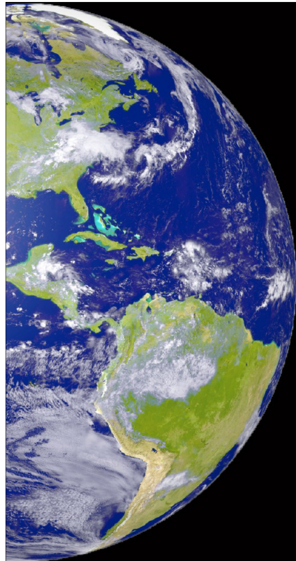

May, 2018

THE GLOBAL INVESTMENT PULSE

Published By

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ETF LIQUIDITY

By Louis P. Stanasolovich, CFP®, CCO, CEO and President of Legend Financial Advisors, Inc.® and EmergingWealth Investment Management, Inc.®

Exchange-Traded Funds (or ETFs) have advanced the world of investing. Their popularity has exploded in recent years. Some of the reasons why are: they are inexpensive (many are, but some aren't), income tax-efficient (equities are, but bonds are not), and now there are more than 2,000 to choose from.

The popularity of ETFs can in part be associated with the recent rise in popularity of index investing. Index investing has a long history dating back to the mid-1970s. There have been indexed mutual funds for over 45 years. ETFs, which until recently, mainly tracked only the more popular indexes. Over the last several years, countries, regions, commodities, currencies, bonds, industries, sub-industries as well as leveraged and inverse (short) types of ETFs have become available in ETF format. More recent developments include ETFs based upon smart beta, different slices of indexes (fundamental investing) equally-weighted indexes and actively managed ETFs.

ETF Liquidity, *continued on page 4*

GOLD TAXATION COMPLEXITY

By James J. Holtzman, CFP®, Legend Financial Advisors, Inc.® and EmergingWealth Investment Management, Inc.®

Gold has been a very popular investment over the last several decades. However, there are different ways to invest in gold. One of the oldest ways to obtain exposure is to physically possess gold. This is typically accomplished in the form of buying gold bars and or coins such as South African Krugerrands, Canadian Maple Leafs or Gold American Eagles. Another way to purchase physical gold, although indirectly, is the SPDR Gold Trust (GLD), which provides exposure to gold bullion itself.

Gold, *continued on page 8*

THE "CORRECTION'S" STATUS

By Doug Ramsey, CFA, CMT, Chief Investment Officer, The Leuthold Group, LLC

That's lately been replaced by the reassurance that we do not have the time, space, nor probably even the evidence to debunk that claim here, but we'd caution against blind adherence to that adage "bull markets don't die of old age" when the stock market has sunk into corrective mode, as it has in 2018.

2018's Correction still qualifies as an "Intermediate Correction," defined as an S&P 500 decline of 7.0 - 12.0%. (The S&P 500 was down 10.2% at its February 8th low.) Historically, there are two outstanding features of "Intermediate Corrections": (1) they are brief, lasting a median of just 32 trading days; and (2) their recoveries are also brief, requiring a median of 42 days to close above prior market highs.

Correction, *continued on page 12*

INVESTMENT SHORT-TAKES VIDEOS

Investment ShortTakes is a timely video series created to educate the viewer on a particular aspect of the Investment Management process. Each video is generally less than 10 minutes in length.

Listed below are the installments of the Investment ShortTakes Video Series.

The Implications Of The Lowest Interest Rates in 5000 Years
https://legend.wistia.com/medias/53lz0hdfyd

Understanding Long – Term Interest Rates
https://legend.wistia.com/medias/01mqh8w0vb

Risk In The Stock Markets
https://legend.wistia.com/medias/wp3dzufeyg

Safe Is Dangerous
https://legend.wistia.com/medias/m58hqsbgw4

Videos, *continued on page 8*

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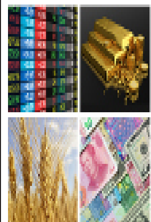

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LOUIS P. STANASOLOVICH, CFP®, EDITOR

Louis P. Stanasolovich, CFP® is founder, CCO, CEO and President of Legend Financial Advisors, Inc.® (Legend) and EmergingWealth Investment Management, Inc.® Lou is one of only four advisors nationwide to be selected 12 consecutive times by Worth magazine as one of "The Top 100 Wealth Advisors" in the country. Lou has also been selected 13 times by Medical Economics magazine as one of "The 150 Best Financial Advisors for Doctors in America", twice as one of "The 100 Great Financial Planners in America" by Mutual Funds magazine, five times by Dental Practice Report as one of "The Best Financial Advisors for Dentists In America" and once by Barron's as one of "The Top 100 Independent Financial Advisors". Lou was selected by Financial Planning magazine as part of their inaugural Influencer Awards for the Wealth Creator award recognizing the advisor who has made the most significant contributions to best practices for portfolio management. He has been named to Investment Advisor magazine's "IA 25" list three times, ranking the 25 most influential people in and around the financial advisory profession as well as being named by Financial Planning magazine as one of the country's "Movers & Shakers" recognizing the top individuals who have done the most to advance the financial advisory profession.

UPCOMING WEBCAST

"Understanding Your Retirement Plan Distribution Options: A Fiduciary Viewpoint!"

Presented by Diane M. Pearson, CFP®, PPC™, CDFA®, Legend Financial Advisors, Inc.® and EmergingWealth Investment Management, Inc.®

Tuesday, June 19th at 7:00 p.m. Eastern Time
Monday, June 25th at Noon Eastern Time

Individuals who are retiring or changing employers that have a 401(k) Plan, 403(b) Plan, or other Retirement Plan accounts, want to know what to do with their Retirement Plan monies. This Webcast simplifies the many options and strategies to choose from when leaving their employer. These include:

1. Leave the monies under the old employer's plan
2. Take a cash distribution
3. Rollover the monies to the new employer's retirement plan
4. Rollover the monies to an IRA Rollover (not a Traditional Contributory IRA)
5. Rollover the monies to a Roth IRA Rollover

Diane Pearson, CFP®, PPC™, CDFA®, a winner of over 10 major national "Best Advisor" type awards, is a Wealth Advisor and Shareholder at Legend Financial Advisors, Inc.® and EmergingWealth Investment Management, Inc.®

Registration is **free**. Please feel free to invite relatives, friends, colleagues, etc. to attend. The Webcasts will be recorded and can be viewed under "Archived Webcasts" along with previous Webcasts at the following link: **www.legend-financial.com/financial-webcasts**. All slides for each previous Webcast are also available.

PULSE

DON'T BOTHER WITH DIVERSIFICATION!

