Uncommon

INSIGHT

SYM FINANCIAL ADVISORS NEWSLETTER

FALL 2015

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SYM Financial Advisors

Uncommon relationships. Uncommon results.

Keep Calm

Index	Year to Date	One Year
S&P 500	(5.29)	(0.61)
Russell 2000	(7.73)	1.25
Barclay's Aggregate Bond	1.13	2.94
MSCI EAFE	(5.28)	(8.66)
MSCI Emerging Markets	(15.47)	(19.28)
MSCI ACWI	(7.04)	(6.66)

The chart above represents market data as of the third quarter's end. Pretty hum-drum figures by anyone's estimation.

Yet, if we're honest with ourselves, most of us will admit feeling a bit bothered by these lackluster results. It's difficult to accept them as part of the normal back-and-forth markets because we've become accustomed to stronger returns. So, we worry. Should I do something? What's not working here? Have I made a mistake? How do I fix this?

Quiet Questions that Cater to Fear

Such are the quiet queries that linger in the back of our minds. Possibly, these worries arise because we've told ourselves we get just one chance at this investing thing, and we're terrified we'll do it wrong. In spite of discussions with our advisor about time horizons, and confidence in the long-term potential of equities, we still feel uneasy. We fear we'll miss out on opportunities, invest in the wrong things, and buy at the wrong time (or worse, be forced to listen to our relatives at Thanksgiving, bragging about their better-than-mediocre returns).

When the inevitable doubts arise, remember to listen to the calm and practical voice, also in your head, reminding you that together, we have a plan. A well-thought-out financial plan, one that anticipates boring years, and periods when dollar amounts aren't getting larger.

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This rational voice reminds us that down markets are part of the natural order, though we can't always predict exactly when they will occur. The soothing sound of this voice doesn't necessarily make paper losses easier to digest, but it ought to keep us from anxiety-driven actions we might later regret.

The next step is a renewed focus on our investment plan, and the anticipation of global growth after the market storm passes. There will be a waiting period involved, however, one that will require fortitude from investors. Since 2008 the U.S. economy has been working in a calculated manner to unwind excesses. In addition, the Federal Reserve is maintaining short term interest rates at zero, with an awareness that the economy and the markets have not fully stabilized. If that's not enough, at the same time, *global* deleveraging continues.

As we wait out this most recent storm, we can predict the U.S. gross domestic product will grow by approximately two percent annually. While a two percent growth rate may seem low compared to past recoveries, keep in mind that reducing debt levels after a financial crisis (especially one caused by a decades-long borrowing binge) takes time to clean up.

The Clean-Up Process

Economists estimate we are eight years into what could be a ten (or more) year recovery. Factors in favor of economic recovery are lower personal debt levels today relative to income (compared to 2007), and a wariness on the part of households to take on new debt even at today's low interest rates. U.S. corporations are also deleveraging significantly, and today hold record amounts of cash. Many are using their savings to buy back stock, or finance corporate acquisitions in an effort to gain market share. While corporations' hesitance to reinvest in an economy growing at just 2% is frustrating for the short term, it could be good news for the long run, when worldwide economic growth reaccelerates.

