



1st Quarter 2017

# Newsletter

*"We're always coming across interesting facts and stories, whether it is through our market research or just in our everyday lives in the Upper Peninsula. Our Newsletter is our opportunity to share these insights with you."*

Mark A. Aho, MBA, CFP®, CIMA®  
President, MAFG  
Financial Advisor, RJFS



Dear Friends,

Call it what you want, however since the November 8<sup>th</sup> election date the stock market has appreciated handsomely. Taking all politics out of the equation, a pro-growth-business posture has been received very well by those who look at potentially faster economic growth. The media however has been on a frenzied pace to stir up anything they can about the current administration. That said, the financial media's new focus may be to stir up just about anyone within ear shot of their publications or electronic squawk boxes on a new pent up fear. Let's take a look at some facts...

- The equity market, with dividends reinvested, has returned upwards of 30% in the last twelve months. I think the last time that happened was in the early 1990's, and I can't even guess when the time before that was.
- Seems to make sense to me to say, I wouldn't assume we should be expecting equities to do that again over the next twelve months.
- Since 1980 we have had a number of equity market pullbacks which have averaged about 14%. Therefore we

Pictured left to right:  
Lois Williams, Client  
Associate

Joe Jeeves, CFP®,  
Financial Advisor

Mark Aho, MBA, CFP®,  
CIMA®, President,  
MAFG, Financial  
Advisor

Nicole Burony-Noble,  
Registered Executive  
Assistant

Eric Froberg, AAMS,  
Financial Advisor

Amanda Zorza,  
Registered Client  
Associate

can expect some kind of hiccup along those lines just about every year, however it can never be timed. Remember the last two times this has happened. The first six weeks of 2016 the equity market dropped 11% and the one before was 13% in the late summer of 2015.

- Interest rates have gone back up in recent months. The ten year Treasury at one point in 2016 was 1.37% (07/05/16) and is currently at 2.35% (04/03/17); industrial commodity prices are trending back toward their old highs, which is usually a sign of stronger economic growth; and gold has even had a mini flurry since Christmas. When you put these items together, it may not be too much longer before you start to hear the “I” word – Inflation- on the evening news.
- Should the market take its standard breather as the media starts its frenzied posture on inflation, be not discombobulated. Generally speaking no changes to your beautifully diversified strategic portfolio will be warranted by this; remember one of our base principles, if your goals have not changed, there is no need to change your portfolio strategy.
- If the media noise about inflation or a market correction gets too loud, turn it off. If all of this noise continues to bothers you, give me or my team members a call or come in to see us.
- Remember as in the past...This too-whatever “this” happens to be at any given moment- shall pass.

Blessings my good friends,  
Mark

“Consult not your fears but your hopes and your dreams. Think not about your frustrations, but about your unfulfilled potential. Concern yourself not with what you tried and failed in, but with what is still possible for you to do.”

Saint John XXIII (Canonized on April 27, 2014)



# The Numbers

For a full analysis of the Quarter, please go to our web site at [www.markahofinancialgroup.com](http://www.markahofinancialgroup.com). Then click on Client Center> Market/Economic Commentaries> Investment Strategy Quarterly. Below is a brief snapshot from the report:

## Capital Markets Snapshot

Index	2017 YTD	2016	Last 10 years
Dow Jones Industrial Average	4.56%	13.42%	5.28%
S&P 500 Index	5.53%	9.54%	5.22%
NASDAQ Composite Index	9.82%	7.50%	9.34%
Russell 1000G      Large Cap Growth	8.91%	7.08%	9.13%
Russell 1000V      Large Cap Value	3.27%	17.34%	5.93%
Russell 2000G      Small Cap Growth	5.35%	11.32%	8.06%
Russell 2000V      Small Cap Value	-0.13%	31.74%	6.09%
MSCI EAFE          Developing International	7.39%	1.51%	1.53%
MSCI EM            Emerging Markets	11.49%	11.60%	3.05%
DJ US Select REIT    U.S. Real Estate	-0.27%	6.68%	4.22%
Barclays US Intermediate Govt/Credit	0.76%	2.08%	3.74%
Citigroup World Government Bond Index	1.55%	1.60%	3.03%