By Louis P. Stanasolovich, CFP®, CCO, CEO and President of Legend Financial Advisors, Inc.® and EmergingWealth Investment Management, Inc.®

At a major industry conference approximately 18 months ago, an advisor was telling a story about a client who had just terminated their relationship because the advisor was approximately 1.0% behind the S&P 500 since the inception of their relationship. When the advisor responded to the client when informed of the termination, "We just implemented your diversified portfolio. It was designed to provide better and smoother returns over the long-term." At which point the client responded, "I gave you three weeks! How much longer do you need?"

Fortunately, most investors do not have that type of ultra-short term mentality, but many do have a short-term one. What is meant by that comment? Simply this. Due to the fact that one can watch their investment accounts at least daily, if not minute by minute, read thousands of articles and comments at any point in time whether credible or not (think Social Media and the Internet), listen to sensationalized newscasters on CNBC, Bloomberg, Fox Business, etc. on television and then there is always radio. No wonder investors have a short-term viewpoint!

In old times (the 1980s), according to one major mutual fund investment research firm, the average mutual fund investor frequently held onto mutual funds an average of ten plus years. Today, that number is about two years. Yet, investor returns even in bull markets are lower than earlier.

Why the drop in returns and average hold times? Again, a simple answer: Unbelievable amounts of information, which causes investors to ignore fundamental investment principles and, instead, focus on so-called profit-making opportunities that focus on the short-term.

Investors usually earn better long-term returns when they focus on the long-term.

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PULSE

ETF Liquidity, *continued from page 1*

Most of these new types of ETFs are not detrimental to investors as a whole. However, if used incorrectly, they can be detrimental to individual investors. Purchasing ETFs are more convenient than purchasing an indexed open-end mutual fund. Trading costs are equal to the costs of trading stocks. Execution costs can exceed 2.0% in some circumstances. However, that's where investors can get into trouble—too much ease of use. Investors can easily buy and sell quickly and rapidly every day.

Having convenient access to otherwise illiquid markets can be problematic as well and can inappropriately allow investors to have a more casual approach to investments that are more complex and they can create their exposure to disasters.

ETF liquidity is based upon the underlying investments. Too much illiquidity of the underlying investments used by an investor that desires to have a great deal of liquidity can be a bad match. Not that everything that ETFs are designed to track has to be as liquid as stocks, but no investor should be under the impression that they can buy and sell every ETF as if the underlying investments have equally liquid markets. Furthermore, assets that are illiquid in their actual form should cause investors to exercise more caution when they enter into such transactions. The same concept can apply to parts of the investment markets that haven't historically been traded the way that ETFs do. For example, bank loans, high-yield bonds, commodities, precious metals, municipal bonds and foreign investments, such as emerging market securities are more illiquid. Trading in ETF form can create problems, especially for large investors. What happens when investors want out of the asset and the most convenient exit is the ETF, not the asset itself. It is during these times that the ETF sale price may fall below the value of the assets that are actually trading. Limit orders from a buying and selling standpoint can lower the possibility of creating problems for an investor, as can trading in the first half-hour or last half-hour of the trading day.

These can be complex investments. Buyer or seller beware!

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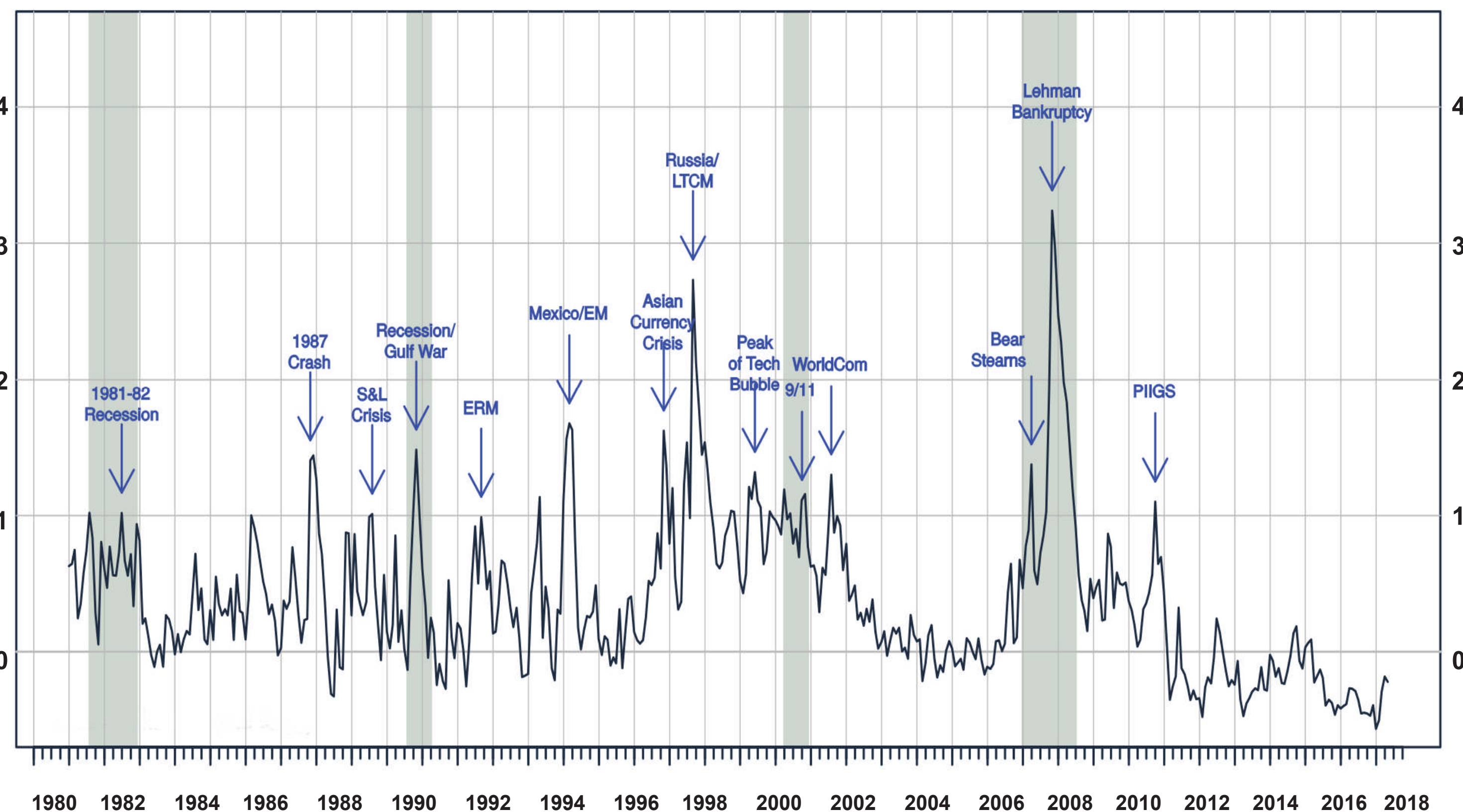
MONTHLY RISK AVERSION INDEX (RAI)

RISK INDEX DECREASES SLIGHTLY-STILL NEAR LOWEST LEVEL EVER

Note: The Risk Aversion Index combines ten market-based measures including various credit and swap spreads, implied volatility, currency movements, commodity prices and relative returns among various high- and low-risk assets.



