SPECTRUM℠

INVESTMENT ADVISORS

3rd Quarter | 2017

As of 6/30/2017

Upcoming Events:

Spectrum Investor® Coffee House Educational Series

October 2017

Featuring Guest Speaker
Gary D'Amato
Sports Columnist
Milwaukee Journal Sentinel

THANK YOU
To all who attended our

12th Annual Retirement Plan Investment Seminar

On June 14, 2017 in Waukesha, WI

For weekly market updates, visit our website at **www.spectruminvestor.com** under Resources & Links and click on Investment Resources

For an electronic version of this newsletter, our ADV Part 2A & 2B and our Privacy Policy, please visit our website

Past performance is not an indication of future results

We appreciate your business

Quarterly Economic Update

James F. Marshall
President

Jonathan J. Marshall
Chief Investment Officer

According to Morningstar, the year-to-date (YTD) return of the Dow Jones Industrial Average (DJIA) was up 9.35% as of 6/30/17 (3.95% for the second quarter). The S&P 500 Index was up 9.34% (3.89% for the second quarter) while the MSCI EAFE Index was up 13.81% YTD, (6.12% for the second quarter).

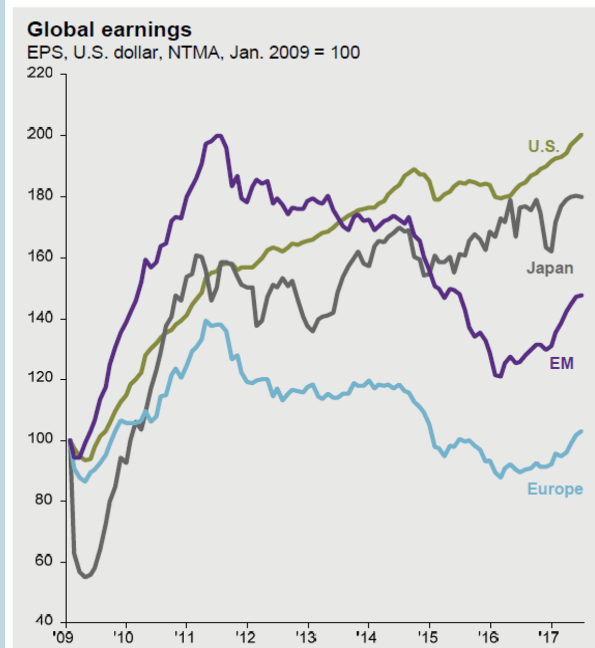
As of June 30, 2017, the S&P 500 Index has had 24 new all-time highs so far in 2017. The 9.34% YTD return exceeds the average return for a full calendar year of 8.9%, going back to 1950 (*LPL Research*, 6/26/17). After having lagged the US markets for six of the past seven years, international stocks have started to outperform this year. This is a great sign that the global bull market still has legs left. One of the healthiest things we see for a bull market is broad participation, with so many global markets and indexes performing well.

According to **Richard Turnill**, Global Chief Investment Strategist at Blackrock Investments, growth in the US, Europe and Asia, marks the first time since 2010 that we've seen all three major global regions rising at the same time (*Kiplinger*, 7/17). The International Monetary Fund forecasts world economic growth at 3.5% in 2017, the fastest rate in five years, up from 3.1% in 2016.

We recently hosted **Brian Nick**, Chief Market Strategist for TIAA Investments, at our 12th Annual Retirement Plan Investment Seminar. Brian suggested adjusting your portfolio, with 20%-30% international exposure. As a contrarian, **Jack Bogle**, founder of Vanguard funds, said 20% invested in international should be plenty for the average investor. Spectrum is beginning to adjust its model portfolios to increase international exposure.

Dr. David Kelly, Chief Market Strategist at JPMorgan, continues to say the markets would prefer "Trump Lite", meaning President Trump gets a bit of what he wants on tax cuts, deregulation and infrastructure spending, but not enough to stoke inflation. Dr. Kelly spoke at our 2011 Retirement Plan Investment Seminar. His take on today's market echoes that of Brian Nick's, advising to "take advantage of international equities and global bonds." Dr. Kelly stated that expansion could last another two years. He explained that in a rising interest rate environment, financials, materials and industries tend to do better than sectors like REITS, utilities, consumer staples or telecoms.

