

# LANDMARK FINANCIAL ADVISORS, LLC

WEALTH MANAGEMENT

JAN  
2018

## CAPITAL MARKETS REVIEW



All of the current trends remain enforce this quarter. Global economic growth continues to chug along, inflation and interest rates remain low, earnings keep improving, and the volatility of the overall stock and bond markets still hover near all-time lows.

While increasing asset prices and economic progress along with low interest rates and low inflation has been a boon for investors, there are some stranger things occurring that have left us scratching our heads. First, there is the current paradoxical environment of rising asset prices and economic growth coinciding with low inflation and almost no movement in interest rates. Despite 8 years of the unprecedented global central bank stimulus of zero percent interest rates (ZIRP) and quantitative easing (QE), inflation remains globally below targets, and market-derived interest rates stay near record lows. Commodity prices, too, endure downward pressure.

Secondly, the continued low volatility of stocks is somewhat bizarre. One of the main axioms of investing is that there is a positive relationship between return and risk. The theory is, to earn more return, investors must take on more risk. Prices are high because volatility is low. While the extreme low volatility that the S&P 500® Index is experiencing is a

bit of a mystery, astute investors will recognize that these high returns are not occurring without future possible risk. It is all in how you define risk. Most investors are concerned with potential loss of money, which is not the same as historic volatility or price variation. The higher and more consistently prices rise, and the further they become stretched from economic reality, the higher the chance of future price loss.

The icing on the cake is the rapid rise in non-traditional investments. The digital currency dominating the news, Bitcoin, has a crypto crazed 1,500% return this year alone. Salvador Mundi painting by Leonardo da Vinci selling for \$450 million dollars or Paul Newman's Rolex watch sold for \$17.8 million dollars also validates this willingness to take risks and bid up prices.

As we close out 2017 and look into next year we still have a glass half-full opinion of the markets and think the environment is good for positive returns, but think they will be substantially below historical norms. Stock prices have been rising significantly faster than underlying earnings over the last five years. The froth that is starting to bubble up in the markets could cause us to pull back on the risk reigns in 2018 if this trend continues.

# NEW ENHANCEMENTS TO CLIENT PORTAL



Our portal provides for a rich, dynamic and visual experience for you to interact with your portfolio and performance data. Your information is shown with interactive charts and easy to read reports. The portal also has an encrypted document center where both parties can upload and share private documents. The following are some of the key new functions to the portal being added:

## 1. PERFORMANCE DATA

- **YTD Returns** are a new headline on the left of your page. This information is updated daily.
- **Portfolio Activity Summary.** This opens up when you click on the performance headline.
  - High level summary of YTD activity.
  - YTD activity and performance by account.

## 2. STATEMENT CENTER

This is a new on-demand web based statement generating tool. The default is for your previous quarter, but you can select from past years or quarters at any time. The yearly report breaks down data annually from 2014—Current. We will be adding pre-2014 data during the next year. The following are some of the sections in this new on-demand statement generator:

- **Portfolio Summary**
- **Portfolio Activity**
- **Portfolio Allocation**
- **Account Summaries**
- **Consolidated Holdings**
- **Account Holdings**
- **Account Transactions**

## 3. DOCUMENT CENTER

We will continue to mail our Quarterly Landmark reports, but you will now also have an email message when a PDF version of our report has been uploaded to your portal. Don't forget to upload your 2017 tax returns once they are completed next year.

Please give us a call if you need your password reset or would like a self-guided tutorial of the portal with our staff.



*SUCCESS IS THE SUM OF SMALL  
EFFORTS, REPEATED DAY IN  
AND DAY OUT.*

—ROBERT COLLIER

*TOMORROW, IS THE FIRST  
BLANK PAGE OF A 365 PAGE  
BOOK. WRITE A GOOD ONE.*

—BRAD PAISLEY

