WEISS WEALTH MANAGEMENT GROUP
of
RAYMOND JAMES®

THE WEISS REPORT

SMART AND STEADY

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The Business of Fear

We work with investors to design financial plans for their future retirement and their family legacy. We sometimes plan to secure college educations for our children and grandchildren. These plans can provide real paths to success over time.

However, one of the wrenches that can get thrown in the gears of these plans are human anxieties about finances. These anxieties, and the fear of unknown future events, can often block our path to success.

Financial news often sets off our inner anxieties. The media creates the perception that events or trends will derail our plan or destroy our financial world as we know it. The way these stories are presented often fan the fears of viewers – by design. When we are confident, we consume less financial news. When we are worried, we tend to be glued to our TV/IPads. Perception can become reality, challenging the viability of our planning.

When talking to clients about what stirs up their financial fears and anxieties, we have noticed a very common source. We call them "Permabears". A permabear is a person or group that takes the position that markets and/or the economy is in a position to collapse. Not only is it going to happen, but also it is going to happen very, very soon. And because it is happening soon, investors will have little or no time to protect themselves thus doing great damage to their savings.

Permabears seem to fly in the face of financial history. Over the last 20, 40, even 75 years, the long-term performance of markets is a very positive one for investors. As we have said many times, the markets are a collection of corporations who aim to provide a product or service that people want to pay for. Over time, the success of these corporations is measured in earnings. Rising earnings generally fuel rising stock prices.

So why do permabears maintain their doom and gloom positions? The first reason is money. At some point in the market cycle, the market will go from bull to bear – if only for a moment. When this happens it will feel scary and when people are scared they are more susceptible to ideas. It is at this point that investors are more likely to watch TV shows, buy books, and support pay for advice subscriptions. In this context, the permabear doesn't really care if they are right or wrong in the moment. All that matters is that the consumer is scared.

The second source of financial anxiety that we have seen is when an idea or "trend" will start very soon and overwhelm all prior planning and success you've had in the past. This sounds an awful lot like a permabear. But the problem is when the idea or trend comes from sources that are generally more even keeled unlike a permabear who is always bearish. A great example of this is when the financial media starts promoting the idea that the value of the U.S. Dollar will soon collapse. The problem that we see with the theory is that almost 25% of global GDP is generated by the U.S. economy. The global economy needs a currency that all trade can be funneled through – that currency is the U.S. Dollar.

Another example of something that riles investors up is anything that uses the word contagion. In a financial context, contagion is an economic shock or event in one country that spreads throughout a region. A perfect example of the potential for financial contagion was the debt crisis that arose in Greece in 2010. Greek banks faced a date certain that required a large repayment on outstanding debt. It was obvious to all followers that these banks did not have sufficient liquidity to meet their obligations. The debate centered on what choices the European Union had to bail out these banks if they chose to. Our point is that in most situations, investors have adequate time to move assets away from potential problem areas. The Greek bank story was headline news for months.

Why is the market so strong & what do we expect ahead?

The stock market has surprised many in 2017 with a strong post-election rally. We think the rally is attributed to two important trends. First, as we noted in the post-election edition of TWR (Volume 19, Number 4), the market was as much as 30% undervalued based on historical norms. In order for the cycle to revert back to its mean, the market needed to trade above the trend line for a few years.

The other reason we think the market has been grown at a double digit pace in 2017 is that the growth of corporate earnings has again begun to accelerate. After seeing a slowdown in earnings growth in 2014 and 2015, we are now seeing earnings accelerate rather rapidly. Additionally estimates for 2018 and 2019 are strong as well.

Portfolios

Portfolios that we manage by discretion have had good participation in the 2017 stock market rally. Our strategy to abandon individual securities in favor of third party management has helped overall performance. That allocation operated for seven months and we have been very pleased with the results.

In July, we will engage the process of rebalancing – bringing the portfolios back into the original allocations. Additionally, for many accounts we are adding new investments ideas:

- A diversified international equity investment
- A broad based, theme driven, investment that can invest anywhere it can find a viable opportunity

- A long/short investment

Enclosures:

Enclosure number 1 is a piece produced by Raymond James that provides a quick view of current investment themes, economic snapshots, and a tactical outlook for the next 6-12 months. We have found this to be a great resource and welcome any questions you may have regarding the information.

