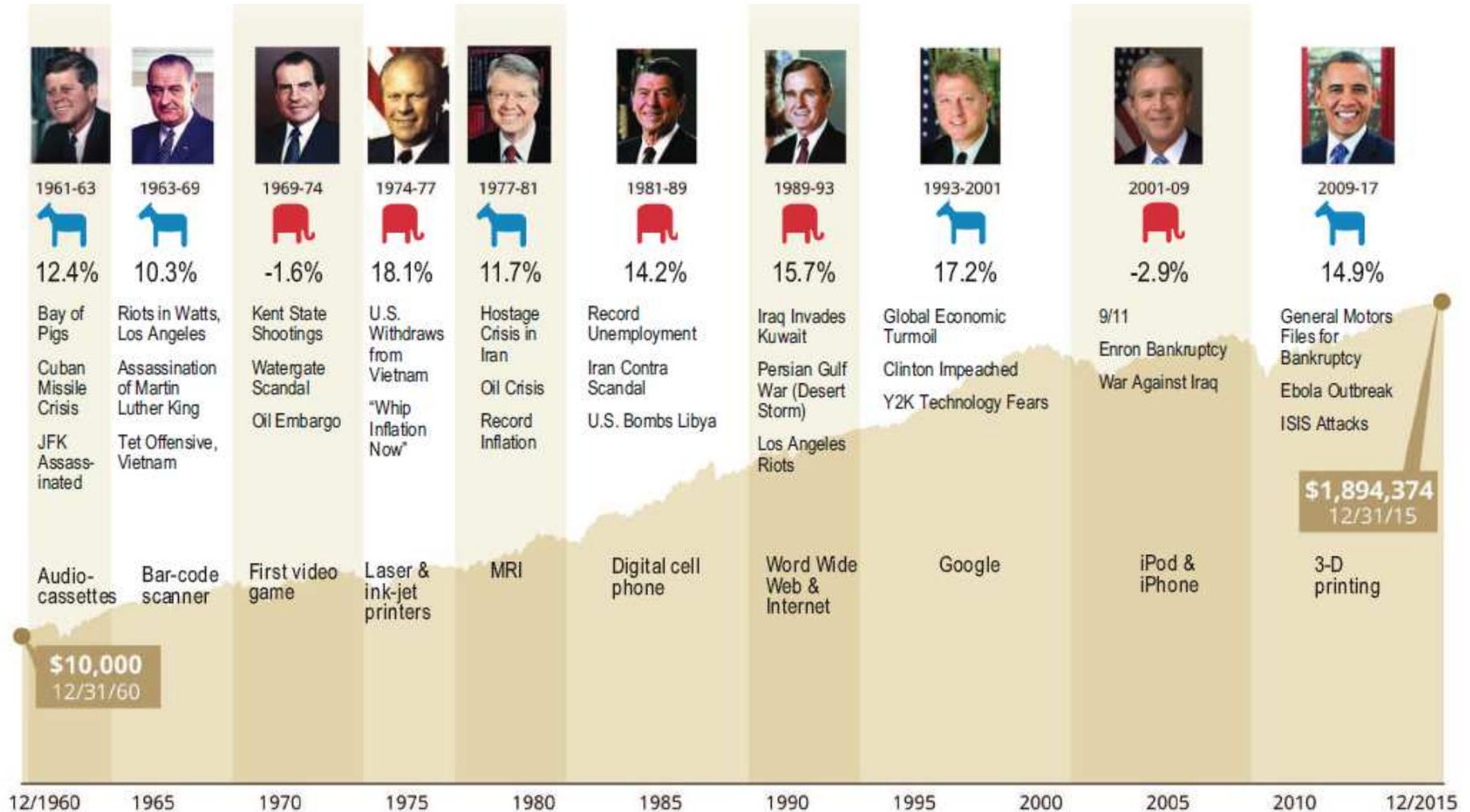
We welcome opportunities to discuss these strategies with you further. As always, if you know of others who you believe would benefit from our investment management and financial planning strategies, please feel free to offer them our website at www.twpteam.com for additional information, or by calling our office at 513-984-6696. We appreciate your continued trust and confidence in Total Wealth Planning.

Warmest regards,

Total Wealth Planning

PARTY AFFILIATION & MARKET PERFORMANCE – ARE THEY RELATED?

\$10,000 Invested in 1961 Would Have Grown to Nearly \$2 Million in 2015 – S&P 500 Index Returns



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