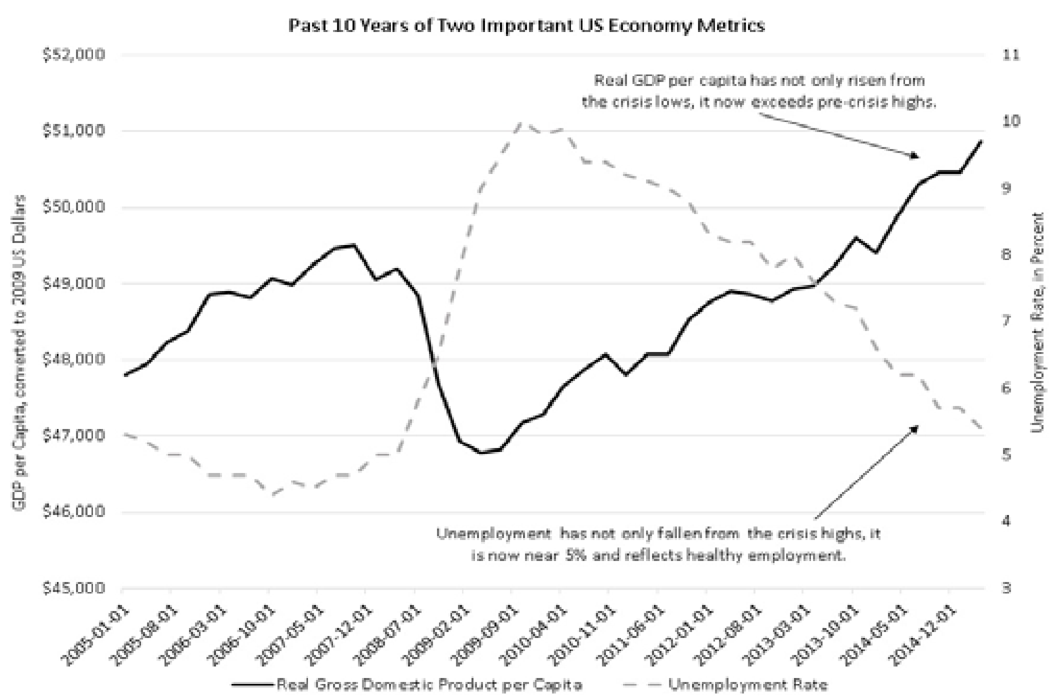
The unwinding process cannot continue forever. Eventually the thread will wind down to the spool, and it will be time to build again. At SYM, we persist in our confidence that today's market corrections will be followed by rapid real economic growth, and fueled by new technology. Advancements in computers and the Internet, biotech, telecom, semiconductors, robotics, 3-D printer capabilities, and more are likely to bring us back to growth rates in line with the 3.5% we enjoyed in our prosperity.

"Investors Wait Patiently" Doesn't Make Headlines

While some investors patiently wait for their well-laid economic plans to develop and thrive, others, in response to fear-laden news stories, will urgently pursue quick-fix remedies. Unfortunately, many of those who react will fall victim to quick and emotional trades, or "guaranteed" products that promise consistent returns, no matter what. The truth is, such "safety strategies" frequently come hand-in-hand with huge penalties should one ever wish to make a change in the future. They also eliminate the chance for meaningful gifts to heirs.

Good long-term investment results are dependent on long-term patience. Long-term patience can be sustained when you are working with financial partners who have earned your trust.

Managing your wealth through critical shifts in the U.S. and world economy can take nerves of steel, and not everyone is connected to an advisor who provides deep-rooted financial counsel. If doubts or insecurities about your personal portfolio or wealth strategy arise, your SYM advisor is always on hand, willing to review your long-term plan in the context of the market. And, when you know someone who could profit from a clear, insightful conversation with a SYM advisor, recommend they contact us for a discussion free of charge or obligation.



2015 Bond Market

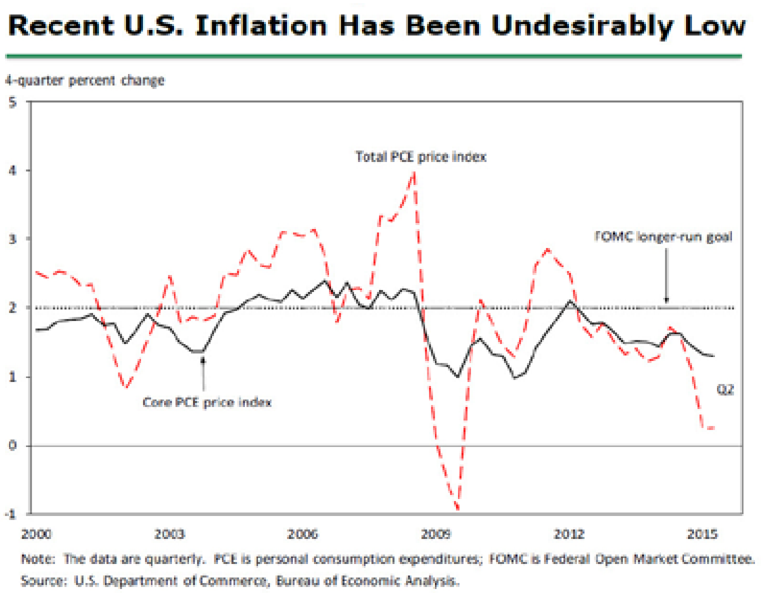
Why isn't the Fed Raising Rates?