*Russell 1000 Growth Index – Measures the performance of the 1,000 largest companies in the Russell 3000 Index, with higher price-to-book ratios and higher forecasted growth values.  
 Russell 1000 Value Index – Measures the performance of the 1,000 largest companies in the Russell 3000. Index with lower price-to-book ratios and lower forecasted growth values.  
 Russell 2000 Growth Index – Measures the performance of the 2,000 smallest companies in the Russell 3000. Index with higher price-to-book ratios and higher forecasted growth values.  
 Russell 2000 Value Index – Measures the performance of the 2,000 smallest companies in the Russell 3000. Index with lower price-to-book ratios and lower forecasted growth values.  
 MSCI Emerging Markets Index – A market capitalization weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Dow Jones U.S. Select REIT Index intends to measure the performance of publicly traded REITs and REIT-like securities. Barclays Capital U.S. Intermediate Credit Bond Index measures the performance of investment grade corporate debt and agency bonds that are dollar denominated and have a remaining maturity of greater than one year and less than ten years. The Citigroup WGBI G7 x U.S. (USD) is an unmanaged market value weighted index comprised of debt issued by countries in the group of 7 (Canada, France, Germany, Italy, Japan, United Kingdom, United States) excluding the United States. The MSCI EAFE is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 21 developed nations. The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. The Dow Jones Industrial Average (DJIA), commonly known as "The Dow", is an index representing 30 stock of companies maintained and reviewed by the editors of the Wall Street Journal. The NASDAQ composite is an unmanaged index of securities traded on the NASDAQ system. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary. Past performance does not guarantee future results.*

## Eric's Blog



### FOUR WAYS TO DOUBLE THE POWER OF YOUR TAX REFUND

The IRS expects that more than 70% of taxpayers will receive a refund in 2017.<sup>1</sup> What you do with a tax refund is up to you, but here are some ideas that may make your refund twice as valuable.

#### Double your savings

Perhaps you'd like to use your tax refund to start an education fund for your children or grandchildren, contribute to a retirement savings account for yourself, or save for a rainy day. A financial concept known as the Rule of 72 can give you a rough estimate of how long it might take to double what you initially save. Simply divide 72 by the annual rate you hope that your money will earn. For example, if you invest your tax refund and it earns a 6% average annual rate of return, your investment might double in approximately 12 years (72 divided by 6 equals 12).

*This hypothetical example of mathematical compounding is used for illustrative purposes only and does not represent the performance of any specific investment. Fees, expenses, and taxes are not considered and would reduce the performance shown if they were included.*

#### Split your refund in two

If stashing your refund away in a savings account or using it to pay bills sounds unappealing, go ahead and splurge on something for yourself. But remember, you don't necessarily have to spend it all. Instead, you could put half of it toward something practical and spend the other half on something fun. The IRS makes splitting your refund easy. When you file your income taxes and choose direct deposit for your refund, you can decide to have it deposited among two or even three accounts, in any proportion you want. Qualified accounts include savings and checking accounts, as well as IRAs (except SIMPLE IRAs), Coverdell Education Savings Accounts, health savings accounts, Archer MSAs, and TreasuryDirect® online accounts. To split your refund, you'll need to fill out IRS Form 8888 when you file your federal return.

#### Double down on your debt

Using your refund to pay down credit card debt or a loan with a high interest rate could enable you to pay it off early and save on interest charges. The time and money you'll save depend on your balance, the interest rate, and other factors such as your monthly payment. Here's a hypothetical example. Let's



say you have a personal loan with an \$8,000 balance, a 12% fixed interest rate, and a 24-month repayment term. Your fixed monthly payment is \$380. If you were to put a \$4,000 refund toward paying down your principal balance, you would be able to pay off your loan in 12 months and save \$780 in interest charges over the remaining loan term. Check the terms of any loan you want to prepay, though, to make sure that no prepayment penalty applies.

### **Be twice as nice to others**

Giving to charity has its own rewards, but Uncle Sam may also reward you for gifts you make now when you file your taxes next year. If you itemize, you may be able to deduct contributions made to a qualified charity. You can also help your favorite charity or nonprofit reap double rewards by finding out whether your gift qualifies for a match. With a matching gift program, individuals, corporations, foundations, and employers offer to match gifts the charitable organization receives, usually on a dollar-for-dollar basis. Terms and conditions apply, so contact the charitable organization or your employer's human resources department to find out more about available matching gift programs.

