



Market Commentary

July 17, 2017

Dear Investors:

It was a good week for a lot of stocks but not bank stocks.

The Standard & Poor's 500 (S&P 500) Index and the Dow Jones Industrial Average (DJIA) both finished at record highs last week. *Barron's* indicated investors owe Federal Reserve Chair Janet Yellen a debt of gratitude:

“The main force behind the rally was the dovish performance by Federal Reserve Chair Janet Yellen in Congress on Wednesday and Thursday when she reiterated that rate hikes would most likely be gradual. On balance, her remarks were interpreted as evidence of continued accommodative monetary policy and, from there, stocks were off to the races. The ignition of the rally can almost be timestamped to her appearance. Before her speech, the market was down for the week.”

Of course, some sectors of the stock market did better than others last week. In the S&P 500, Real Estate, Information Technology, and Consumer Staples stocks had the highest percentage gains at the close on Friday, while Financials, Telecommunications, and Consumer Discretionary stocks lagged, according to *Fidelity*.

In the Financials sector, banks were the weakest performers, finishing Friday almost a full percent lower. It was a bit of a mystery, wrote *Financial Times (FT)*, since several banks beat earnings expectations. *FT* reported:

“Perhaps the most important factor that weighed on bank stock prices, however, had nothing to do with the comments from executives nor the quarterly financial results. Macroeconomic data published on Friday showed U.S. inflation at the consumer level cooled last month while retail sales fell short of estimates, pushing Treasury bond yields lower. Lower interest rates are bad news for banks, which make more money if they can charge borrowers more.”

4100 Embassy Parkway, Suite 100, Akron, Ohio 44333-1783
330-434-2000 / Fax: 330-665-1515
www.symphony-financial.com

Securities offered through LPL Financial, Member FINRA/SIPC. Investment advice offered through Symphony Financial Services, Inc., a registered investment advisor and separate entity from LPL Financial.

Investors appear to believe there is smooth sailing ahead. The *CBOE Volatility Index* remained below 10.

| Data as of 7/14/17 | 1-Week | Y-T-D | 1-Year | 3-Year | 5-Year | 10-Year |
|--|--------|-------|--------|--------|--------|---------|
| Standard & Poor's 500 (Domestic Stocks) | 1.4% | 9.9% | 13.7% | 7.6% | 12.7% | 4.7% |
| Dow Jones Global ex-U.S. | 2.8 | 15.1 | 16.3 | -0.4 | 5.9 | -1.3 |
| 10-year Treasury Note (Yield Only) | 2.3 | NA | 1.5 | 2.6 | 1.5 | 5.0 |
| Gold (per ounce) | 1.2 | 6.1 | -7.8 | -2.0 | -5.0 | 6.3 |
| Bloomberg Commodity Index | 1.1 | -5.5 | -5.1 | -14.0 | -10.2 | -7.0 |
| DJ Equity All REIT Total Return Index | 1.4 | 5.1 | -1.3 | 8.6 | 9.5 | 6.0 |

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; the DJ Equity All REIT Total Return Index does include reinvested dividends and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance, Barron's, djindexes.com, London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

MERRIAM WEBSTER DEFINES ‘DISRUPT’ AS ‘TO BREAK APART,’ AND ‘TO THROW INTO DISORDER.’ While disruption doesn’t sound like something anyone would enjoy much, it has the potential to create investment opportunities for those who share a vision and are willing to take risks.

Morgan Stanley recently wrote, “It’s hard to think of an industry that won’t be touched in some way by technological disruption over the next decade.” Here are a few of the trends that may really stir things up during the next few decades:

- **Machine learning.** “The transportation and medical industries are likely to be first in line for disruption,” *Morgan Stanley* suggested. A disruptive change researcher wrote, “If we think about what machine learning really is, it’s pattern recognition. We might see radiology and scans detecting cancers earlier than they’re detected today. And it’s possible that in the future we can also use machine learning to scan for genes that might predispose us to certain kinds of diseases.”
- **Autonomous vehicles.** The auto industry, as we know it, is likely to change in some significant ways when self-driving vehicles become more prevalent. Other industries will be affected, too. For instance, insurance could change dramatically. After all, who do you insure when software is driving?

In addition, cities may lose a source of revenue if there is less need for parking. *CNBC* wrote, “Reports estimate self-driving vehicles have the potential to reduce parking space by about 61 billion square feet, which is about the size of Connecticut and Vermont combined.” This may be a boon for the real estate market.

4100 Embassy Parkway, Suite 100, Akron, Ohio 44333-1783
330-434-2000 / Fax: 330-665-1515
www.symphony-financial.com

Securities offered through LPL Financial, Member FINRA/SIPC. Investment advice offered through Symphony Financial Services, Inc., a registered investment advisor and separate entity from LPL Financial.

The responsibilities of law enforcement may change, too, and crash test dummies may be out of work.

