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July 06, 2017

Dear Client,

This letter contains news and views that I feel will be of interest to you. As always, please call me or Darren at your convenience to set up your quarterly meeting.

Contents:

Going, Sebastien, Fisher & Le Bouef, LLP News:

- GSF&L constantly researches asset classes to include in clients' portfolios to increase income or reduce risk or both. We offer Insurance-Linked Securities, Alternative Lending, and other Alternative Strategy Securities, so feel free to contact us for more details.
- Craig and Darren attended the AICPA's Advanced Personal Financial Planning Conference in Las Vegas, NV June 12-14, 2017. Sessions attended include Economic Update, IRA and Retirement Planning Update, Tax Efficient Spending in Retirement, Optimal Retirement Income Strategies, and The Best Estate Planning Ideas.

Investment Views:

- ***Morningstar Data - Through June 30, 2017 - Year-to-date returns -*** Dow Jones Industrial Average 9.35%, NASDAQ Composite (dollars) 14.07%, Russell 2000 4.99%, S&P 500 9.34%, MSCI EAFE (dollars) 13.81%, and the Barclays U.S. Aggregate Bond Index 2.27%.

- **Rates of Interest (As of June 22, 2017) –**

Federal Funds Rate	1.16%	10-Year TIPS	0.46%
3-Month Treasury Bill	0.94%	10-Year Muni Bonds – Nat'l	1.90%
10-Year Treasury Note	2.15%	15-Year Mortgage Fixed	3.17%
30-Year Treasury Bond	2.72%	30-Year Mortgage Fixed	3.90%

- ***Northern Trust – Global Outlook – June 27, 2017 –*** In the United States, the fundamentals of the economy have provided the Federal Reserve with ample confidence to raise the policy rate three times within a span of seven months. The labor market is the strongest sector of the economy. Other measures of labor market performance are back to levels last seen in 2007. Business and consumer spending are both expected to advance during the rest of the year.

- ***Bureau of Economic Analysis – June 29, 2017 -*** Real Gross Domestic Product (GDP) – the value of goods and services produced by the nation's economy less the value of the goods and services used up in production increased at an annual rate of 1.4% in the first quarter of 2017, according to the "third" estimate released. In the fourth quarter of 2016, real GDP increased 2.1%. Personal Income increased 0.4% in May as compared with an increase of 0.3% in April.

- ***Bureau of Labor Statistics – June 14, 2017 –*** On a seasonally adjusted basis, the Consumer Price Index for All Urban Consumers decreased 0.1% in May, and over the last 12 months the all items index rose 1.9%. The unemployment rate was little changed at 4.3% in May, and total nonfarm payroll employment edged up 138,000. Employment continued to trend up in professional and business services, mining, good services, and drinking places.

Craig's Thoughts and Views:

Planning for Health Care Costs

Research has shown demographically that America's population is aging. In 1980, there were more than five potential workers (aged 18-64) for every retiree (aged 65 or older). By 2030, should the trend continue, that ratio is expected to be less than three-to-one.

America is not only getting older, but Americans are also living longer. Recent projections have shown more than half of healthy Americans aged 65 today will reach age 90, and nearly one in five will make it to age 100. Healthier lifestyles and improved medical care have helped in this area. However, living longer also means that health care costs will accumulate over longer periods. Aging Americans may face a higher likelihood of costly illnesses that are more common in later life, such as Alzheimer's and arthritis.

A disproportionate share of these older Americans will also be women. Women face unique challenges during retirement years because they on average are younger than their husbands and live longer, thus more likely to be widowed. Also, they may have worked less and be faced with smaller pensions and/or Social Security benefits. Finally, it is possible that if the husband dies first, the couple may have used significant resources set aside for long-term care and/or retirement.

Despite the challenges that health care may present, there are some planning ideas that may help retirees feel more secure about the future. The first step is to confront this reality and commit to making a plan for the future. Generally, people who make financial plans are more confident and happier. Options available to retirees in addressing future health care costs:

1. Continue to invest and consider whether your portfolio allocation needs to be more aggressive. Should today's historically low interest rate environment continue then wealth is not likely to grow through cash and fixed income alone. For those age 65 that may be facing 30 plus years in retirement, a long-term focus should be considered.
2. Consider Health Savings Accounts, if available. These accounts can be funded with pre-tax annual contributions and can grow tax free. However, these accounts are coupled with high deductible health insurance policies.
3. Both husband and wife should understand the plan, particularly in the likelihood that the wife will outlive the husband.
4. Spend less, particularly when investment losses occur. Reducing your standard of living is the only dependable way to make sure you have more in the future. Spending less after a market

decline becomes more critical because it should allow your portfolio to recover from market losses.

5. Move close to your family. Retirees are opting to move near one of their family members who may be willing to help out should an unexpected health issue arise.
6. Look at your home equity. The value of your home may be the largest single asset a retiree owns. Tapping into your home equity, either through downsizing, moving to an apartment with fewer upkeep costs, or through a reverse mortgage are viable options.
7. More guaranteed income can help. Increasing guaranteed income can come from delaying Social Security benefits or working longer or both. Retirees may also consider low-fee immediate annuities or deferred income annuities if longevity is expected.