We've become familiar with the "accommodative" monetary policy the United States adopted in the years following the global financial crisis. The Federal Reserve's control over the short-term interest rate is a focal point, and the rate remains at zero in our post-crisis era (reflecting "emergency levels" of stimulus).

A large segment of Americans were pleased with the opportunities low interest rates provided. But, as the most recent Federal Reserve meeting approached, rumblings began. Due in part to the Federal Reserve's great forecasting track record, investors were actually hoping to receive the Fed's vote of confidence in the economy, even though it would result in a rate increase.

When trying to predict the Federal Reserve's conclusion, investors assessed economic barometers such as the unemployment rate and per-capita GDP (charted at the bottom of page 2), and they determined the economy was "chugging along," arguably not needing the Fed's help and almost certainly not experiencing "emergency conditions."

Their line of reasoning sounded like this: If people are at work and economic output is growing in real terms, why not raise interest rates? In response, SYM offers two points to consider, given the Fed did not raise rates. One, the Federal Reserve is charged with more than supporting output growth; they also work to maintain stable low inflation (around 2 percent per year). The following chart shows how the decline in energy prices and the strong dollar's cheapening effect on imports have kept American price inflation below the desirable 2 percent target.



Low interest rates have an inflation-boosting impact. Imagine you are selling your house and thus rooting for prices to increase. Would you expect a longer line of interested buyers if mortgage rates were 12 percent, or 4 percent? We all know that easy financing pulls buyers out of the woodwork to bid up prices. The same logic similarly applies to the Fed's short-term rates in other segments of the economy.

The precipitous fall of several inflation measures just prior to the Feds' meeting would clearly dissuade a rate increase. Energy price declines aren't as damaging to markets *en masse* as some other factors, but with inflation sitting so close to zero, the fear of deflation should make any central banker leery of change.

As the second point of consideration, global economic growth concerns played a role in the Fed's thinking. At first blush, this point might seem unusual. After all, the Fed is charged with United States unemployment and inflation stability, not China's, Europe's, or anyone else's. But in a global economy, the economic stability of countries who purchase American goods is germane, and the Fed seeks clarity on the level of fragility of American business dealings abroad to a degree we wouldn't have expected pre-globalization. Putting ourselves in the Fed's shoes, it makes sense to consider America's overseas sales as a legitimate part of the continued stimulus debate.

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New Team Member

Paul Dornbier

SYM extends a warm welcome to Paul Dornbier, who joined SYM's Fort Wayne team in August as a Financial Advisor. Paul is a native of Iowa and recent transplant from the Windy City. He holds a BBA degree from the University of Iowa, where he graduated with double majors in finance and economics, and also earned an international business certificate.

Since 2008, Paul's efforts have been focused on research and performance analysis and investment consulting with Chicago-based Ellwood Associates, most recently as Head of U.S. Value Equity Manager Research. Paul is also a CFA (Chartered Financial Analyst) Level III Candidate, and member of Pi Kappa Phi fraternity. As Paul moves forward with his role at SYM, he will engage in portfolio analysis and oversight as well as new client development.

Paul looks forward to engaging in the Fort Wayne community and serving with Big Brothers Big Sisters of Allen County, an organization he has supported in the past.

Please join us in welcoming Paul to SYM!