<sup>1</sup>IR-2017-01, [irs.gov](https://www.irs.gov)

## Nicole's Kitchen — Roasted Asparagus with Walnuts, Parmesan, and Cherry Tomatoes

I may be an optimist, but a good summer salad is already on my mind. This is great with grilled steaks or chicken breasts.

2 lbs. medium-thick asparagus, trimmed and cut diagonally into thirds  
 2 tablespoons olive oil, divided  
 10 oz. small ripe cherry tomatoes, divided  
 ¾ cup walnut halves, toasted, coarsely chopped, and divided  
 3 tablespoons water  
 1 anchovy fillet, finely chopped  
 ¼ teaspoon kosher salt and ¼ teaspoon ground black pepper  
 2 oz. Parmigiano-Reggiano cheese, shaved (about ½ cup)

Place asparagus on a baking sheet; toss with 1 ½ teaspoons oil. Roast at 400 degrees F for 12-15 minutes, or until crisp-tender, stirring twice. Remove from oven; cool on pan 10 minutes. Transfer to a bowl. Cut 1 cup of tomatoes in half lengthwise (through the stem end) and place in bowl with asparagus and 2/3 cup walnuts; toss gently to combine.

Place remaining tomatoes in a small saucepan with 3 tablespoons water, anchovy and remaining 1 ½ tablespoons oil. Cover and bring mixture to a boil over medium-high heat. Reduce heat to medium-low and simmer 12 minutes or until tomatoes burst. Remove pan from heat; cool slightly (about 5 minutes). Transfer tomato mixture to a food processor or blender; add salt, pepper, and remaining walnuts. Process until smooth. Pour over asparagus mixture, and toss to coat. Let stand at room temperature 15-30 minutes for flavors to mingle. Arrange on a serving platter; sprinkle evenly with cheese.

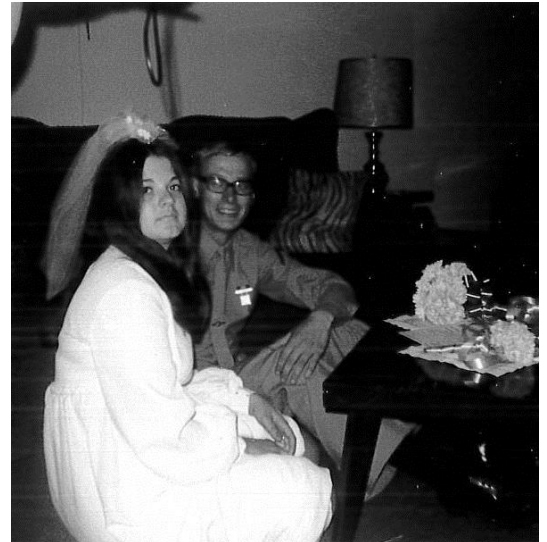


## WHAT WE'VE BEEN UP TO...

**Vacation** for Nicole and Nate. For the last 5 years, they have been traveling to Couples Isle Tower in Ocho Rios, Jamaica. It is an all-inclusive resort with wonderful staff and amazing food. They have even requested the same room each time they stay there. Vacation always includes lots of sun, great food and coffee, and of course golf. The golf outfits pictured here says it all!

## *Congratulations* to Lois Williams and her husband

Jasson who will be celebrating 46 years of marriage this week. They were married in San Diego, California when Jasson was still in the Marines. They have spent most of their life living here in the UP. After 3 kids, 4 grandchildren and a couple of dogs along the way, they are still going strong. We wish them many more happy years to come.



**BOY OH BOY!** Melissa and Amanda celebrate at Melissa's baby shower, both having boys – the cousins due a month and a half apart! Melissa and Joe Jeeves are expecting Baby boy Nicklas in May, while Amanda and Kyle Zorza are waiting for Baby Ben, due in July.



## Unplugging Your Vacation

*Relax and recharge on your next getaway by taking a break from technology.*

The value of getting away from the work routine is apparent to every leisure time and mental health expert who studies the issue. Overextending yourself to stay connected takes a real toll mentally, physically and financially. Individuals benefit greatly when they take time to recharge, refocus and replenish mind, body and spirit by periodically letting go of everyday professional responsibilities.

