



May 2017

Dear friends,

After a quick jump in the stock market from November to early February, the Dow Jones Industrial Average (DJIA) seems to have come to a complete halt. One of the ways we measure the ups and downs of the market is called the Volatility Index or VIX. Last week the reported VIX was at the lowest number we have ever experienced (source BlackRock). If you had told me in November that the stock market would have some of its lowest volatility in history six months after the presidential election, I am sure I would have thought that was preposterous. Nevertheless, that is where we are today.

This doesn't necessarily mean your account hasn't grown during this time. Most clients own a variety of different investments in their portfolios and several areas including many alternatives, municipal and corporate bond funds, and specific stock market sectors have continued to grow over the last few months. The lesson is to recognize that your portfolio is not just the stock market and your portfolio is designed to own investments which will continue to grow – even if the DJIA is not rising.

Given all of the news in the past few months, a flat market is actually quite good. Often times when the lead news stories including items such as North Korea test firing nuclear missiles, the firing of the director of the FBI, and threats of presidential impeachment; you would expect to see a 5-10% drop in the market. Instead the market held steady because of good earnings both in the US and abroad. This makes me optimistic about the potential for future growth over the next few years.

Municipal Bond update

Those of you who are long time clients know that I have been writing about the problems with Puerto Rican municipal bonds for years. Several years ago now we moved all of our clients out of municipal bond funds that have exposure to Puerto Rico. Last month Puerto Rico filed for "bankruptcy" because of their \$123 Billion in municipal debt. Today, our clients have no exposure to Puerto Rican bonds.

Due Diligence

ROBERT C. ALGER, CFP®
President, Alger Financial
Financial Advisor, RJFS



During this quite time in the market, Kelly and I took advantage of the lull to perform research on a number of different investment providers and learn from many economists and Washington insiders. Over the past few months, Kelly visited Eaton Vance in Boston, Bob was in New York with BlackRock, and we both heard from a number of experts at the Raymond James National Conference in Orlando. While most of the conference was listening to folks like Washington insider Andy Friedman, Global Economic Policy Analyst Dr. Pippa Malmgren, and Raymond James Chief Investment Strategist Jeffrey Saut; we were also inspired by Phil Hansen. Mr. Hansen is an artist who developed tremors in his hands at an early age and had to find unique ways to share his artistic passion. If you have time you should check out his TED talk video below.

https://www.ted.com/talks/phil_hansen_embrace_the_shake

DOL update

Unless there is a last minute reprieve from the president, the Department of Labor's Fiduciary Responsibility rule will go into effect on June 9. For most clients we have already adjusted your accounts to be in compliance with this rule, but it is quite complex and will forever change the way we manage retirement accounts. Several items are changing including the way we screen for investment options for your accounts, the charges that I can pick up and not have to pass along to you, and how the accounts are reviewed and your goals documented. You will receive a notice from Raymond James in late May about some of these changes and Kelly or I are happy to discuss them with you individually. For clients where there is going to be a major change in how we handle your account, we have already had that discussion. If we have not discussed this by now, then the visible changes in your accounts will probably be minimal.

Alger Financial website and Security

Last month we updated the Alger Financial website to keep up with the latest technology and changing client needs. Please check out the new website and send us an email with feedback. This is still a work in progress and I would love your thoughts. Also with the new website, we can now offer the ability for 2 step authorization when logging into your investment accounts online. This means you would need both your password and a pin number that would be texted to your phone when logging in to your account. This is optional additional protection if you would like it. We do not have this set up on your accounts now, but if you would like the heightened security please email Kim at Kimberly.hiniker@raymondjames.com and she can easily set it up for you.

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Thank you all for your patience over the last year as we have prepared for the new Department of Labor rule. Even though regulations sometimes make our job more difficult, the trust and confidence you have placed in our firm is what makes us proud to serve you and help you accomplish all of your financial dreams.

Sincerely,

A handwritten signature in blue ink that reads "Bob Alger".

Robert C. Alger, CFP®
Branch Manager & Financial Advisor, Raymond James Financial Services, Inc.
President, Alger Financial Inc.

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