Financial Services Advisory
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Happy Times or The Twilight Zone?

February Market Review—March 8, 2017

Since the election, the U.S. stock market has been dubbed the "Teflon" market, with stocks on a relentless upward march in spite of the ongoing drama coming from the White House. In February alone, the Dow saw 12 consecutive days of new highs, something that has only happened two other times in its history. It seems that happy times are here again, and some market participants are suffering from FOMO, current slang for "fear of missing out."

For other investors, it feels as though we've been stuck in *The Twilight Zone*. The events leading up to and following the election have been nothing short of astounding, where we're so certain of an outcome, only to find that the exact opposite occurs. What some had feared would happen after the election (a market crash) didn't, and what some were certain to be true (the election outcome) turned out to be wrong.

It's as if the "new normal" world we now live in has become topsy-turvy. Whether you feel happy times are here again or the world has gone mad, you're right, because it all depends on individual perspectives.

We've heard the saying "hope for the best, but plan for the worst." Now we might add "and plan for the unexpected." For FSA, that means we're participating in the market rally, but with an eye to the exit. The table below shows how our various strategies were allocated as of the end of February:

STRATEGY	Allocation to EQUITIES	MAXIMUM Allocation to EQUITIES	Allocation to BONDS	Allocation to MONEY MARKETS
Income	0%	N/A	95%	5%
Income & Growth	50%	50%	45%	5%
Conservative Growth	60%	75%	35%	5%
Core Equity	95%	100%	0%	5%
Tactical Growth	70%	100%	25%	5%

Note: Portfolios are managed individually and may differ from these allocations.

As you can see, the portfolios are nearly fully invested in equities, with very little invested in money markets. Even the bond allocation in some of our strategies includes high yield corporate bonds which tend to move with equities, but with less volatility. Having said all that, we stand ready to reverse course at any moment. We're reminded that the S&P 500 Index fell 57% from the peak in October 2007 to the trough in March 2009 (16 months), and that it took until March 2013 (5 years) for the S&P to recover to its prior peak. While we don't attempt to predict when or if another crisis like 2008 will occur, we're mindful that the ensuing rally is now very long in the tooth, prompting us to tread with care.

One consequence of being fully invested is that we need more time to raise cash if you need money from your account. Please call us 4 – 5 days (minimum) before you need the money if you want to make a significant withdrawal from your account. This will help us keep your portfolio properly aligned after the money goes out.

If you haven't done so already, remember to check the FSA Vault for tax-related documents. We wish you all a smooth tax season and a wonderful spring.

Mary Ann Drucker
Assistant Portfolio Manager

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