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Source: The Leuthold Group, LLC, *Perception Express*, May 5, 2018,
http://leuth.us/bond-market
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WHAT ARE COMMODITY CURRENCIES?

By Louis P. Stanasolovich, CFP®, CCO, CEO and President of Legend Financial Advisors, Inc.® and EmergingWealth Investment Management, Inc.®

Commodity currencies are currencies from countries that possess large quantities of commodities/natural resources. Commodities/natural resources often constitute the majority of such countries' exports, therefore, the strength of the economy can be highly dependent on commodity natural resource prices. Countries that have large amounts of natural resources include Nigeria, Russia, Saudi Arabia and Venezuela. Unfortunately, the currencies of these commodity/natural-resource-rich countries are either regulated by the government or otherwise rarely traded in international markets. As a result, Australia, Canada and New Zealand are countries that are rich in natural resources and also have liquid, freely floating currencies enabling currency trading to be very liquid. We have listed on the adjacent chart a list of all the commodity currency countries.

Factors Influencing Commodity Currency Movements:

The movement of the commodity currencies is primarily determined by the price of commodities themselves. Generally, when the price of commodities are high, the currencies of the commodity producing countries also strengthen. When commodity prices are weak, those countries' currencies weaken. When commodity prices strengthen, the economies in commodity-producing nations usually grow more rapidly causing inflation, which can lead to high domestic interest rates. High interest rates can make these countries popular from a currency trading standpoint because investors want to invest in countries that pay high interest rates.

Trading The Commodity Currencies:

The currencies of Australia, Canada and New Zealand are all actively traded but are less liquid than those of the United Kingdom, Japan or the Eurozone, which additionally, comparing the economies of commodity-producing nations to that of the United States can be difficult, because the comparison is not "apples to apples". In general, traders focus on the trend in commodity prices to determine whether the currencies of Australia, Canada and New Zealand are likely to rise or fall in the near future. Also, investing in commodities or commodity-producing companies may produce direct exposure to commodity prices. Although the commodity currencies typically move in tandem with commodity prices, the currencies are also influenced by additional, unrelated factors. These factors can prevent commodity currencies from being a pure play on commodity prices. Therefore, investors interested in commodity exposure should carefully consider whether they want to trade the commodity currencies or would they prefer to invest directly in the commodities themselves.

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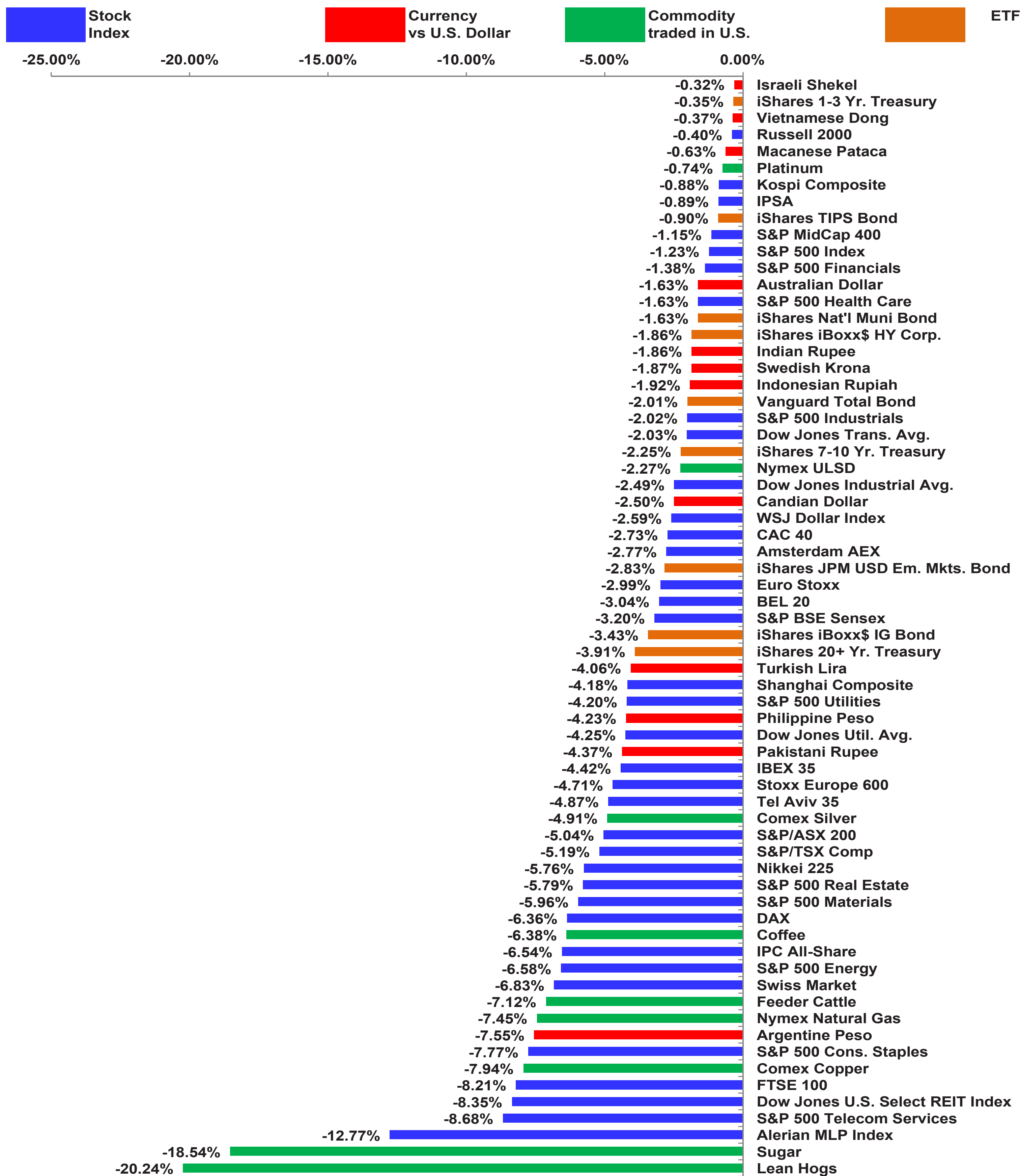
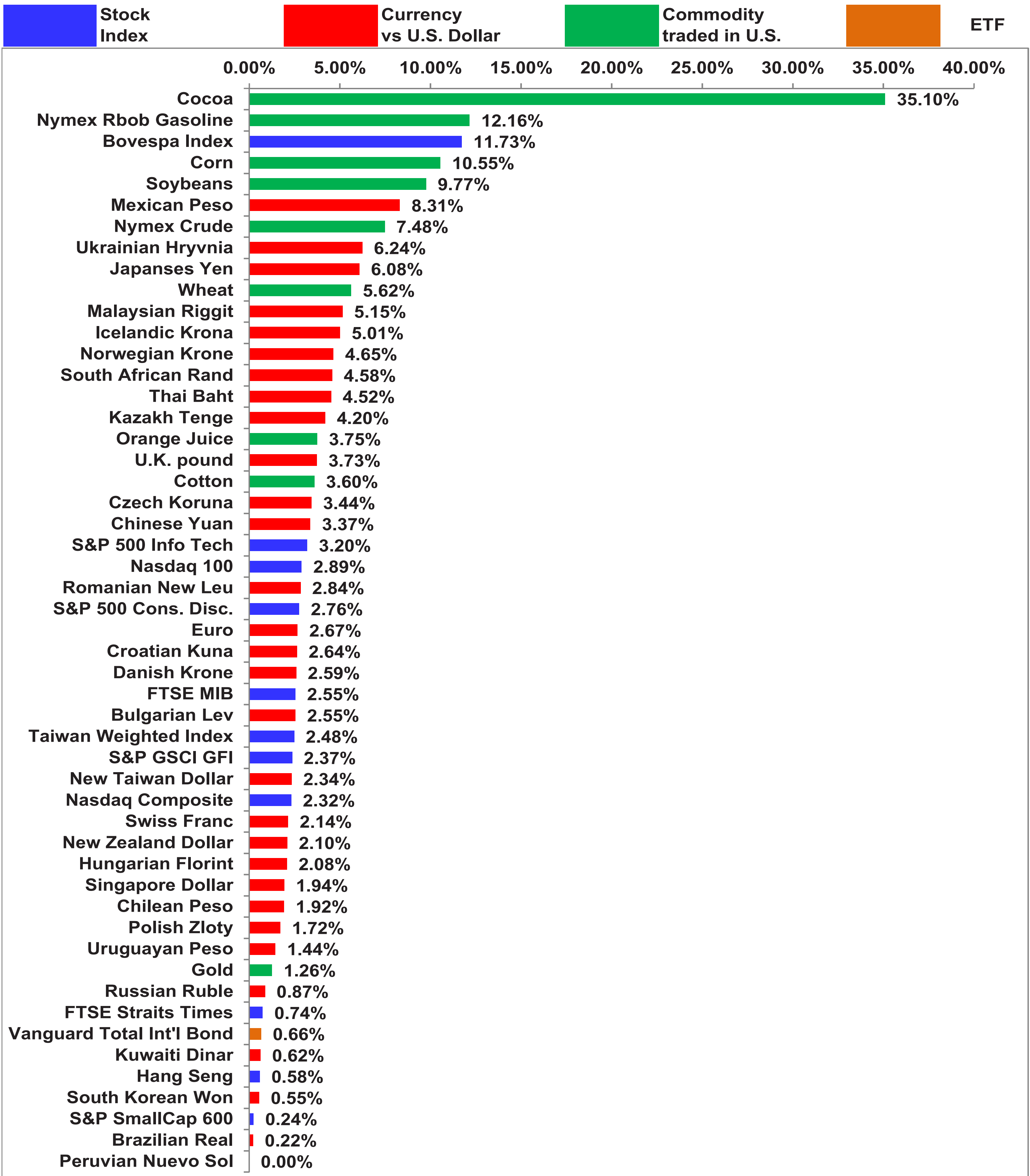
PULSE