There are no easy answers to the nationwide problem of rising health care costs, so it is imperative to take matters into your own hands and plan for the future.

Business Conditions

The below is a summary of business conditions taken from research provided by the American Institute of American Research dated June 2017.

Leading, coinciding, and lagging indicator indexes give the reader an idea of how different components of the economy are performing at a glance. For example, several components of the leading indicators are new orders for consumer goods, retail sales and food services, average workweek in manufacturing, and index of common stock prices. Coinciding components, to mention a few, are nonagricultural employment, industrial production, and consumer confidence. A few of the lagging components are average duration of unemployment, manufacturing and trade inventories, and consumer price index excluding food and energy.

The business-cycle conditions leaders fell slightly in May, which was the first decline since July 2016. The coinciders index remained perfect (or at 100) for the third month in a row, while the laggers index held constant for a second month. Overall, the average of all three indexes remained well above neutral. The solid performance of the leading index combined with mostly favorable results from the other indexes suggests continuing economic expansion in the months ahead.

Economic activity appears to be growing at a decent rate, so the key economic risks are in the policy areas: governmental/fiscal policy and monetary policy.

The unemployment rate fell to 4.3 percent in May. In addition, there have been record-low initial claims for unemployment insurance (measured as a percentage of employment) and a record number of open positions, a good argument can be made that the U.S. economy is close to full employment. However, wage growth has been modest compared to historical standards, and a large number of people are still underemployed (working part-time for economic reasons) or discouraged (wanting a job but not having looked in the past month and so not officially unemployed).

Consumer price increases have apparently moderated since 1980. Over the past 20 years, the Consumer Price Index has risen at a 2.1 percent annualized rate. Over the past five years, the pace has been a mild 1.3 percent. While these two index rates may appear to be low compared to a historical perspective, inflation can be burdensome on savers and lead to currency devaluation. The reality is the U.S. has never been this close to price stability in the past two decades.

Gross domestic product growth was on the low side in the first quarter, rising just 1.4 percent, however sales and profits for the Standard & Poor's 1500 were healthy. After some weak quarters between 2014 and 2016, sales among the S&P 1500 rose 7.5 percent from the first quarter of 2016. Topping the sales-growth list were energy companies, with a 32.4 percent gain from a year ago. The weakest sales were in telecommunication services, where sales fell 3.3 percent over the year.

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Looking ahead, second-quarter 2017 sales for the S&P 1500 are expected to rise a more modestly but still-respectable range of 4.7-5.0 percent.

As always, there are numerous underlying economical currents as compared to the surface, but in general, the solid gains in the economy are helping to increase corporate sales and earnings, which seem to be supporting equity prices. As always, risks remain: global political tensions, White House and Congress uncertainty, and probable upcoming Fed rate increases. We should also remember that it is often events not on people's radar that could have the greatest impact.

GSF&L, LLP Registered Investment Advisors:

We can never know what the future holds, but we can make informed decisions regarding investment strategies and portfolio allocations. We (GSF&L) make changes based on our perception of opportunities in the capital markets. We assimilate fundamental, technical, and economic information to make informed decisions. Of course it is important to have long-term focus on portfolio management, but with a critical analysis of intermediate strategies.

Managing risks and opportunities are important to portfolios and reaching one's financial needs and goals. Having a complimentary understanding of investment horizon and attitude toward risk are equally important. Markets and economies do not always behave as we expect them to. That is the problem with investing! There is no luck to professional investing. You can no more have a successful, disciplined approach by luck or accident than you can win a chess tournament by luck or accident.

If you know of someone who may fit our financial and investment planning philosophy, please mention our name. We are a small organization and intend to remain so. A solid organization makes it possible for us to spend our time managing our business rather than each other. Because everyone has so much to do, much gets done. We will forego any growth opportunity that may detract from our ability to serve our clients as they have become accustomed to. We never expect to be among the biggest, but our attention to be among the best is not subject to compromise.

Regards,

Craig

Craig C. Le Bouef, MBA, CPA/PFS, CFP®

NASDAQ composite measures the performance of all issues listed in the NASDAQ Stock Market, except for rights, warrants, units, and convertible debentures. The S&P 500 is made up of 500 common stocks representing major U.S. industry sectors. The Dow Jones Industrial Average contains 30 stocks that trade on the New York Stock Exchange (NYSE) which reflect the performance of 30 large American companies. The Morgan Stanley Capital International Europe, Australia, and Far East Index (MSCI EAFE) is a market-weighted aggregate of 20 individual country indexes that collectively represent many of the major markets of the world, excluding Canada and the U.S. The Lehman Brothers U.S. Aggregate Bond Index tracks performance of debt instruments issued by corporations and the U.S. Government and its agencies. The returns for this index are total returns, which includes reinvestment of dividends. The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 index, which represents approximately 8% of the total market capitalization of the Russell 3000 index.

All indices are unmanaged. It is not possible to invest in an index.

Past performance is no guarantee of future results. Diversification does not assure against market loss.

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