



"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,

The fall....Hmmm...My favorite time of year. There is something magical when fall arrives. This year seems to be extra special. We had a slow start from spring to summer and when summer finally arrived it was wet and somewhat cold. So let's thank God for this great fall weather we are having.

In my work, I am generally always focused on the future, always looking toward the horizon. However, I am trying hard to live more present minded. I tell almost all of my clients that I am wired to hoard their money and build wealth. But...it is so important to also enjoy life. More and more of my focus is on life planning. Are there things you would like to do, but instead you are waiting? Waiting for more money, better weather, a sign from above, or someone else to tell you it is alright to do some of the things on your bucket list.

You see, the reason we do comprehensive financial planning is for you to see what you can and cannot do financially. Unfortunately, just about all of our bucket list items take some sort of resources, usually money. Now, not all items require money, but let's be realistic, most do. If you were a good steward during your earning years, you most likely have the

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

freedom to do all of the things you want to. On a side note, if you're younger with a lot of work years ahead... make sure you live life well and yes, save some money to provide the necessary income you will need in retirement and to live the type of life you want in those post working years. It is sometimes difficult to balance this all out, however it can be done. Don't over think this or make it too complicated.

In our client reviews or if we do a "second opinion" for others, we will dig deep into the goals and objectives you have for your life. We will chart courses for you to do everything you want to do. Granted the financial resources will need to be there, however I am finding a lot of our clients have more than enough resources to do these things now.

I have had many dear friends and clients pass away during this past year and I am on a mission to make sure all of my clients are either working toward accomplishing their life goals or are setting dates to do these special things they have set for themselves. My heart sinks when I have a client tell me they have always wanted to....Let's say go to Ireland, however now they have too many health issues to make the journey. Sometimes these clients have millions of dollars in financial assets. I believe it is good to build wealth for your family and favorite charities, however it seems somewhat empty to me when I look into their beautiful eyes and realize they will not enjoy their earthly lifetime goals.

Again, that is why we firmly believe in the customized financial plan and specific designed strategic portfolio we have crafted for your lifetime goals.

As always, if you have any concerns or questions please give us a call. Your lifetime financial goals are what we are always focused on!

God Bless you!

Mark

A quick note on the equity markets. On September 15, the S&P 500 crossed the 2,500 mark. This is a milestone which the media generally paints as a market vastly overvalued. But let's take a look at a simple metric, the price/earnings ratio. The expected earnings for the S&P 500 looking forward 12 months is \$140. This produces a P/E of 17.8 times. The key here is forward earnings. The doomsayers refuse to look toward the future and only use past earnings. The 25 year P/E average is about 16.0x. So the current 17.8x is somewhat elevated, however this is not as high as it was during our last stock market bubble which ended in about March of 2000. Therefore, even though the market has grown handsomely the past few years, earnings have also grown to support the current prices.

On a final note the international (developed and emerging) markets are doing well. We have been very patient in this space and are now starting to see the reward. Patience and discipline are music to our financial ears!

"I have been impressed with the urgency of doing. Knowing is not enough; we must apply. Being willing is not enough; we must do." -Leonardo da Vinci



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	2017 YTD	2016	Last 10 years
Dow Jones Industrial Average	13.37%	13.42%	4.89%
S&P 500 Index	12.53%	9.54%	5.14%
NASDAQ Composite Index	20.67%	7.50%	9.17%
Russell 1000G Large Cap Growth	20.72%	7.08%	9.08%
Russell 1000V Large Cap Value	7.92%	17.34%	5.92%
Russell 2000G Small Cap Growth	16.81%	11.32%	8.47%
Russell 2000V Small Cap Value	5.68%	31.74%	7.14%
MSCI EAFE Developing International	20.47%	1.51%	1.82%
MSCI EM Emerging Markets	28.14%	11.60%	1.65%
DJ US Select REIT U.S. Real Estate	1.75%	6.68%	5.31%
Barclays US Intermediate Govt/Credit	2.31%	2.08%	2.95%
Citigroup World Government Bond Index	6.38%	1.60%	3.63%

*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.*

Time To Drain The Fed Swamp

The Panic of 2008 was damaging in more ways than people think. Yes, there were dramatic losses for investors and homeowners, but these markets have recovered. What hasn't gone back to normal is the size and scope of Washington DC, especially the Federal Reserve. It's time for that to change.

D.C. institutions got away with blaming the crisis on the private sector, and used this narrative to grow their influence, budgets, and size. They also created the narrative that government saved the US economy, but that is highly questionable.

Without going too much in depth, one thing no one talks about is that Fannie Mae and Freddie Mac, at the direction of HUD, were forced to buy subprime loans in order to meet politically-driven, social policy objectives. In 2007, they owned 76% of all subprime paper (See Peter Wallison: *Hidden in Plain Sight*).

At the same time, the real reason the crisis spread so rapidly and expanded so greatly was not derivatives, but mark-to-market accounting.

It wasn't government that saved the economy. Quantitative Easing was started in September 2008. TARP was passed on October 3, 2008. Yet, for the next five months markets continued to implode, the economy plummeted and private money did not flow to private banks.

On March 9, 2009, with the announcement that insanely rigid mark-to-market accounting rules would be changed, the markets stopped falling, the economy turned toward growth and private investors started investing in banks. All this happened immediately when the accounting rule was changed. No longer could these crazy rules wipe out bank capital by marking down asset values despite little to no change in cash flows. Changing this rule was the key to recovery, not QE, TARP or "stress tests."

The Fed, and supporters of government intervention, ignore all these facts. They never address them. Why? First, institutions protect themselves even if it's at the expense of the truth. Second, human nature doesn't like to admit mistakes. Third, Washington DC always uses crises to grow. Admitting that their policies haven't worked would lead to a smaller government with less power.