Enclosure number 2 is an article from Bloomberg.com about the decline of summer jobs. Many of our readers look back fondly on their summer jobs as teenagers. This piece explains why fewer teens today are having the same experience.

Enclosure number 3 is an article that was written by CNBC.com around the same time as a very popular initial public offering (IPO). The article specifically discusses how younger investors often get hit the hardest in those type of situations.

INVESTMENT STRATEGY QUARTERLY QUICKVIEW

JULY 2017

THEMES

The Byte-Sized Economy

A data-driven society appears to be the direction our world, and world economy, is headed – and it's probably going to happen much sooner than most believe. Information has become a highly sought-after resource not too dissimilar to oil or other commodities. Rapid progression in areas such as modern medicine, alternative energies and financial tech will, in our view, help drive this secular bull market to greater and greater heights over the next several years.

Q&A: The Future of Fuel

Over the past decade, the most impactful new technology for extracting oil (and natural gas) has been hydraulic fracturing ("fracking") alongside horizontal drilling. This, more than anything, has enabled U.S. oil production to reverse three decades of declines since 2010. As technology is helping make the oil supply more plentiful and cheaper, it is also contributing to slowing the growth rate of demand for oil.

Economic Growth: Will a "New Norm" Trump the Political Agenda?

In recent years, economists have increasingly come to accept the view that slower labor force growth will limit the trend in inflation-adjusted gross domestic product (GDP). Financial markets may have yet to fully embrace this "new normal." Since the November election, financial market participants have been encouraged by the "Trump agenda" of reduced regulation, large-scale infrastructure spending and broad tax reform. However, this agenda is facing a significant uphill battle on Capitol Hill. Historically, the strength of the U.S. economy has been our ability to evolve and adapt to changing circumstances. The future will look different to us in ways we cannot see now. However, it seems clear that the U.S. will need a more adaptive, better-educated workforce.

For more information, refer to the full *Investment Strategy Quarterly.*

ECONOMIC SNAPSHOT

ECONOMIC INDICATOR

FAVORABLE	GROWTH
	EMPLOYMENT
	BUSINESS INVESTMENT
	HOUSING AND CONSTRUCTION
	MONETARY POLICY
	FISCAL POLICY
	REST OF THE WORLD
NEUTRAL	CONSUMER SPENDING
	MANUFACTURING
	INFLATION
	LONG-TERM INTEREST RATES
	THE DOLLAR

From Scott Brown, Ph.D., Chief Economist, Equity Research

TACTICAL OUTLOOK (6-12 months)

FAVORABLE	NON-U.S. DEVELOPED MARKET EQUITY
	NON-U.S. EMERGING MARKET EQUITY
	ALTERNATIVE INVESTMENTS
NEUTRAL	OVERALL EQUITY
	U.S. LARGE CAP EQUITY
	U.S. MID CAP EQUITY
	U.S. SMALL CAP EQUITY
	REAL ESTATE
	INVESTMENT GRADE INTERMEDIATE MATURITY FIXEDINCOME
	GLOBAL (NON-U.S.) FIXED INCOME
	CASH AND CASH ALTERNATIVES
UNFAVORABLE	OVERALL FIXED INCOME
	INVESTMENT GRADE LONG MATURITY FIXED INCOME
	INVESTMENT GRADE SHORT MATURITY FIXED INCOME
	NON-INVESTMENT GRADE FIXED INCOME (HIGH YIELD)
	MULTI-SECTOR BOND STRATEGIES

The tactical asset allocation outlook above reflects the Raymond James Investment Strategy Committee's recommendations for current positioning. Your financial advisor can help you interpret each recommendation within this material relative to your individual asset allocation policy, risk tolerance and investment objectives.