FIRST QUARTER 2018 ASSET PERFORMANCE

LOSERS



FIRST QUARTER 2018 ASSET PERFORMANCE



Gold, continued from page 1

Another indirect play on gold is to purchase gold mining stocks, which does not necessarily provide direct exposure to the price of gold itself. In fact, gold stocks act more like the S&P 500 than gold bullion.

One of the least known aspects of gold investing is how the income tax consequences of each method of gold ownership can impact the reader's pocketbook. The income taxation issues are covered below:

Owning Physical Gold:

The IRS categorizes physical gold as a collectible. The result of this categorization is a special long-term capital gains tax rate of 28.0%. Short-Term capital gains will still be taxed at the taxpayer's ordinary income tax rate, just like any other investment.

An Exchange-Traded Fund (ETF) Owning Gold:

An ETF like the SPDR Gold Trust (GLD) is set up as a grantor trust, which means that investors own an undivided ownership percentage of the actual metal. If the ETF has to liquidate any part of the gold, then the investor will be liable for any tax on the gain. This gain is also treated as a collectible which has the long-term capital gains tax rate of 28.0%.

An ETF Owning Gold Futures Contracts:

It is common for an ETF that holds gold futures contracts to be structured as a limited partnership. In a limited partnership that holds gold futures contracts, all gains are passed through to the limited partners. In addition, gold futures contracts are marked to market each year. Income taxes are paid each year on any gains no matter how short or long the holding period. 60.0% of any gains are taxed at the long-term capital gains tax rate and the remaining 40.0% of the gains are taxed at the investor's ordinary income tax rate. Also, income tax reporting is completed on a Schedule K-1, which causes additional tax forms to be completed and possibly additional fees may be charged by the investor's accountant.

Gold Mining Stocks:

An investor can also gain exposure to gold through gold mining stocks or through an open-end or closed-end mutual fund and/or an ETF that invests in gold mining stocks. Gold mining stocks can provide exposure in the exploration, development and production phases in the gold mining process. An investor must further realize that investing in gold mining stocks does not necessarily provide the investor with exposure to the price of gold. Gold can be skyrocketing in price, but if the mining company is poorly managed, carries a lot of debt, etc., the price of the stock can drop at the same time. There are many other investment reasons that the price of a gold mining stock or mutual fund does not correlate (move similarly) to the price of gold (In fact, gold bullion is a better diversifier.), but that is for the subject of another article. The income tax consequences of owning gold mining stocks directly, through mutual funds or ETFs is taxed a maximum long-term capital gains rate of 15.0% or 20.0%. Short-term capital gains are taxed at the taxpayer's ordinary income tax bracket.

Exchange-Traded Notes:

Another way one can obtain gold exposure is by purchasing an Exchange-Traded Note (ETN). These notes are debt securities of an issuing investment bank that represent an index of gold-mining stocks. The note is not taxed until it is sold or matures (usually 25 to 40 years in the future). When the note is sold, if it is held for one year or more, it is taxed at 15.0% or 20.0% capital gains taxation rates. If it is held less than one year, then short-term capital gains rates apply and any gains are taxed at the taxpayer's ordinary income tax bracket. The danger of this method of investing in gold is that issuing investment could fail. Remember Lehman Brothers!

There are several ways to obtain exposure to gold. It is extremely important for an investor to first understand the investment ramifications of their decision and then to understand the income tax consequences. In short, don't let the tax tail wag the investment dog.