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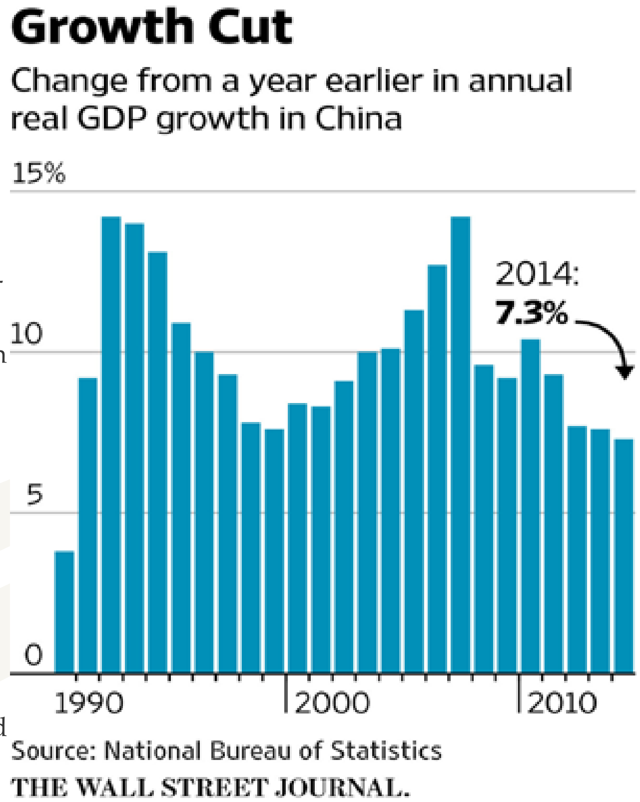
For perspective, let's zoom in on China. It's generally accepted that: A) China cannot sustain its recent growth rates forever, and B) Slowing growth in massive economies subdues their billowing financial market impact enjoyed in recent years.



That said, the "facts" about China's economy are often distorted, and the country's authentically slowing economic growth gets exaggerated well beyond its current reality. Some even go so far as to predict an economic collapse. But as a reality check, it's important to note that as the world's second-largest economy, China is struggling to maintain a *seven percent growth* rate. Nike's recent Chinese growth announcement is a good, if anecdotal, example. In September 2015 Nike announced its sales to China had increased by 30 percent year over year, and orders scheduled for delivery between September 2015 and January 2016 had increased 22 percent. This very strongly suggests the world is not returning to a pre-Deng-Xiaoping era. However, market commentators tend to be attracted to points of discussion that are sensational and fear-provoking, while ignoring the more relevant (but less frightening) focus on inflation.

SYM's investment policy responds to all of these factors with clear focus in the near term. Because bearing interest rate risk currently earns little compensation, we believe with active management, a bit of extra complexity, and by assuming credit risk, SYM clients can continue being "paid to wait." That said, SYM's investment committee can be trusted to actively monitor the securities used to enact our policy, and we never cease seeking out and evaluating investment opportunities that may improve outcomes in niche environments.

Sources: Federal Reserve Bank of St. Louis, Dr. Janet Yellen, US Department of Commerce, Bureau of Economic Analysis, Bureau of Labor Statistics, The Wall Street Journal, Nike Earnings Release

New Team Members

Betsy Didier

Rochelle Balenda

Brooke Thurlow

Betsy Didier joined the Fort Wayne team in the role of Client Service Representative. After several years in media sales and marketing, Betsy chose to return to her customer service roots. Her experience encompasses over a decade of customer-focused roles within the financial industry, including CSR training and call center management. In her role with SYM, Betsy looks forward to a focus on providing an exceptional client experience.

We are also pleased to welcome Rochelle Balenda and Brooke Thurlow to SYM's Midland, Michigan office as Client Service Representatives. Rochelle brings to SYM a 15-year background in management, human resources and accounting and has a BBA with a focus in marketing. In her role with SYM, Rochelle particularly enjoys the opportunity to interact directly with clients and looks forward to building future long-term relationships.

Brooke Thurlow enjoys the analytical aspects of her work as well as the personal engagement. She earned an undergraduate degree in finance from Northwood University, and has prior experience in the investment industry. Brooke serves as a volunteer with Grand Rapids-based Haiti Foundation Against Poverty, where she previously served as Assistant Director.

THE SYM DIFFERENCE

If you have any questions about your portfolio, please don't hesitate to contact your advisor or team.

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Seth Whicker, CFP®, MS
Vice President

Tom Ackmann
Vice President

SYM Financial Advisors
801 Park Ave
Winona Lake, IN 46590

Phone 800-888-7968
Fax 574-269-5905

www.sym.com