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Prosperity

ProInvest financial

Summer 2018
Volume 10, Issue 3

IRA and Pension Limits 2018

IRA Contribution $5,500
Age 50 and over $6,500

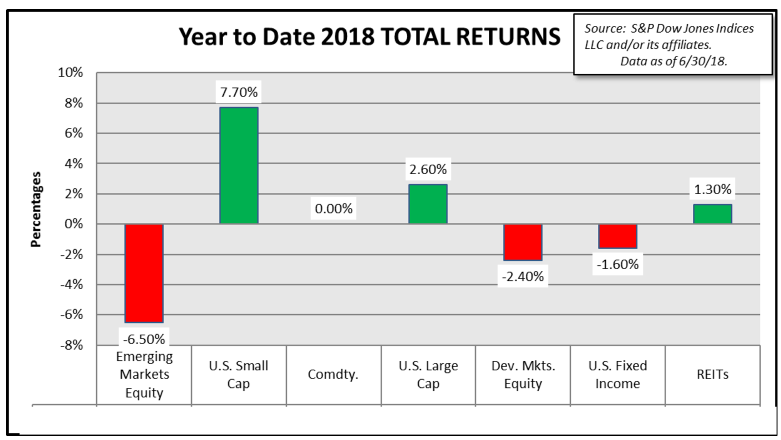
SIMPLE elective deferral
Under age 50 $12,500
Age 50 and over
$15,500

401K, 403B, 457
Elective Deferral
$18,500
Age 50 and over
$24,500

2nd QUARTER: If I told you, you would not believe it!

Sitting here reflecting on the first 6 months of the year in the capital markets has given me the kind of feeling I would normally associate with going out on a blind date.... yes, blind date! Excited about what has not happened yet and full of trepidation about all the emotions associated with meeting someone new for the first time. *How can it be so* you might be prepared to ask?

Easy. Think of the economy that is at full employment, with nearly no inflation (May food consumer price index was 1.2%, while the core number was 2.2%), with the Federal Reserve gradually attempting to cool it off with interest rate increases (both current and planned for the remainder of the year) and lower corporate tax rates providing tailwind for corporate profits. All of this gives me the confidence to feel positive about the remainder of the year, while at the same time, all these unknown, unpredictable facts flying in the face of it providing headwinds! *"Tariffs", "trade wars", "protectionism", "decline in confidence", "supply chain disruptions*" - just some of the topics dominating the headline risk I previously touched on, making it feel as if my date will last no more than a perfunctory glance of dismissal upon which I would retreat to the misery of sitting alone at bar for the remainder of the evening. Is it possible the headline risk evolves into a global trade war reality, putting an end to the second-longest expansion in American history? Given what the first half of the year brought us in terms of returns *(see graph):*



it would appear that the markets have already begun pricing the headline risk into reality. If you consider that 71% of the S&P 500 return year to date (+1.7% through 6/30/18) was attributed to only 3 companies (Amazon, Netflix and Microsoft), while the same companies contributed 78% of 8.8% return in the Nasdaq composite for the same period, you will begin to understand that this not 2017 and that it will require more patience, and perhaps greater focus on certain asset classes to navigate what's ahead. From assessing the exchange rate risk associated with emerging markets risk, to focusing on growth sectors domestically (healthcare and technology), to limiting exposure to long bond being a couple of immediate measures that come to mind. While each of your individual plans is tailored to provide you the outcome to match your quality of life, do not hesitate to schedule a time to meet with your advisory and refine and reset both your risk tolerance profile as well as your allocation.

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