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PULSE

Videos, continued from page 1

Understanding The Stock Market Correction
https://legend.wistia.com/medias/ut35451cp9

Investing In Debt Investments That Don't Decrease When Interest Rates Rise
https://legend.wistia.com/medias/dkpre1v509

The Boom-Bust Barometer Identifies S&P 500 Large Declines
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Timing The Stock Market Utilizing The Golden Cross/Death Cross Chart
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Stock Market Outlook For The Next Decade
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The Growth Story
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Volatility And The VIX
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Understanding Market Declines
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2018 Outlook For Debt Investments
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Concerned About A Stock Market Crash?
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PULSE

A DRUG-FREE MARKET DECLINE?

By Doug Ramsey, CFA, CMT, Chief Investment Officer, The Leuthold Group, LLC

Yields on 10-year Treasuries are actually up to 2.96% since the stock market peaked on January 26th. That's a clear break from the behavior shown during this bull market's eight previous corrections of 7.0% or more (See the chart below.).

The failure of yields to respond to the market decline is not just a psychological issue but a fundamental one as well. Note the last four stock corrections of 10.0% or more were accompanied by bond yield declines ranging from 50 to 150 basis points. To some extent, then, these corrections proved self-medicating: Falling stock prices forced yields to decline, providing another dose of stimulus to the economy while at the same time reducing an already-low hurdle rate for investors.

The market can't bottom without the drug of lower yields can't be argued. Indeed the slack in the economy that allowed yields to drop no longer exists. Just beware that the bull's secret medication for longevity (i.e., self-medication) is not currently available. A bull that's "off its meds" sometimes exhibits not only change in character, but a change in species as well.

Source: This article was excerpted from "A "Drug-Free" Market Decline?", by Doug Ramsey, CFA, CMT, Chief Investment Officer, The Leuthold Group, LLC, (*Perception Express*, April 6, 2018), http://leuth.us/stock-market

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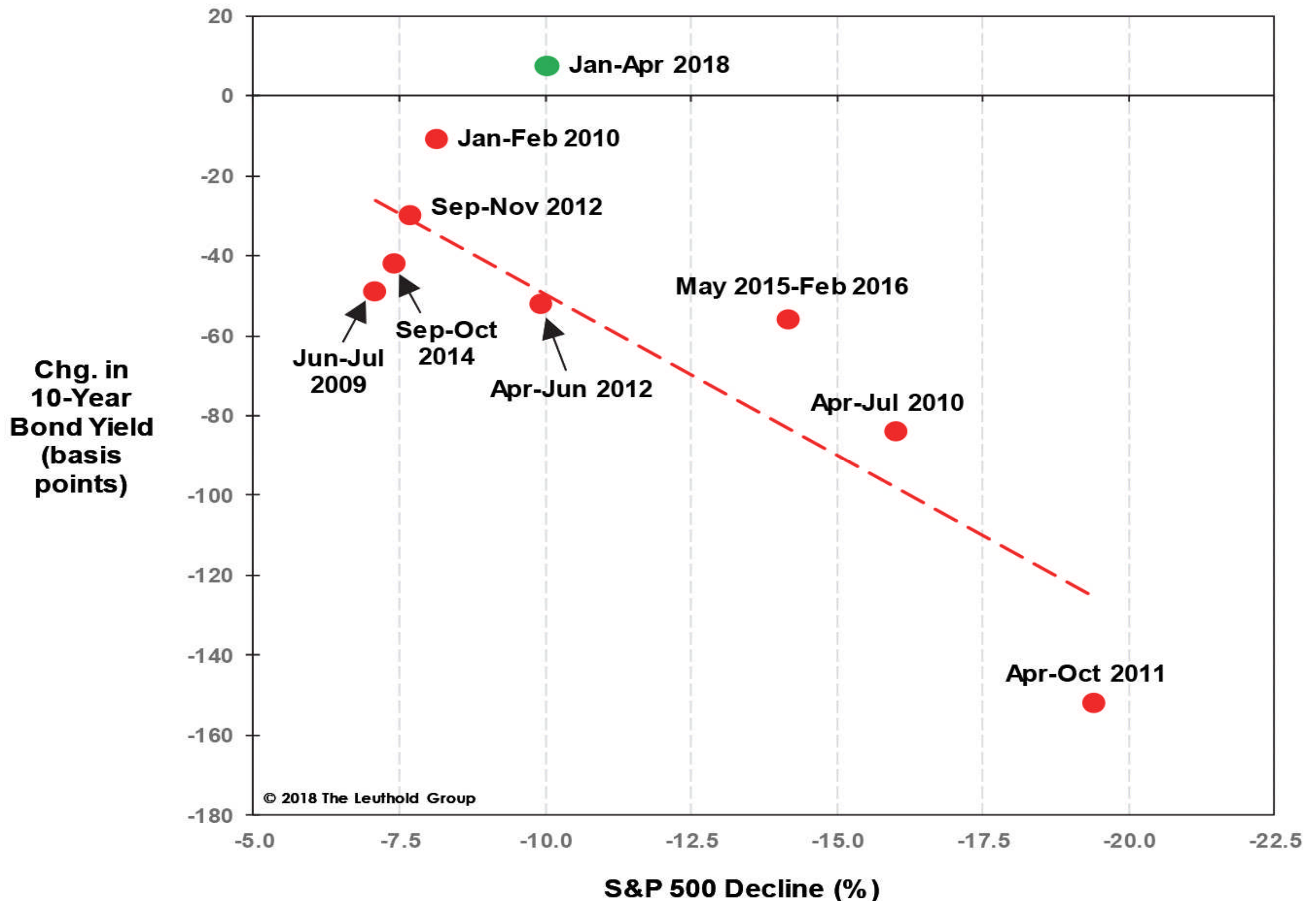

2018 YEAR-TO-DATE PERFORMANCE

January 1, 2018 to April 30, 2018
(4 months)

	2018 Year-To-Date
Consumer Price Index (Inflation)	1.63%
90-Day Treasury Bills Index-Total Return	0.53%
Bloomberg Intermediate Term Corporate Bond Index	-1.50%
Barclays Aggregate Bond Index-Total Return	-2.19%
High Yield Corporate Bond Index – Total Return	-1.62%
S&P Leveraged Loan Index – Total Return	1.89%
HFRX Global Hedge Fund Index	-0.93%
S&P 500 Index (U.S. Stock Market)	-0.38%
MSCI EAFE Index (Developed Foreign Equities)	0.98%
MSCI Emerging Market Index (Equities)	0.98%
Newedge CTA Index (Managed Futures)	-2.72%
Dow Jones–UBS Commodity Index-Total Return (USD)**	1.62%
Dow Jones U.S. Real Estate Index-Total Return (USD)**	-5.66%
Gold Bullion	0.76%

As of: April 30, 2018

Compound and Total Returns include reinvested dividends. Newedge Index is equally-weighted.
** USD = U.S. Dollar
Source: Bloomberg Investment Service