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INVESTMENT STRATEGY QUARTERLY QUICKVIEW

JULY 2017

CAPITAL MARKETS SNAPSHOT

EQUITY	AS OF 6/30/2017*	2Q 2017 RETURN**	12-MONTH RETURN
Dow Jones Industrial Average	21,349.63	3.95%	22.12%
S&P 500 Index	2,423.41	3.09%	17.90%
NASDAQ Composite Index	6,140.42	4.16%	28.30%
MSCI EAFE Index	1,883.19	6.12%	20.27%
RATES	**AS OF 6/30/2017***	**AS OF 3/31/2016****	**AS OF 6/30/2016**
Fed Funds Target Range	1.00-1.25	0.75-1.00	0.25-0.50
3-Month LIBOR	1.30	1.15	0.64
2-Year Treasury	1.38	1.28	0.62
10-Year Treasury	2.27	2.42	1.50
30-Year Mortgage	3.88	4.30	3.56
Prime Rate	4.25	4.00	3.50
COMMODITIES	**AS OF 6/30/2017***	**1Q 2017 RETURN****	**12-MONTH RETURN**
Gold	$1,242.25	-0.21%	-5.94%
Crude Oil	$46.04	-9.01%	-4.74%

*Price Level
**Total Return

SECTOR SNAPSHOT

	SECTOR	S&P WEIGHT
OVERWEIGHT	INFORMATION TECHNOLOGY	22.7%
	HEALTH CARE	14.7%
	FINANCIALS	14.1%
	INDUSTRIALS	10.2%
	ENERGY	5.9%
EQUALWEIGHT	CONSUMER DISCRETIONARY	12.2%
	MATERIALS	2.8%
UNDERWEIGHT	CONSUMER STAPLES	9.1%
	UTILITIES	3.2%
	REAL ESTATE	2.9%
	TELECOM	2.2%

INDEX DESCRIPTIONS: Please note that all indices are unmanaged and investors cannot invest directly in an index. An investor who purchases an investment product which attempts to mimic the performance of an index will incur expenses that would reduce returns. Standard & Poor's 500 (S&P 500): Measures changes in stock market conditions based on the average performance of 500 widely held common stocks. Represents approximately 68% of the investable U.S. equity market. The Dow Jones Industrial Average is an unmanaged index of 30 widely held securities. The NASDAQ Composite Index is an unmanaged index of all stocks traded on the NASDAQ over-the-counter market. The MSCI EAFE (Europe, Australia, Far East) index is an unmanaged index that is generally considered representative of the international stock market.

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The Weiss Report
Volume 20 Number 4
Enclosure #2

Why Aren't American Teenagers Working Anymore?

The decline of the summer job.

By: Ben Steverman – June 5, 2017 – Bloomberg.com

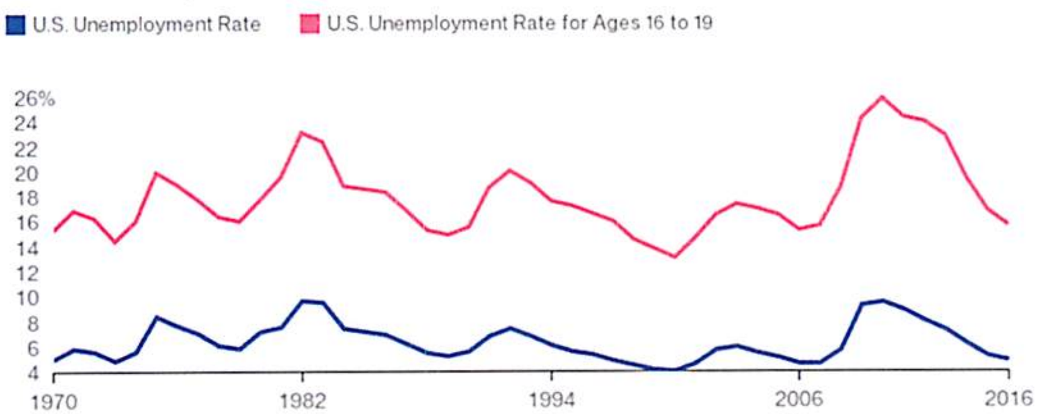
This summer American teenagers should find it a little easier to get a job—if they want one.

