



NORTH FLORIDA  
WEALTH ADVISORS

CERTIFIED FINANCIAL PLANNER™ PROFESSIONALS

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***One generation plants the trees; another gets the shade.***

*Chinese Proverb*

As I write the missive, the Dow Jones Industrial Average has pierced the elusive 20,000 number. While this number may be psychologically important, people talking about the market; it has no relevance to either technical or fundamental analysis. How long it stays above the 20,000 number, at this moment is irrelevant; as the lens in which we view the market is measured in decades.

US equities shrugged off the remarkably divisive and surprising outcome of the election and the equity markets benefited from the “Trump bump”. The S&P 500 and DJIA total return was 3.82% & 8.66% for the fourth quarter and calendar year returned 11.98% & 16.50% respectively. However, globally the MSCI-EAFE index returned -6.8% for the quarter and a calendar year return of 1.51%. Emerging markets returned -4.08% for the quarter and a calendar year return of 11.60%. The Barclays U.S. Aggregate Bond index had a quarterly return of -2.98% and a calendar year return of 2.65%. Additionally the Barclays Global Aggregate EX-U.S. Dollar Government Bond Index had a return of -10.26% and a calendar year return 1.494% (data courtesy of T. Rowe Price 1/20/2017). Clearly diversification has its place.

The election has pushed people into their respective corners and it appears that people are ready to come out fighting. There is no need to further dissect the outcome or pontificate about the plurality of votes vs. Electoral College. I only hope people will respect each other’s opinions rather than displaying a surprising level of disrespectfulness.

There will be a lot of “noise” coming from the President and it is important to watch his actions, not his words nor tweets. His bombastic approach appears to stem from an

approach of aggressive negotiation tactics – reaching for the stars before coming back to earth. Hence moving the other party closer to where he wants. For the most part, he has a business friendly approach. It's anyone's guess if this will translate to a further bull market.

I recently heard an interesting thought about our national debt which is quickly approaching \$20 trillion dollars. If President Trump has an epiphany and produces a budget with a \$50 billion dollar surplus (and makes it a Constitutional amendment) and every successive president produces a budget with a \$50 billion dollar surplus; in **455** years our national debt will be cleared up. Hence the quote at the top of this missive.

I do feel that we are becoming more suspect to a market pullback. My warning (yellow light flashing) is to help you “ignore” any potential pullback and continue your long term outlook. I am sanguine about the equity markets for 2017. We will continue to maintain our multi asset, globally diversified portfolios based on our perception of your risk tolerance. As always, please do not hesitate to contact us.

Thank you for the confidence and trust you have placed with our firm.

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***Please feel free to forward this article to family, friends or colleagues.***

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