Dr. Kelly said the value of the dollar will likely trend lower because other central banks are beginning to tighten. A weakening dollar enhances the return of international stocks for US investors. As illustrated by the Historical Analysis chart on page 6 of this newsletter, the dollar has strengthened for the past five years, favoring US stocks. When the dollar last weakened from 2002 to 2008, international stocks (white box on the Historical Analysis) performed well vs. US stocks. After European Central Bank (ECB) president **Mario Draghi** hinted that the ECB might start winding down its stimulus in response to accelerated growth in Europe, the Euro soared with its biggest one-day gain against the dollar in a year on June 27 (*WSJ*, 6/28/17).



Source: FactSet, MSCI, Standard & Poor's, JPMorgan. *Valuations refer to NTMA P/E for Europe, US, Japan and Developing Markets and P/B for emerging markets. Valuations & earnings charts use MSCI indices for all regions/countries, except for the US, which is the S&P 500. All indices use IBES aggregate earnings estimates, which may differ from earnings estimates used elsewhere in the book. *Guide to the Markets*, as of 6/30/2017.

The Apple iPhone, which celebrated its 10th anniversary in June, has helped to drive down consumer costs (inflation) along with companies like Amazon, Uber, and Google. Fracking technology (horizontal oil drilling) has also kept a lid on inflation by increasing US oil production and driving oil prices from $80-$100 per barrel from 2010-2014 to around $45 today. **Low inflation** has kept global central banks from tightening too quickly from the **accommodative monetary policies** that have been in place since the financial crisis in 2008.

The current bull market will be the longest ever if it lasts through September 2018, exceeding the 10-year bull market from 1990 to 2000. S&P 500 corporate earnings are expected to have grown 6.5% year-over-year in the second quarter vs. 15% in the first quarter 2017 (Factset, 7/14/17). If the Fed continues to raise interest rates and gets close to inverting the yield curve, (when short-term rates exceed long-term rates) we will likely suggest pulling back somewhat on equities, as the bull market approaches its tenth year. In the meantime, stay balanced.

Please refer to the disclosures on page 3 of this newsletter.

Wealth Management

The F Word

Brian White, CFP®
Wealth Manager

Did I get your attention? We have to be creative when it comes to talking about financial regulations. Fortunately for you, the "F" word in this case stands for Fiduciary. Spectrum is a fiduciary, so we don't consider it a dirty word. Effective June 9, 2017, the Department of Labor (DOL) has implemented what is being called the **Fiduciary Rule**. We're going to talk about what it is and why you should be concerned with it.

Merriam Webster defines fiduciary (adjective) as this: of, relating to, or involving a confidence or trust. While the SEC already held investment advisers to a fiduciary standard, in 1975 the DOL issued a five-part regulatory test that investment advisers had to satisfy to be deemed a fiduciary over retirement plan assets. Investment advisers were considered fiduciaries if they rendered individualized advice to an employee benefit plan and provided advice on a regular basis pursuant to a mutual agreement, with that advice being the primary basis for decision making. In April 2016, the DOL adopted a new fiduciary rule to expand the definition of a fiduciary. This was done by eliminating the "regular basis", "mutual agreement" and "primary basis" requirements of the law and extended the fiduciary duty to individual retirement accounts (IRAs).

For the DOL and our current environment, 'acting as a fiduciary' means that advisors and brokers need to put the interest of clients first when giving advice around retirement plans. Prior to June 9, broker/dealers were only held to a suitability standard, which said that they were to pair a client with a product or service that was suitable for the client. This could be a higher-cost product that a client does not need, but is still suitable. Now, everyone who makes recommendations on tax-advantaged retirement savings (IRAs, 401(k)s, etc.) needs to put the client's best interest first.