- **Augmented reality.** Imagine a surgeon being able to practice a surgery, a rigger learning their craft without scaling heights to lift heavy objects, or a teacher making students' textbooks come alive. Augmented reality has the potential to help professionals refine their skills, make dangerous training safer, and fascinate students at all levels of learning.

Morgan Stanley also pointed out that Blockchain, which enables electronic contracts and custody, may change the financial industry, and Clustered Regularly Interspaced Short Palindromic Repeats (CRISPR) may help cure disease at the genetic level.

We live in interesting times!

Weekly Focus – Think About It

“Companies don’t have ideas. Only people do. And what motivates people are the bonds of loyalty and trust they develop around each other.”

--Margaret Heffernan, International businesswoman and author

Best regards,



John Y. Kim, J.D., LL.M.
President

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

Securities offered through LPL Financial, Member FINRA/SIPC.

* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.

* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.

* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.

* All indices referenced are unmanaged. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment.

* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.

4100 Embassy Parkway, Suite 100, Akron, Ohio 44333-1783
330-434-2000 / Fax: 330-665-1515
www.symphony-financial.com

Securities offered through LPL Financial, Member FINRA/SIPC. Investment advice offered through Symphony Financial Services, Inc., a registered investment advisor and separate entity from LPL Financial.

- * The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.
- * Gold represents the afternoon gold price as reported by the London Bullion Market Association. The gold price is set twice daily by the London Gold Fixing Company at 10:30 and 15:00 and is expressed in U.S. dollars per fine troy ounce.
- * The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
- * The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
- * These views are those of Peak Advisor Alliance, and not the presenting Representative or the Representative's Broker/Dealer, and should not be construed as investment advice.
- * This newsletter was prepared by Peak Advisor Alliance. Peak Advisor Alliance is not affiliated with the named broker/dealer.
- * Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
- * Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.
- * Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.
- * Past performance does not guarantee future results. Investing involves risk, including loss of principal.
- * You cannot invest directly in an index.
- * Consult your financial professional before making any investment decision.
- * Stock investing involves risk including loss of principal.

Sources:

- <http://www.cnbc.com/2017/07/14/us-stocks-earnings-banks-data.html>
- [http://www.barrons.com/articles/dovish-yellen-spurs-markets-to-soar-1500094950?mod=BOL_hp_we_columns \(or go to https://s3-us-west-2.amazonaws.com/peakcontent/+Peak+Commentary/07-17-17_Barrons-Dovish_Yellen_Spurs_Markets_to_Soar-Footnote_2.pdf\)](http://www.barrons.com/articles/dovish-yellen-spurs-markets-to-soar-1500094950?mod=BOL_hp_we_columns (or go to https://s3-us-west-2.amazonaws.com/peakcontent/+Peak+Commentary/07-17-17_Barrons-Dovish_Yellen_Spurs_Markets_to_Soar-Footnote_2.pdf))
- https://ereresearch.fidelity.com/ereresearch/markets_sectors/sectors/sectors_in_market.jhtml (Click + sign next to Financials to expand)
- [https://www.ft.com/content/4ad6fe30-689a-11e7-9a66-93fb352ba1fe \(or go to https://s3-us-west-2.amazonaws.com/peakcontent/+Peak+Commentary/07-17-17_FinancialTimes-If_Earnings_Were_So_Good_Why_Did_Bank_Shares_Fall-Footnote_4.pdf\)](https://www.ft.com/content/4ad6fe30-689a-11e7-9a66-93fb352ba1fe (or go to https://s3-us-west-2.amazonaws.com/peakcontent/+Peak+Commentary/07-17-17_FinancialTimes-If_Earnings_Were_So_Good_Why_Did_Bank_Shares_Fall-Footnote_4.pdf))
- <http://www.cboe.com/products/vix-index-volatility/vix-options-and-futures/vix-index/vix-historical-data>
- <https://www.merriam-webster.com/dictionary/disrupt>
- http://www.morganstanley.com/ideas/stan-delaney-5-disruptive-trends?et_mid=19351&et_mkid=05dcda3fc149857c3a3cc45c1c6dc98b
- <http://www.cnbc.com/2017/05/03/self-driving-cars-will-disrupt-10-industries-commentary.html>
- <http://elearnmag.acm.org/featured.cfm?aid=2380717>
- <http://www.morganstanley.com/im/en-us/institutional-investor/insights/investment-insights/the-edge-crispr.html>
- <http://blog.ted.com/21-amazing-quotes-from-tedwomen-2015/>

4100 Embassy Parkway, Suite 100, Akron, Ohio 44333-1783
 330-434-2000 / Fax: 330-665-1515
www.symphony-financial.com

Securities offered through LPL Financial, Member FINRA/SIPC. Investment advice offered through Symphony Financial Services, Inc., a registered investment advisor and separate entity from LPL Financial.