The U.S. unemployment rate fell to 4.3 percent in May, the lowest in 16 years, so teens started looking for summer jobs in the best labor market since the tech boom of the early 2000s. The May unemployment rate for 16- to 19-year-olds was 14.3 percent, but teens usually find it harder to find jobs than their more experienced elders. Back in 2009, the teenage jobless rate hit 27 percent.

A CareerBuilder survey of 2,587 employers released last month found that 41 percent were planning to hire seasonal workers for the summer, up from 29 percent last year.

An Improving Jobs Market

Teens are usually about three times more likely to be unemployed than other Americans.



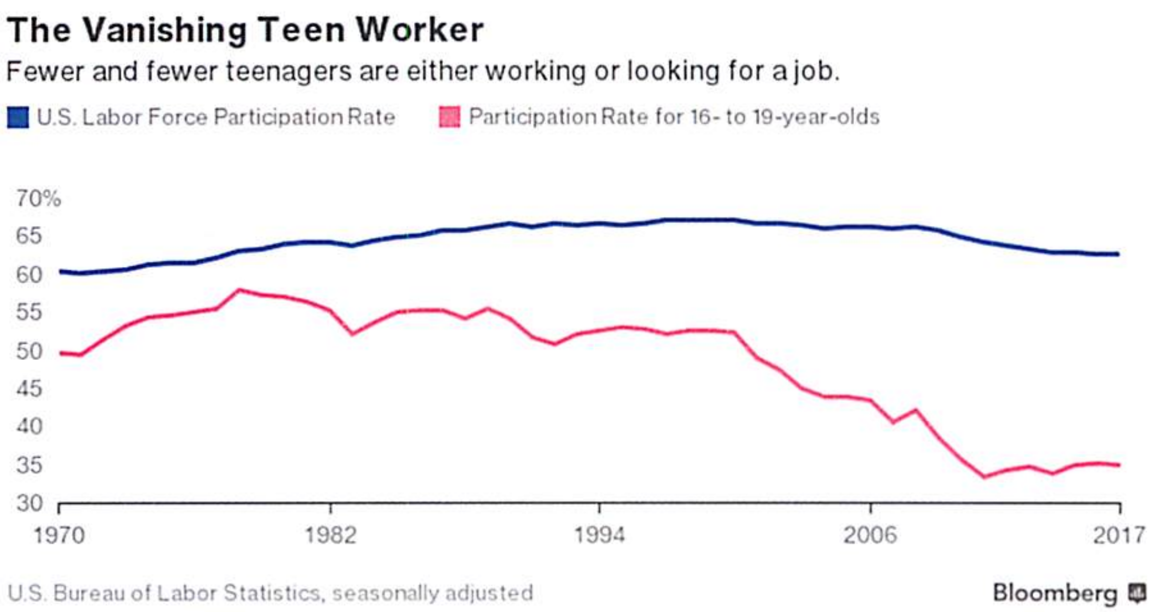
U.S. Bureau of Labor Statistics, seasonally adjusted

Bloomberg

But the unemployment rate measures joblessness only among people who are actively looking for work. And many American teens aren't.

For Baby Boomers and Generation X, the summer job was a rite of passage. Today's teenagers have other priorities. Teens are likeliest to be working in July, according to data from the Bureau of Labor Statistics that's not seasonally adjusted. In July of last year, 43 percent of 16- to 19-year-olds were either working or looking for a job. That's 10 points lower than in July 2006. In 1988 and 1989, the July labor force participation rate for teenagers nearly hit 70 percent.

Whether you're looking at summer jobs or at teen employment year-round, the work trends for teenagers show a clear pattern over the last three decades. When recessions hit, in the early 1990s, early 2000s, and from 2007 to 2009, teen labor participation rates plunge. As the economy recovers, though, teen labor doesn't bounce back. The BLS expects the teen labor force participation rate to drop below 27 percent in 2024, or 30 points lower than the peak seasonally adjusted rate in 1989.