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SECULAR BEAR MARKET WATCH

April 1, 2000 to April 30, 2018
(18 years and 1 month)

	Annual Compound Return	Total Return
Consumer Price Index (Inflation)	2.11%	46.35%
90-Day Treasury Bills Index-Total Return	1.55%	32.06%
Barclays Aggregate Bond Index-Total Return	4.90%	134.87%
High Yield Corporate Bond Index – Total Return	8.77%	353.72%
S&P Leveraged Loan Index – Total Return	4.94%	139.50%
HFRX Global Hedge Fund Index	2.46%	55.01%
S&P 500 Index (U.S. Stock Market)	5.22%	151.03%
MSCI EAFE Index (Developed Foreign Equities)	3.83%	102.99%
MSCI Emerging Market Index (Equities)	7.61%	273.81%
Newedge CTA Index (Managed Futures)	4.42%	118.20%
Dow Jones–UBS Commodity Index-Total Return (USD)**	-0.66%	-9.06%
Dow Jones U.S. Real Estate Index-Total Return (USD)**	10.17%	473.73%
Gold Bullion	9.04%	373.85%

As of: April 30, 2018

Compound and Total Returns include reinvested dividends. MSCI Indexes do not include dividends prior to 2002. Newedge Index is equally-weighted.

** USD = U.S. Dollar

Source: Bloomberg Investment Service

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Note: During Secular Bear markets U.S. Stocks have historically returned a little more than inflation or a little less than inflation—plus or minus 1.50%—and generally last between 15 to 25 years. The last Secular Bear market (1966 to 1982) lasted 17 years and underperformed inflation by approximately one-half of one percent per year. The other Secular Bear markets since 1900 were 1901 to 1920 and 1929 to 1949. In both cases, the U.S. Stock market outperformed inflation by approximately 1.50% per year. All of the aforementioned performance numbers are pre-tax.

The performance of the U.S. Stock market so far in the current period (April 1, 2000 to the present) certainly appears to indicate that we are in a Secular Bear market. Long-term returns (over the next 10 years) for the S&P 500 will probably be slightly worse than the last 18 years and 1 month. Current 10 year normalized P/Es (long-term valuations) indicate approximate annual compound returns of slightly less than 3.00% over the next 10 years. Of course during the next 10 years, returns during various periods will be significantly higher and lower than the expected return. For example, the more the stock market rises in the near term, the less returns after that period will be and vice versa.

Correction, continued from page 1

May 4th marked the 59th trading day since the February correction low (Chart 1, below), meaning the current "Correction" is already among the most meandering of all recovery paths since 1950. If the S&P 500 cannot scramble to a new high over the next few weeks, the recovery will be left with only a single historical time period: the ten-month market "convalescence" of April 1994- February 1995. That was also a case in which short-term interest rates doubled over a twelve month period as they've done recently.

In short, while old age alone may not kill a bull market, "morbidity" climbs rapidly the longer a "Correction" lingers.

Our "correction" analysis suggests the market is already six weeks "past due" in making a new recovery high, and this tardiness is cause for concern in and of itself. Charts 2-4, on page 13, present a few (cherry-picked) possibilities, in which recoveries from corrections similar to today's proved to be classic "Bull Traps." In both 2000 and 2007, Cyclical Bears erupted less than a week after the correction loss was recouped.

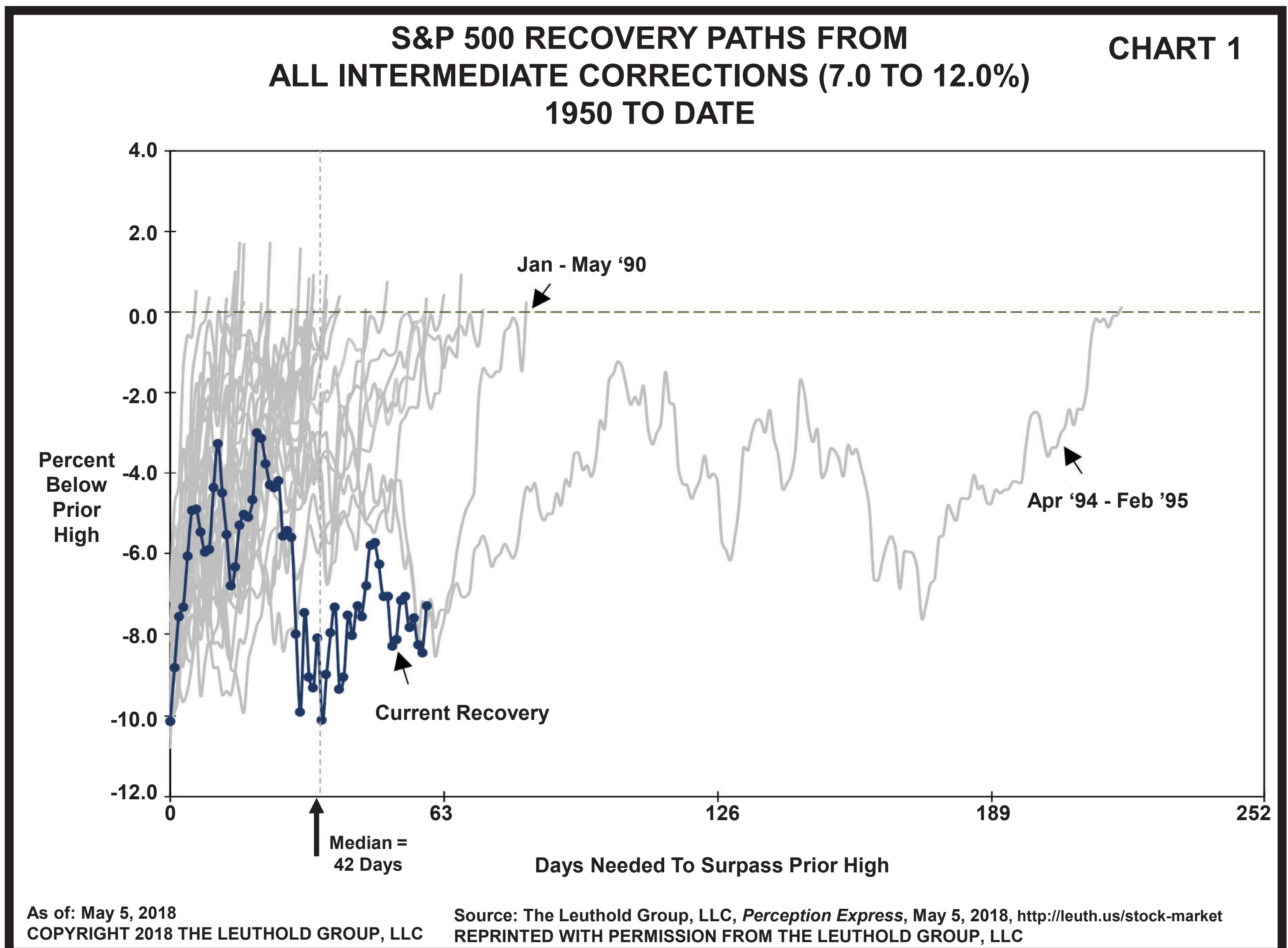
The three peaks presented here could have been pulled from a technician's textbook, with market breadth (how wide number of stocks) and most bellwether (Blue Chip) industry groups failing to join the S&P 500 in the celebration of that final high. We'll evaluate those attributes at the "next" break above old highs—when (or if) it occurs.

