

NEWSLETTER 2nd Quarter 2019



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Dear Friends,

If you are following the equity markets, one thing you probably noticed is the price volatility has certainly been making its presence known. Take a look at the recent volatility:

<u>Date</u>	<u>S&P 500 Close</u>	<u>Percent Up/Down</u>
01/26/18	2872	
02/09/18	2619	Down -8.8%
10/03/18	2925	Up +11.7%
12/24/18	2351	Down -19.6%
06/30/19	2964	Up +26.1%

If we look at this a bit longer... say from November 4, 2016 or about the time Donald Trump became our president, the S&P 500 was 2,085. The overall return on a price basis only, not including dividends, was an increase

of 42.2%. If we look out even longer, say from November 14, 2008 or about the time President Obama started his first term and also near the bottom of the Global Financial Crisis, the S&P 500 stood at 873. Therefore, the overall return on a price basis only, with no dividends, from this date to the June 30, 2019 close is 340%.

The point of looking at these numbers is to understand short term volatility has nothing to do with you reaching your longer-term financial goals. This is the type of volatility which unfortunately takes many investors out of the market. They usually say something like, "Let's get out and wait until things settle down". Oh...and it is also something like, "I don't like the politics going on right now. I don't think it's ever been this bad." If you check history there have been many other times when we have had bitter political differences. Check out the two years prior to Pearl Harbor or the election of 1800 to name a few.

Let's again take a look at some of the current economic facts of the first quarter of 2019. First, the GDP growth was 3.1%. Next we saw a sharp increase in productivity growth, up 3.6%. Then in April the jobs report showed a growth of 263,000 jobs. The national unemployment rate at 3.6% is where it was when Neil Armstrong took his first step on the moon. Wage growth has also increased at a healthy pace, especially in low-wage industries, which of course is a step toward shrinking the dreaded income inequality. Job openings again were greater than the number of unemployed seeking work. There were .83 job seekers for every job opening.

So why am I bringing this news all up again? Because in our media news you will barely hear anything about the good things going on in our economy today. The major news outlets are more interested in creating fear than to present the facts of this healthy economy we are now experiencing. Unfortunately, the news media is also politically motivated for whatever reason to not find anything good in our great country. In my humble opinion we have all been blessed to live in the greatest country ever on this earth. You could say we have all won the lottery. To fully understand this success, I think we all need to go back and study history. As Americans, we have all been given the entrepreneur (capitalistic) opportunity framed into the constitution by our Founding Fathers. But to take advantage of these opportunities, we need to use our brains (To think) and to be willing to physically work hard. Seems to me a lot of people want things simply handed to them. They believe they have the right to just about everything they want. We have to remember we don't necessarily have the right to anything. However, we have the PRIVILEGE to take advantage of the opportunities this country gives us. We just have to think deeply, work hard, and be persistent.

So with such beliefs, I wish you all much success in all your hopes and dreams.

God Bless you! Mark

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The Numbers

For a full analysis of the Quarter, please go to our web site at www.markahofinancialgroup.com. Then click on Resources> Education> Investment Strategy Quarterly. Below is a brief snapshot from the report:

Capital Markets Snapshot

Index	2019ytd	2018	Last 10 years
Dow Jones Industrial Average	14.03%	-5.63%	12.15%
S&P 500 Index	17.35%	-6.24%	12.33%
NASDAQ Composite Index	20.66%	-3.88%	15.87%
Russell 1000G Large Cap Growth	21.49%	-1.51%	16.28%
Russell 1000V Large Cap Value	16.24%	-8.27%	13.19%
Russell 2000G Small Cap Growth	20.36%	-9.31%	14.41%
Russell 2000V Small Cap Value	13.47%	-12.86%	12.40%
MSCI EAFE Developing International	14.49%	-13.36%	7.40%
MSCI EM Emerging Markets	10.78%	-14.25%	6.17%
DJ US Select REIT U.S. Real Estate	16.67%	-4.22%	15.40%
Barclays US Intermediate Govt/Credit	4.99%	0.86%	3.24%
Citigroup World Government Bond Index	5.38%	-0.84%	2.21%

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.

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We are now happy to offer **GoTo Meeting** as an option for your appointments with us.

With an easy to use, screen sharing, web based meeting, you can talk with us and just follow along on your computer without having to leave your home.

We will provide you with easy to follow instructions, and you can enjoy your meeting in the comfort of your home. Consider this option for your next meeting with us!

SHREDDING!

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.

Nicole's Kitchen – *Mediterranean Cucumber Salad*

Nothing better than fresh summer vegetables like cucumbers and tomatoes. This recipe is a favorite because it's easy to make just for 2, or you can multiply the ingredients and take as a dish to pass.

Ingredients

- 3 Cucumbers medium size
- 1 pint Grape Tomatoes
- 1 can Black Olives
- 1 container Feta Cheese
- ½ Red Onion
- 2 Tbsp Olive Oil
- 2 Tbsp Balsamic Vinegar
- 1 tsp Dried Oregano (if you have fresh by all means use it!!!)