Yet, in a country where people tend to define their identities by their job titles, where toiling away for long hours is seen as a measure of true worth – and where there exists a palpable fear that someone might slip into a temporarily vacated position – less than half take true vacations. Even among that number, many are reluctant to sever the technological umbilical cord to their workplace. It's all too common to see so-called vacationers on the beach, in mountain cabins or on a cruise staring intently at smartphones, laptops or tablets instead of the vistas before them.

### Digital Detox

You know the feeling. You hear a buzz or a ding and you automatically reach for your phone or tablet. It's almost Pavlovian, this urge to check the alert as soon as you become aware of it. For many, it's the new norm. But it doesn't have to

be. Those digital distractions may have you missing out on something more important: work-life balance.

While pulling the plug on our digital addiction may not be easy, it will likely be worth the effort, especially when you're on vacation. Disconnecting, thoughtfully, gives you back more quality time for yourself and your family and allows you to mentally and spiritually recharge. And do so – this is key – without those nagging thoughts that something desperately requires your attention back home.

### The Rules

#### Cut the Cord

Commit to no (OK, maybe limited) technology on your trip. Research and plan important details ahead like day trips, vehicle rentals, accommodations, and restaurants so you don't feel you need a technological lifeline.

#### Go Remote

Get off the grid in remote locations, where cell towers are few and internet connections spotty. National parks in the American and Canadian West (not to mention remote parts of the planet) have wireless dead spots. You will be unplugged – naturally. Just make sure everyone knows you intend to stay that way.



### **Delegate a Proxy**

Tag one trusted person with your vacation information to let you know if there is a real emergency back home. At work, delegate time-sensitive matters to someone before you leave.

### **Work, Then Play**

Many who don't take vacations (or won't unplug while away from home) fear the volume of work that will greet them upon return. Finish known projects ahead of time and delegate others. Let your vacation be an actual vacation.

### **Use Technology for Good**

Since you'll be unavailable, use technology to let everyone know. Turn on your phone messaging service and email auto reply. Don't even think about peeking while you're in vacation mode.

### **Follow Through**

Do not answer queries – not one; unless, of course, it is a true emergency. Reinforce the idea that “unavailable” means unavailable. Even as you're learning what it means to be “out of touch,” ensure that your co-workers understand it, too.

### **Tweet Not**

Nor post on Facebook, Instagram or whichever platform you habitually use. Put them all on lockdown. Become “antisocial” at least in terms of social media. FOMO, fear of missing out, only arises if you're watching from the sidelines. Don't.

### **Step Back in Time**

If constant communication is such a part of you that you can't sleep, opt for a real camera for picture taking (ditch the cellphone) and surprise friends and family by sending some postcards the old-fashioned way (with real postage stamps).

### **Prepare for Re-Entry**

Even if you've had a truly refreshing and relaxing vacation, it will end at some point. In a quiet moment, perhaps at the airport or on the plane, take an hour or two to check emails,

keeping only those you need to take action on. It may help to know what you're facing when you head back to everyday life.

### **Have Good Intentions**

But know your limitations. If you can't go cold turkey on tech for some reason (e.g., you are a key player, an entrepreneur or have other responsibilities that you

believe simply won't allow you to seriously unplug), do your best to let clients, employees and others know of your intention to unplug on vacation. Should something need your attention, allow yourself to check in once a day, but attempt to keep it to that.

The average American spends more than half of their waking life staring at a screen.

Source: DigitalDetox.org

Love recognizes no barriers. It jumps hurdles, heaps fences, penetrates walls to arrive at its destination full of hope.

- Maya Angelou

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You will need to set up a logon and password, and then enter one of your new account numbers. You can find that on your statement, or give us a call at 906-226-0880, or toll free at 855-999-0014 and we will gladly give you that information.

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Do you have documents or personal information that should be shred versus placed in the garbage? Protecting personal information and your identity are very important in today's world. We offer a free shredding bin available for your use. It is locked, and our shredding service comes once a month to shred the contents of the bin on sight. You may stop at our office at any time during business hours to place paperwork in our shredder. We welcome you to take advantage of this free and valuable service.

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Let us help you help those you care about. Contact us today.

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