Due to the leisurely pace of recovery from this "Correction's" decline shown in Chart 1, we left it to readers' imaginations to surmise the fate of those intermediate corrections which didn't reclaim lost ground. Here are the possibilities:

1. The decline morphs into a severe correction, we which define as an S&P 500 loss greater than 12.0%, but less than some bear market threshold (not necessarily 20%) that we might arbitrarily adjust based on the breadth and duration of the decline.

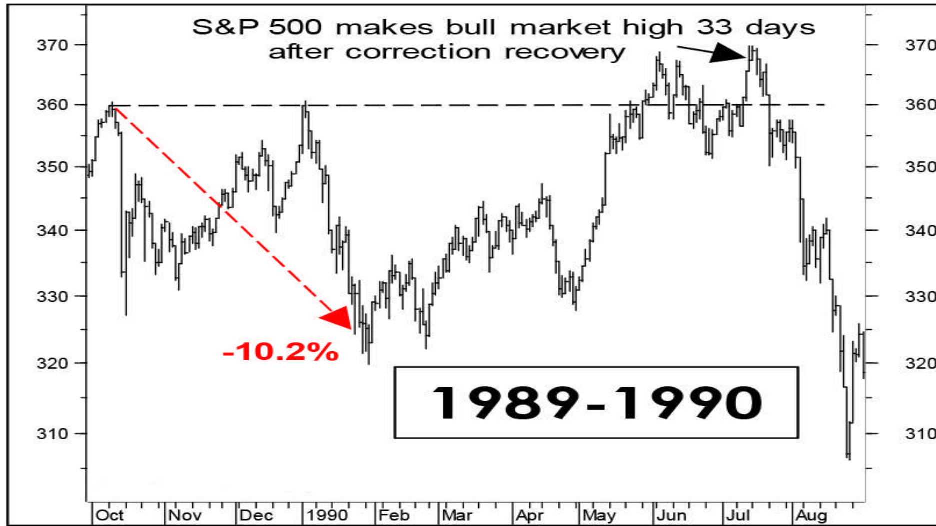
2. The decline metastasizes into a full-blown cyclical bear accompanied by a U.S. recession.

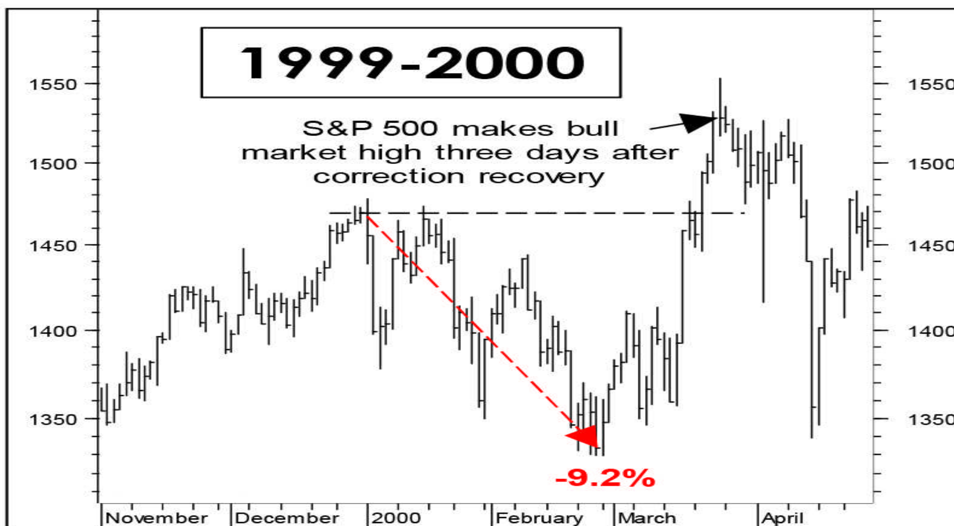
3. The decline is a "tweener"—too deep to be a correction, but not a recession-induced bear, either.

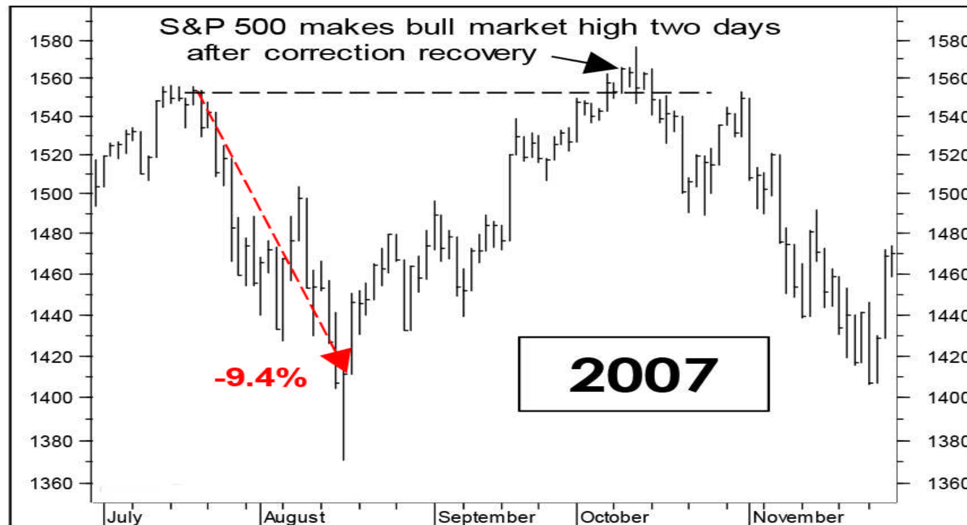


Correction, continued on page 13

Correction, *continued from page 12*







We explore this possibility here because it's the middle outcome among the three, and, perhaps, it is not yet a bear market.

There have been five "Recession Free" market freefalls since 1950 (Table 1 on the top of page 14). All were fairly short, with the longest (1966) lasting eight months and the most recent (2011) a more typical five months. With 3 1/2 months having already elapsed since the January peak, this alternative should tip its hand soon if it's in fact the favored option.

Chart 5, on the bottom of page 14, overlays the current "Correction" with the five prior "Non-Recessionary Declines". While purely subjective, it appears the 2018 example seems more "at home" in this chart than in Chart 1 where it was presented alongside other intermediate corrections. Finally, in three of the five previous cases, the market made a powerful run toward the prior highs, with those failed attempts all occurring two to three months into the decline – not a forecast.

