



Market Commentary March 19, 2018

Dear Investors:

It's a good time for a gut check.

Last week, after sliding lower for four days, the Standard & Poor's 500 Index recouped some of its losses on Friday. The reasons behind the week's poor showing were diverse. *Barron's* reported:

“The market is so discombobulated right now that it can't even decide what it's afraid of. What do we mean? When the Standard & Poor's 500 index suffered its first correction since the beginning of 2016 last month, the cause was easily identified – a good old-fashioned inflation scare caused by a larger-than-expected increase in wages and a rapidly rising 10-year Treasury yield, which almost hit 3 percent...Fast-forward more than a month and those fears seem almost quaint.”

Those fears included:

- Special Counsel Robert Mueller's subpoena of the Trump Organization.
- The effects of recent tariffs and the possibility of trade wars.
- The departure of Secretary of State Rex Tillerson.
- The *Atlanta Fed* revised its *GDPNow Forecast* downward for the first quarter of 2018. Weakness in consumer spending, net exports, and inventory investment offset gains in private fixed-investment growth.
- The *Commerce Department* reported weak retail sales for the third month in a row. Economists had expected sales to rise.

Here's the thing: During 2017, volatility settled at historically low levels and stock markets charged ahead. As a result, it was relatively easy for investors to become sanguine about risk. You could say 2017 made investing seem as mundane as driving across the flatlands of the Plains states. It's possible 2018 will be more like traveling icy switchbacks through the Rocky Mountains.

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No matter what happens in the months to come, it's a good time to reassess your risk tolerance and make sure it aligns with your financial goals and asset allocation.

Data as of 3/16/18	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-1.2%	2.9%	15.6%	9.8%	12.1%	8.0%
Dow Jones Global ex-U.S.	0.2	0.7	16.6	5.5	4.2	1.3
10-year Treasury Note (Yield Only)	2.9	NA	2.5	2.1	2.0	3.3
Gold (per ounce)	-0.8	1.1	6.6	4.4	-4.0	2.6
Bloomberg Commodity Index	-0.7	-0.9	2.9	-3.5	-8.7	-8.2
DJ Equity All REIT Total Return Index	1.3	-6.2	1.2	3.7	7.2	7.5

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.

HOW MUCH DO YOU SPEND ON HEALTHCARE?

Healthcare costs have been going up for a long time. The *Centers for Medicare & Medicaid Services* reported annual health spending – healthcare paid for through private health insurance, Medicare, Medicaid, or out-of-pocket spending by businesses, households and governments – in the United States averaged \$3.3 trillion in 2016.

That's about \$10,348 per person. It's a significant amount even before you consider the median income in the United States was about \$57,600 that year.

Here's another perspective: Healthcare spending was equal to almost one-fifth (17.9 percent of GDP) of everything the United States economy produced during 2016 (Gross Domestic Product – GDP – measures the value of all goods and services produced in a country). That's more than U.S. manufacturing produced (11.7 percent of GDP) during 2016. Add in retail (5.9 percent of GDP) and the total is just shy of spending on healthcare.

The cost of healthcare is important not just because it's high, but because it's a critical aspect of retirement planning. A retirement plan is built around a horizon, which is the number of years you expect retirement to last. It's a difficult number to think about because it's a reflection of how long you expect to live.

In general, the planning horizon for women should be longer than the planning horizon for men. Women tend to live longer, and that means their healthcare costs may be considerably higher. About \$79,000 higher, according to one estimate that found a healthy 55-year-old woman could pay almost \$523,000 in healthcare expenses (Medicare Parts A, B, D, a supplemental policy F, dental, and all out-of-pocket expenses) during retirement.

There are a variety of approaches that may help cover the expense – even if you're closing in on retirement. A retirement planning strategy that factors in healthcare expenses with an appropriate planning horizon can help improve financial stability in your later years.

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Weekly Focus – Think About It

“We're optimistic about ourselves, we're optimistic about our kids, we're optimistic about our families, but we're not so optimistic about the guy sitting next to us, and we're somewhat pessimistic about the fate of our fellow citizens and the fate of our country. But private optimism about our own personal future remains persistent. And it doesn't mean that we think things will magically turn out okay, but rather that we have the unique ability to make it so.”

--Tali Sharot, Associate Professor of Cognitive Neuroscience, University College London

Best regards,

SYMPHONY FINANCIAL SERVICES, INC.

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.

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- * 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 indexes 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.
- * 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.
- * Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
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