Peel your cucumbers if you want. I peeled stripes down mine, just to make them pretty. Then chop them into small chunks. Chop your grape tomatoes in half or quarters, depending on the size, then slice up your black olives. Chop your red onion very fine. Toss all the veggies in a big bowl. Add in your olive oil and balsamic vinegar, sprinkle in your oregano. Mix everything up so it is well coated, then sprinkle in the crumbled feta. Give it a gentle stir. DONE – ready to serve and enjoy!

“There are no traffic jams along the extra mile.”

-Roger Staubach

MAKING A DIFFERENCE

BOWL FOR KIDS SAKE

This event is not about “bowling”. It’s about having FUN for a good cause... the children and youth in our community. In 1899, an orphanage began in the Copper Country known as the Good Will Farm. The Good Will Farm holds a key role in the history of our office and our group. It’s fair to say, the ripple affect and impact of this orphanage has touched every person reading this newsletter.

In 2012, their name changed to UP KIDS, and includes the UP KIDS Big Brothers Big Sister program. Mentoring children who face adversity can change their lives forever for the better. As a group, we were excited to support an opportunity that can offer friendship, guidance, and opportunities to the kids in our community.



April 5th, 2019, our office, family and friends came together for a fun evening!

THEY'RE TURNING...



Greed—The Root of All Evil

Some people believe creating wealth is the devil's work. But if you create wealth honorably, with good intentions, then you will have done God's will.

Your garden won't tend itself. For instance, a person of pure faith may have the mindset that God will provide for them, and it's certainly fine to feel that way. They might look at a biblical verse and say something like, "You don't need to fill your silos full of corn and wheat, nor do you need to construct more buildings to store earthly treasures because God will provide for you just like he does for the birds and the animals."

Whereas I accept that philosophy wholeheartedly, if you look a little more deeply, you'll see the tremendous good that can come from your singular creation of wealth. I don't think of the indulgences wealth can afford someone; I see the abundances it can create for people around them many years after they're gone.

It is a common misconception that money is the root of all evil. I don't think that's true at all. There's a distinction to be made between the terms "money" and "greed." They are vastly different entities. Money is merely a tool to be used for many good purposes. It can be used to educate, feed, provide shelter, and many other wonderful necessities.

The love of money is where greed rears its ugly head. Creating wealth only to watch your silos fill with corn and wheat or, in more modern-day circumstances, to watch your bank accounts add up with no good intentions or reasonable purpose, is a problem.



Similar to fear, which can cripple your decision-making into non-decisions where you end up doing nothing and watching the world prosper around you, greed can influence you to make foolhardy decisions.

A good example of greed's problematic tendencies took place in the late 1990s. I lost many clients in those days because people got tempted by some of the hot start-ups. The idea of sustainable growth and faith in our basic formula of stocks, bonds, cash, and diversification was cast aside for the high-flying technology companies. From 1997 to 1999, some of my clients argued that we were missing the boat. So many of those companies had escalating stock prices with virtually zero earnings. It was unfounded optimism in unproven products.

Faith in the future is good, but blindly throwing all your hard-earned money into technology that hasn't yet produced anything of value is what happens when greed takes over. People saw the get-rich-quick illusion and wanted to jump in. What happened? In 2000, the dot-com bubble burst. Investors who were disproportionately heavy into those stocks got absolutely crushed.

My lesson here is based on patience. Be patient and make choices that reflect your values and your faith.

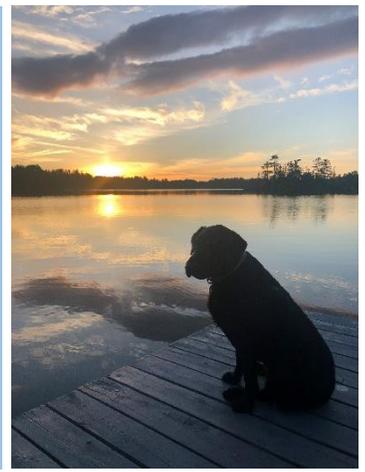
By Mark Aho, an excerpt from his book.

Any opinions are those of Mark Aho and not necessarily those of Raymond James.



LIFE AT THE LAKE

As we reflect on this 4th of July, we are reminded how fortunate to have such beauty and freedom in the UP's God's country. Eric shared a few pics with us from his weekend at camp, including a Bald Eagle that frequents his property. We are not sure who enjoys camp more, Eric – or Chip. But we are reminded that Freedom is not free and we are grateful for our country's independence. We are the land of the Free and the home of the brave. We pay tribute to our American Heroes every day!



VIKING RIVER CRUISES

Many of you have expressed a desire to travel, but sometimes are not interested in making all the decisions and arrangements, or don't know how to get started. We are planning to begin providing you with information about group tours, including a seminar with a representative from Viking River Cruises, coming up in September!

If you are interested in these topics, please let us know and we will make sure you see the invitations. Stay tuned for more!!



"I've crunched the numbers in your retirement account. It's time to figure out who will be wearing the mask and who will be driving the getaway car."

Raymond James is not affiliated with Viking River Cruises.



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

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