Source: This article was excerpted from "The "Correction" Clock Is Ticking", by Doug Ramsey, CFA, CMT, Chief Investment Officer, The Leuthold Group, LLC, (*Perception Express*, May 5, 2018), http://leuth.us/stock-market

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Correction, *continued on page 14*

Correction, continued from page 13

TABLE 1
MAJOR MARKET DECLINES NOT ASSOCIATED WITH RECESSIONS

Date of S&P 500 Closing High & Low	Loss (%)	Duration (Trading Days)
December 12, 1961 – June 26, 1962	-28.0	195
February 9, 1966 – October 7, 1966	-22.2	167
August 25, 1987 – December 4, 1987	-33.5	71
July 17, 1998 – August 31, 1998	-19.3	31
April 29, 2011 – October 3, 2011	-19.4	108
Average:	-24.5	102
Median:	-22.2	108

As of: May 5, 2018
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Source: The Leuthold Group, LLC, *Perception Express*, May 5, 2018, http://leuth.us/stock-market
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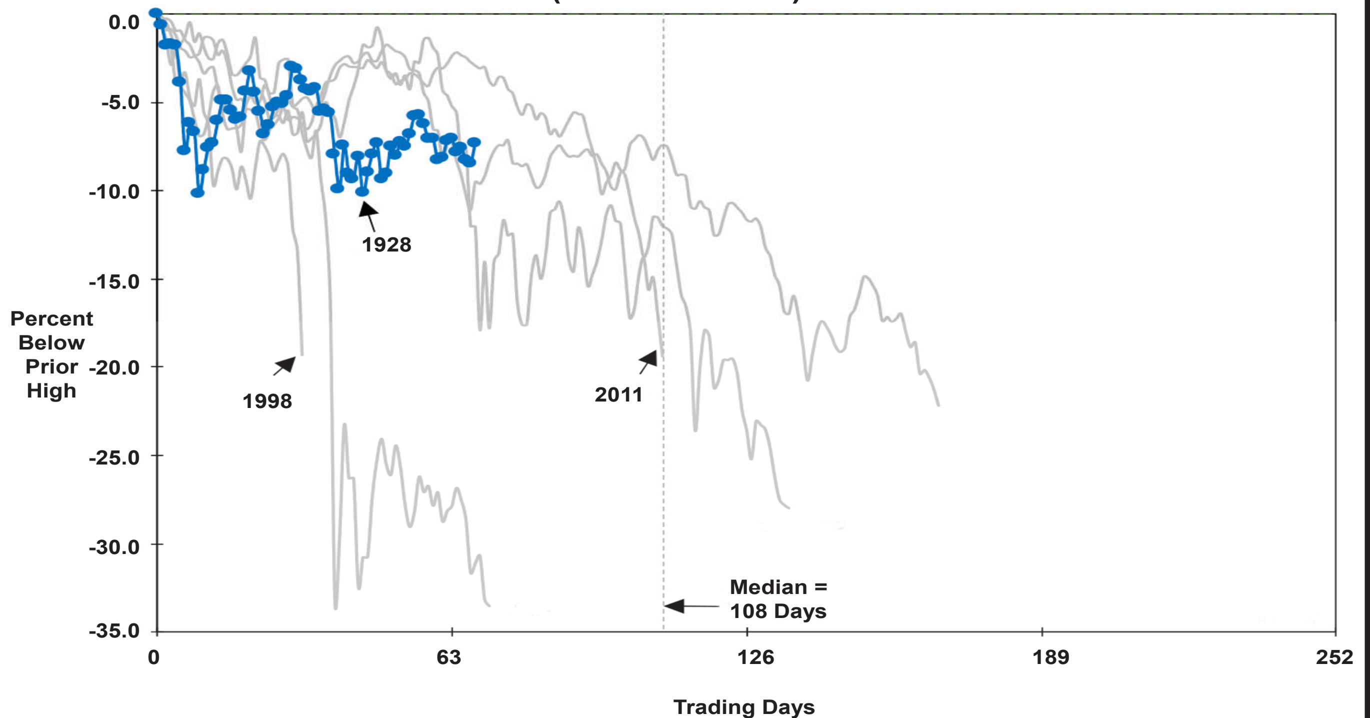

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THE FOREIGN STOCK CONUNDRUM

By Doug Ramsey, CFA, CMT, Chief Investment Officer, The Leuthold Group, LLC

Investors may recall that foreign stocks (and especially Emerging Markets) outperformed the U.S. on both a local currency and U.S. Dollar basis during the 2002-2007 bull market, making them prime candidates to lag in the subsequent upcycle.

Many investors put too much emphasis on the massive Price-To-Earnings (P/E) gap that opened up between the S&P 500 and Europe, Australia, Far East Index (EAFE) earlier this decade. That gap, of course, turned out to be a classic value trap—one made even more costly (to U.S.-based investors) by the U.S. Dollar's near-50.0% rally from 2011 to 2016.

EAFE finally eked out a better year than the S&P 500 in 2017, thanks entirely to the U.S. Dollar's pullback. This modest reversal of fortunes wasn't enough to trigger a new "BUY" for EAFE. However, the non-repetition guideline suggests that the model's next shift into EAFE should be an especially long and profitable one. (The case would be even stronger if there's an intervening Bear Market.)

Source: This article was excerpted from "The Foreign Stock Conundrum?", by Doug Ramsey, CFA, CMT, Chief Investment Officer, The Leuthold Group, LLC, (*Perception Express*, April 6, 2018), http://leuth.us/stock-market

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PULSE

DISPROPORTIONAL GROWTH

By James J. Holtzman, CFP®, Legend Financial Advisors, Inc.® and EmergingWealth Investment Management, Inc.®

Studying how money grows at various rates of return is pretty amazing. Even more amazing is the differences in the growth of money between two assumed rates of returns, which seems small initially, but is mind-boggling over long periods of time. For example, imagine $1.00 growing at 8.0% will accumulate to $10.06 over 30 years while $1.00 growing at 4.0% will accumulate to $3.24 over 30 years. Therefore, achieving a return two times as great will produce a balance more than three times as large over 30 years. Of course, this mathematical calculation ignores the impact of taxes.

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PULSE

FED WATCH

INTEREST RATES AS OF MAY 2, 2018

Fed Funds Rate Range:	**1.5 – 1.75%**
Fed Discount Rate:	**2.25%**

2018 UPCOMMING FED MEETING SCHEDULE

June 12-13

July/August 31 -1

September 25-26

November 7-8

December 18-19

Source: Bloomberg Investment Services

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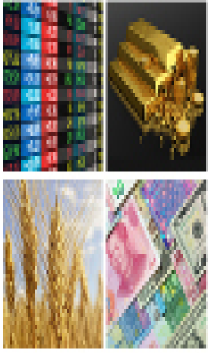

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