

## AN END TO 2016...THOUGHTS AND IDEAS FOR THE FUTURE

The past year seemed like a roller coaster as stock markets dropped significantly early in the year, due to an overly pessimistic outlook of weak economies. Yet we have ended the year with an abundance of optimism expecting a rapid acceleration in economic growth. In our opinion, both of these views are wrong.

Global growth will continue to be stable, we view the risk of recession as low. Tight labor markets will begin putting upward pressure on inflation, but until productivity growth accelerates we view materially higher interest rates as unlikely.

In summary, Landmark's outlook for returns remains muted for the next five years. This guarded, but not bearish, outlook is based on a combination of low interest rates and extended valuations. We expect the next five years to be much more challenging than the previous five. As such—diversification, discipline, and reasonable expectations are important investor attributes going forward.

The following are some key items to consider as we embark on the New Year:

### Play the Long Game

If you need to succeed immediately or if you can't handle anxiety, then you will have trouble attaining your goals. Of course, first, you must have a goal. Then you must stick to it. Keep it in your vision. Stay focused on your goals and allow them to dictate your decisions.

### It's a Process Not a Forecast

Landmark does employ allocations (sometimes healthy) to bonds. You will be seeing many short-term forecasts regarding the coming rise in interest rates next year. You may think that we should be smart enough to know that bond prices were due to plummet, since their yields are so low. This chart is a quick lesson that interest rate forecasters don't have a great track record. We don't rely on short-term forecasts, but build portfolios based on our long-term expected return models.

### What's So Important About Downside Risk?

Investors want to believe that their investment assets are long-term holdings, many review their portfolios weekly and have planned purchases or distributions required in the next couple of years. Research reveals that investors think they can take on more risk when stocks are at an all-time high, but we feel portfolios should be designed based on what you are willing to lose in the short-term. Our focus on downside risks does not mean we are giving up return on the upside.

### Financial Planning Challenges

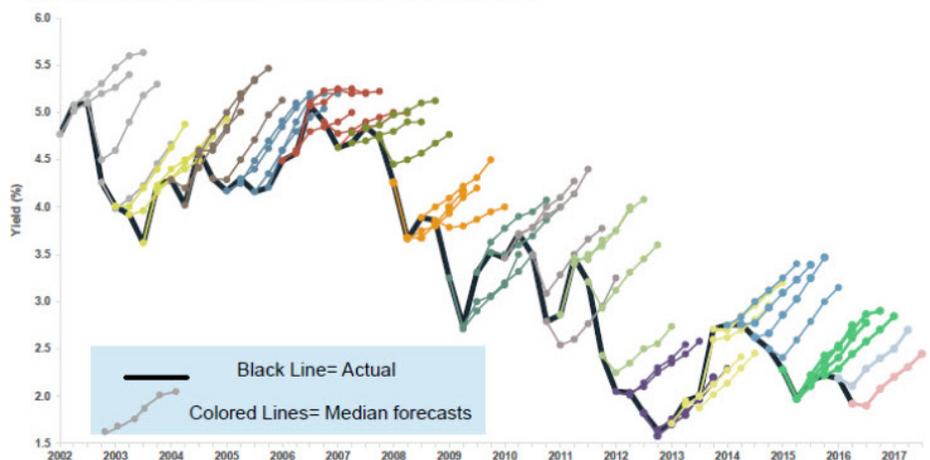
We build our plans on the FACTS, not expectations. We do envision 2017 will entail many adjustments to our planning models and detailed analysis of how the following items will impact our clients' plans:

{financial planning challenges listed on the next page}

### ROLLING FIVE QUARTER MEDIAN FORECASTS OF 10-YEAR NOTE YIELDS

The black line represents the actual rolling 10-year note yield while the colored lines represent forecasted numbers. Each colored line represents five quarters of forecasts by the professional forecasters (median).

#### SURVEY OF PROFESSIONAL FORECASTERS VS. ACTUAL YIELD



Source: Federal Reserve Bank of Philadelphia Quarterly Survey of Professional Forecasters, Federal Reserve Bank of St. Louis FRED Economic Data, FIMRC. As of 8/30/2016.

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## AN END TO 2016...THOUGHTS AND IDEAS FOR THE FUTURE {cont'd}

### Financial Planning Challenges *continued*

- **Taxes**—We do expect changes to occur both on personal and business taxes, but the exact timing may be a question. Expect us to hold a fireside chat once we have the actual changes pushed through government. Of note, we expect major changes could be coming to real estate rules as well.
- **Healthcare**—This is the biggest unknown at this time aka “the 500 pound gorilla” in the room. We feel we are conservative using a 6% inflation rate to healthcare expenses. A period of unknown and even the possibility of privatizing Medicare leaves a major expenditure for the average household as a big question, which makes us somewhat anxious.
- **Cybersecurity**—There were 957 reported corporate breaches in 2016, which is 177 more than the prior year. Our nation’s evolution into the digital world will only accelerate hacking, so this is an area not to ignore.

### Social Media

Did you know Landmark has a page on Facebook, Twitter (@LandmarkFin) & Linked-In? We also have updated our website and blog recently, so please follow us and check out our new site. We welcome your feedback on what you would like to hear from us.

### Retirement Plans Services

This is a growing segment of our business, keep Tanner and Casey in mind and let us know if we can provide a second opinion on your company plan. We focus on the 4 Fs: Funds, Fees, Financial Wellness and Fiduciary Responsibility. Tanner obtained his AIF certification (Accredited Investment Fiduciary) this year, which aides him in providing services to company 401(k) plans.

### BE HAPPY!

We say it often, but make sure that you embark on 2017 spending money on experiences not things. We look forward to meeting with you in the New Year. Thanks for entrusting Landmark with your hard earned assets.

## LANDMARK FINANCIAL ADVISORS WEIGHTINGS AGAINST THE FTSE GLOBAL ALL CAP INDEX AND S&P 500