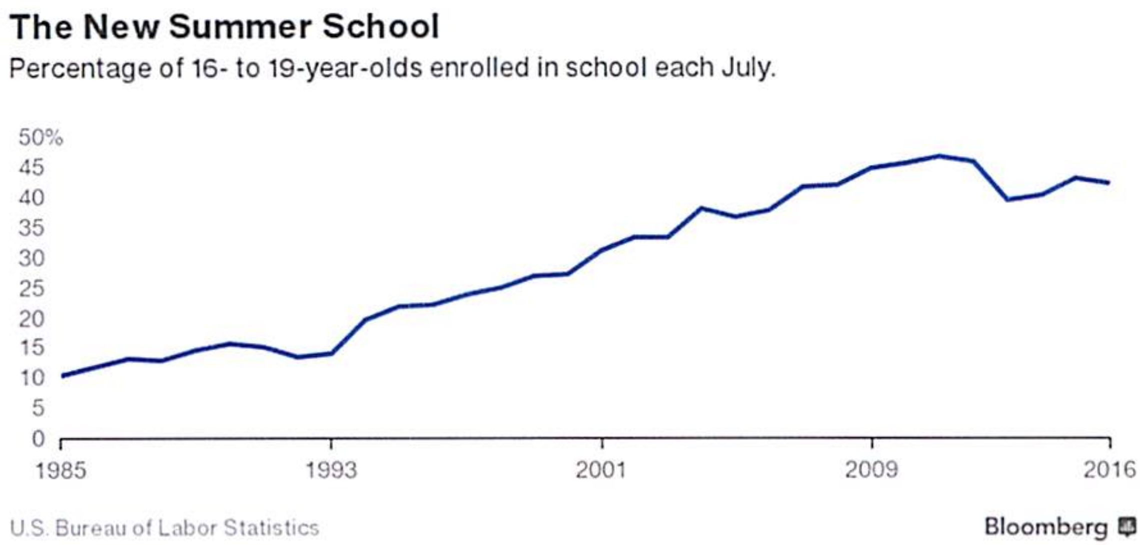
Why aren't teens working? Lots of theories have been offered: They're being crowded out of the workforce by older Americans, now working past 65 at the highest rates in more than 50 years. Immigrants are competing with teens for jobs; a 2012 study found that less educated immigrants affected employment for U.S. native-born teenagers far more than for native-born adults. Parents are pushing kids to volunteer and sign up for extracurricular activities instead of working, to impress college admission counselors. College-bound teens aren't looking for work because the money doesn't go as far as it used to. "Teen earnings are low and pay little toward the costs of college," the BLS noted this year. The federal minimum wage is $7.25 an hour. Elite private universities charge tuition of more than $50,000.

Or maybe, as cranky old people have asserted for generations, teenagers are just getting lazy.

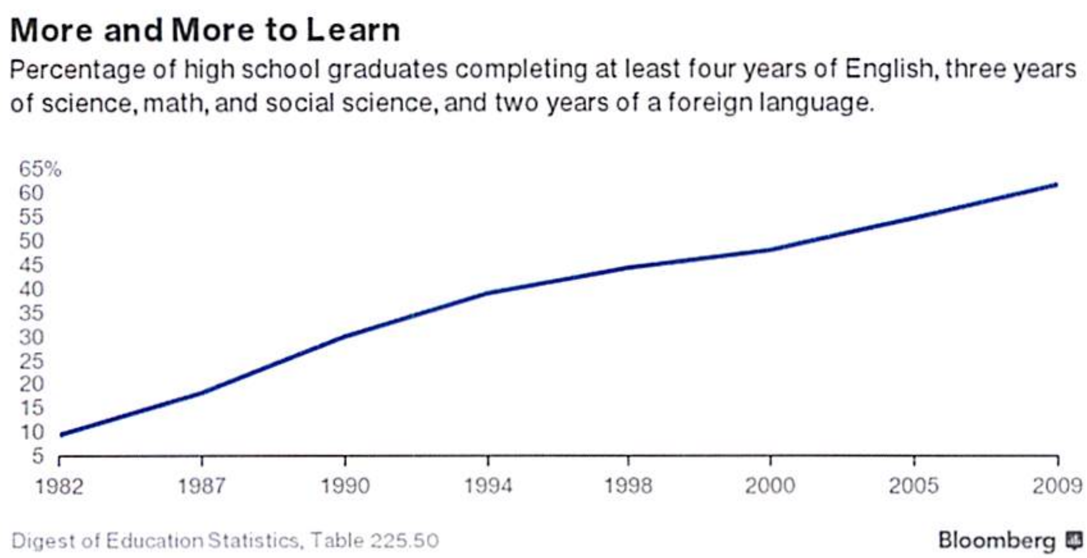
A recent BLS analysis offers another theory, backed up by solid data. It appears that millions of teenagers aren't working because they're studying instead.

