

M.K. BROWN

WEALTH ADVISORY

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*“There is nothing either bad or good.
Only thinking makes it so.”*

- William Shakespeare

Current Observations

A new year has arrived, time for resolutions and resetting expectations. Many investors are wanting a guide with predictions for this coming year along with a model portfolio that's sure to beat the market. Of course, that is not going to happen. Just look at what was being said last year at this time; markets are going to be in for a wild, volatile ride with the election of a new president. So, what happened? The markets had one of the lowest volatility years on record and of course the market set all types of records to the upside. Who would have guessed?

While we have no idea how the markets will finish at year end, we are optimistic and don't see an end to this secular bull market anytime soon. Therefore, we are not anticipating a whole lot of changes to your portfolios with the exception of rebalancing and some possible sector changes within the equity side of the portfolio.

As a reminder, the odds favor increased volatility this new year compared to last, this is expected and not to panic. Bottom line, the market appears to be set for more gains in 2018 but we will remain flexible and will adjust if the outlook changes.

Core Beliefs

- Successful investing is goal focused and planning driven, while most of the failed investing I've observed was market focused and performance driven. We continuously act on the plan, while tuning out the fads and fears of the moment rather reacting to economic and market news of the day.

- Our principles of portfolio management relative to clients' goals are four-fold:
 1. The performance of a portfolio relative to a benchmark is largely irrelevant to financial success.
 2. The only benchmark we should care about is the one that indicates whether you were on track to accomplish your financial goals.
 3. Risk should be measured as the probability that you won't achieve your financial goals.
 4. Investing should have the exclusive objective of maximizing that risk to the greatest extent possible.
- The nature of successful investing, as I see it, is the practice of rationality under uncertainty. We will never have all the information we want in terms of what is about to happen because we invest in and for an essentially unknowing future. Therefore, we practice the principles of long-term investing that have most reliably yielded favorable long-term results over time: planning, a rational optimism based on experience; patience and discipline.

These will continue to be the fundamental building blocks of our investment advice in 2018 and beyond.

Personal

Classical music, for me, I find inspirational. Never played a musical instrument but grew up listening to classical. My dad would play every evening, he wouldn't watch TV. Recently rediscovered the often-sad sounding music of the Austrian composer, Gustav Mahler. Symphony #5, very moving.

Always love a good book. Reading Grant by Ron Chernow. A great biography on the general and president. My favorite author, James Lee Burke, just published a new novel, Robicheaux, can't wait to read. I fall victim to the environment around me, I am best in the mornings, love different places, good for the mind, and so travel is important to me. Currently planning trips to: Florida in February, East Coast in April, Colorado in July, and finally Austria and Switzerland in October.



Winter 2018 | Market Closures

Monday, January 15: Martin Luther King Jr. Day

Monday, February 19: Presidents Day

Friday, March 30: Good Friday

Planning To-Do's

- **Get organized:** Sign up for Investor Access to view your account online and go paperless, reducing clutter. Then, consolidate your personal and financial documents by uploading them to Vault, our secure online file sharing platform.
- **Rev up your retirement:** Confirm that employer retirement plan contributions take advantage of any available employer match. Maximize IRA contributions early in the year so they have time to generate tax-deferred gains; you have until mid-April to do so for the previous year. If you are 50 or older, ask your advisor about catch-up contributions.
- **Optimize health spending:** If you participate in a flexible spending account (FSA) or health savings account (HSA), review your contribution levels to take full advantage based on your family's needs – without exceeding applicable limits. If you have an FSA, utilize available funds before your plan's use-it-or-lose-it deadline.

- **Face the future:** Have major new expenses that must be planned for in advance? Conduct a cash flow and liquidity analysis for the coming year to garner essential information. Additionally, prioritize how you'll apply available savings, perhaps by paying down high-interest debt, building or maintaining an emergency fund, or increasing retirement savings.
- **Bolster benefits:** Research your company's open enrollment schedule and decide whether you need to make changes to your benefits.
- **Avoid frenzied filing:** Keep your tax documents organized as they arrive so you're prepared when it's time to file. Talk to your advisor about coordinating with your tax professional to ensure everything is in order.



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