The Fed has become massive. Its balance sheet is nearly 25% of GDP. Never before has it been this large. And yet, the economy has grown relatively slowly. Back in the 1980s and 1990s, with a much smaller Fed balance sheet, the economy grew far more rapidly.

So how do you drain the Fed? By not appointing anyone that is already waiting in D.C.'s revolving door of career elites. We need someone willing to challenge Fed and D.C. orthodoxy. If we had our pick to fill the chair and vice chair positions (with Stanley Fischer announcing his departure) we would be focused on the likes of John Taylor, Peter Wallison, or Bill Isaac.

They would bring new blood to the Fed and hold it to account for its mistakes. It's time for the Fed to own up and stop defending the nonsensical story that government, and not entrepreneurs, saved the US economy. Ben Bernanke and Janet Yellen have never fracked a well or written an App. We need a government that is willing to support the private sector and stop acting as if the "swamp" itself creates wealth.

Brian S. Wesbury - *Chief Economist*

Robert Stein, CFA – *Deputy Chief Economist*

Strider Ellass – *Economist*

Consensus forecasts come from Bloomberg. This report was prepared by First Trust Advisors L. P., and reflects the current opinion of the authors. It is based upon sources and data believed to be accurate and reliable. Opinions and forward looking statements expressed are subject to change without notice. This information does not constitute a solicitation or an offer to buy or sell any security.

Nicole's Kitchen – Slow Cooker Broccoli Cheddar Soup

Fall means one thing in food – SOUPS!!! There is nothing better than comfort food on a cool day.

4 cups broccoli florets, cut into small bite sized pieces

½ large yellow onion, diced small

2 cups shredded carrots

4 cups chicken stock

1/8 tsp nutmeg

1 tsp. salt

¼ tsp. pepper

2 cups cheddar cheese

½ cup half and half

Combine the broccoli, carrots and onion in a slow cooker. Add the chicken stock, salt, pepper and nutmeg. Set slow cooker to LOW for 4 and a half hours. At 4 hours turn the slow cooker to HIGH so that you complete the process with the temperature raised. Add the cheese a little at a time. I added a ½ cup, covering and letting it melt, and then stirring it before adding another half cup. Finally, stir in the half and half. Serve immediately.

WHAT WE'VE BEEN UP TO...

LOOK WHO PASSED!!!

Amanda and Nicole recently spent a few months studying to pass their Series 9 and 10 securities licenses. A tough exam, and both were successful!



BAY CLIFF CHARITY GOLF OUTING

Or... maybe no golf. The outing was originally scheduled for July but canceled due to rain. We rescheduled for August 30th, and again, was hindered by horrible weather. So although in 2017 we didn't actually golf, we raised over \$35k for the kids at Bay Cliff. We are very proud of our supporters and the community who help make this happen!

Well this is trouble!!!

Cousins Nicklas and Ben are already hanging out together and probably figuring out how they are going to cause trouble for parents Joe (Melissa) and Amanda (Kyle). These little guys are too cute, fun, and going to be a handful!!!





Equifax Security Incident

On September 7, Equifax – one of the three largest American credit agencies – [announced](#) a cybersecurity incident potentially impacting consumer information, including Social Security numbers, birth dates, addresses, etc., leaving them vulnerable to identity theft.

I want to make sure you're aware of available resources to ensure the protection of your personal and financial information. Please follow the steps below to determine if you or anyone in your household was impacted by this incident:

1. Go to <https://www.equifaxsecurity2017.com>
2. Click on the "Potential Impact" link, and you will be asked to provide your last name and the last six digits of your Social Security number.
3. Based on that information, you will receive a message indicating whether your personal information may have been impacted by this incident.
4. If your information has been compromised, Equifax is offering free identity theft protection and credit file monitoring to all U.S. consumers. The deadline to request your complimentary one-year monitoring is November 21, 2017. Learn more, [here](#).

While Raymond James and other financial firms employ the most up-to-date safeguards to protect client account numbers and other important personal information, you play a vital role in keeping your information secure. There are many ways for you to help keep your information secure.

- **Protect passwords, PINs** and answers to any security questions by not sharing them with anyone you don't want to have access to your accounts. Avoid easily guessed passwords (e.g. family members' names, birthdates, Social Security numbers, etc.).
- **Keep firewalls and security software up to date**, and use encryption software on your laptops.
- **Use your personal computer for financial transactions**, avoiding public-use computers if at all possible.
- **Do not give out vital information over the phone**, by email or through in-person requests. Type in the URL of the site you want rather than clicking a link provided in an email.
- **Check your financial accounts regularly** to ensure no unauthorized activity is taking place. Contact your credit card company or financial account institution immediately if you notice anything suspicious, or consider placing a credit freeze on your reports.
 - ✓ **Equifax – 800-349-9960**
 - ✓ **Experian – 888-337-3742**
 - ✓ **Trans Union – 888-909-8872**
- **Monitor email, social media and online financial accounts for unauthorized changes.** If you receive an email that changes have been made to one of your accounts (e.g. new contact details, new addresses, etc.) that you did not authorize, follow the instructions provided by your service provider to protect your accounts.
- **Only click on links or open attachments that you expect** and are from sources you know and trust. Even if an email is from someone you know, if it looks suspicious, play it safe and confirm with the sender before opening.

We would be happy to discuss this incident and other aspects of financial and personal information security. Just give us a call.

Online Access – to log on to your online access, please go to our website above. You will click on INVESTOR ACCESS, and then ENROLL IN INVESTOR ACCESS.

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.

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.

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

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