***August 2017***

***MARKET OUTLOOK:***

*As I write this, the****S&P 500 is up 11 percent YTD,****not including dividends. This is the 9th year of the economic recovery.****Is this the bottom of the 9th inning?****Where is the market headed from here?  These are difficult questions to answer,****over time equity markets increase in price****, but i****n the short term, moves are hard to predict.****Markets don't trade on fundamentals such as price to earnings ratio or intrinsic value, as much as they trade on emotions such as****fear and greed.***

*Let's talk about****Strategic Asset Allocation****vs.****Tactical Asset Allocation.****Strategic Asset Allocation is when you set your portfolio asset allocations to various asset classes, like stocks with different capitalization's and bonds over various durations and you rebalance to keep those percentage allocations the same over time. A simple example would be US Equities 50%, International Equities 20%, US Bonds 30%.****Tactical Asset Allocation allows you to vary those asset allocation percentages****based on external events, real or perceived. An example of this might look like US Equities 40%-60%, International Equities 10% -30%, US Bonds 20%-40%.*

*Bottom line, if your not comfortable with your current allocation to stocks;****if you feel the market is overvalued,****it's OK to pull back.  Don't get out completely,  that would be****market timing, a strategy that is proven to fail,****as you have to be right twice, you have to be able to pick the market top and sell, and you must be able to spot the bottom and buy.   Reducing your exposure to equities is a form of market timing but in a sensible, logical way.  You will give up some gains if the market continues to power ahead, but you will protect yourself in a downturn. Also, by keeping some****"dry powder"****you can take advantage and buy equities at reduced prices if the market takes a dip.*

*If you've been invested in US Stocks it has been quite a ride! But, remember this, "****Excitement is highest as the roller coaster goes over the top."***

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