Over the last few decades, education has taken up more and more of teenagers' time, as school districts lengthen both the school day and the academic year. During the school year, academic loads have gotten heavier. Education is also eating up teenagers' summers. Teens aren't going to summer school just because they failed a class and need to catch up. They're also enrolling in enrichment courses and taking courses for college credit.

In July of last year, more than two in five 16- to 19-year-olds were enrolled in school. That's four times as many as were enrolled in 1985, BLS data show.



Students have more to learn in their four years of high school. In 1982, fewer than one in 10 high school graduates had completed at least four years of English classes, three years of math, science, and social science, and two years of a foreign language. By 2009, the most recent data in the U.S. Digest of Education Statistics, the share of grads taking those classes was almost 62 percent.



High school students aren't just taking more classes. They're taking tougher ones. What's happened in math reflects trends in other areas. Calculus is up threefold since the early 1980s, while precalculus is up more than fivefold, and statistics and probability courses are up tenfold. Almost a million students graduated in 2009 having taken an advanced placement (AP) class, up 39 percent from four years earlier.

All this studying has obvious benefits, but a single-minded focus on education has disadvantages, too. A summer job can help teenagers grow up as it expands their experience beyond school and home. Working teens learn how to manage money, deal with bosses, and get along with co-workers of all ages.

A summer job can even save lives. In a study released last month by the National Bureau of Economic Research, researchers analyzed the effects of two Chicago programs providing students with part-time jobs along with mentors for the summer. The programs had little apparent effect on the teens' later employment or education—a big concern in itself—but arrests for violent crime plunged, by 42 percent for one program and 33 percent for the other, an effect felt for at least a year after the programs ended. If teens got nothing else out of the jobs programs, the researchers suggested, they were at least "learning to better avoid or manage conflict."

The Weiss Report
Volume 20 Number 4
Enclosure #3

Rookie Mistake: Younger Investors Get Hit the Hardest by Snap's Bid Decline

By: Evelyn Cheng – May 11, 2017 – cnbc.com

Professional investors, most of whom have underperformed the market the last 15 years, have a message for all the millennials who just started trading when their favorite company Snap went public: Investing isn't easy.

Snap shares got destroyed in the aftermath of the social network's first earnings report, likely hitting younger investors the most, according to data from Wall Street brokers.

When the parent of popular disappearing messaging app Snapchat began trading March 2, online trading broker TD Ameritrade said it gained 6,400 new clients with an average age of 38.

That's nearly a decade younger than the average age of retail clients trading Snap that day, TD said.

Snap shares dropped nearly 20 percent Thursday morning after its first quarterly report as a public company on Wednesday showed net losses of $2.2 billion, due to $2 billion in expenses for stock-based compensation.

In the first quarter, TD Ameritrade said Snap was among the most-bought stocks for both millennials and all clients. Both age groups' most-sold stocks last quarter were Apple, Tesla and Facebook.

Some of the younger set did turn negative ahead of this earnings disaster. Trading app Robinhood said investors age 30 and younger were selling more Snap shares than buying over the last several weeks.

The week after its IPO, the stock was most popular on the Robinhood app, but last week fell to third place, according to the firm's data scientist, Arpan Shah.

Newer investors are getting a lesson in what happens to hot internet IPOs after they go public. History shows that internet stocks tend to drop by large amounts the day after their first quarterly report as a public company. Facebook fell 11.7 percent after its initial earnings report but has climbed more than 700 percent over the last five years to a record high this month.