Why the rule? According to the *Wall Street Journal*, there is an estimated $3 trillion in retirement assets. Yes, that's a 't'. Recently we've seen an increased focus on the topic of fees in investments and more specifically in retirement assets. The Fiduciary Rule attempts to eliminate conflicts of interest around the compensation received for providing advice on retirement assets. It is established to help individuals to determine their costs by making advisers and brokers more transparent with their fees. In the past, brokers could sell commission-based products like front-end-load mutual funds and variable annuities, but would not need to disclose those fees. It also means that those brokers need to charge no more than "reasonable compensation".

What does it mean for me? The short answer is that it is good for retirement investors and clients. The Fiduciary Rule levels the playing field for advice and will bring fees and expenses down. Much of the fee compression will come from the different investments offered. Mutual funds are the most common investment, yet can often be the most confusing when it comes to fees. There are front-end-loads, back-end-loads, 12-b(1) fees and revenue sharing fees. Many of the current mutual fund shares will be eliminated and new classes of "clean shares" will likely be introduced. The "clean shares" will only charge fees to manage and operate the fund. Any fees paid to an adviser or broker will NOT be part of the underlying mutual fund fee. As it stands currently, different mutual fund companies can pay brokers a different level of commission. A broker may earn more commission by recommending one mutual fund, or variable annuity, over another. Variable annuities often have back-end sales charges of 4%-7%, that are difficult for a consumer to understand. The Fiduciary Rule aims to make an investment recommendation based on the best interest of the client, not the best interest of the broker's paycheck.

What should I do? If you have an investment adviser, broker or someone who gives advice on your investments, ask if they are a fiduciary. This is especially critical if you're in the process of moving from one retirement account to another. If the answer to that question isn't a simple "yes", start asking more questions. Ask about how they are paid and why they recommend the investments they do. Do they get paid more for ABC Investment vs. XYZ Investment? What are they doing to justify the fees they are charging? These are important questions you should be asking your financial advisor, especially if you are moving retirement investments their way.

Spectrum is a fiduciary and has been a fiduciary since 1995. Nothing is changing for our clients and the way we advise them. We are required to act in the best interest of our clients and provide complete transparency with our fees. If you have questions, please give us a call.

Enjoy your summer!

Below is the 6/30/2017 Spectrum Investor® Update:

Spectrum Investor® Update 6/30/17

Morningstar Category Averages	2st Qtr	1 Year	3 Year
Intermediate-Term Bond	1.49%	0.94%	2.21%
Allocation: 50%-70% Equity	2.35%	10.67%	4.00%
Large Cap Value	1.78%	16.49%	6.40%
Large Cap Blend	2.92%	17.17%	7.60%
Large Cap Growth	5.01%	20.02%	**8.80%**
Mid Cap Value	1.03%	17.26%	5.74%
Mid Cap Blend	1.93%	17.37%	5.51%
Mid Cap Growth	4.68%	18.58%	6.86%
Small Cap Value	0.26%	21.15%	5.18%
Small Cap Blend	1.53%	20.96%	5.70%
Small Cap Growth	4.33%	**23.12%**	6.67%
Foreign Large Blend	**6.25%**	19.13%	1.18%
Real Estate	1.85%	**-0.61%**	7.25%
Natural Resources	**-4.06%**	7.37%	**-7.99%**

Source: Morningstar, 3 yr return is annualized. Morningstar classifies categories by underlying holdings and then calculates the average performance of the category. Past performance is not an indication of future results. Returns in **Blue** = Best, Returns in **Red** = Worst. Please see Benchmark Disclosures on page 3.

DOW: 21,479	**10 Yr T-Note: 2.35%**
NASDAQ: 6,110	**Inflation Rate: 1.9%** (5/2017)
S&P 500: 2,423	**Unemployment Rate: 4.3%** (5/2017)
Barrel of Oil: $46.04	Source: Yahoo Finance, bls.gov, eia.gov

Data as of 6/30/17 unless otherwise noted. The Dow Jones Industrial Average is comprised of 30 stocks that are major factors in their industries and widely held by individuals and institutional investors. The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The NASDAQ Composite Index measures all NASDAQ domestic and non-U.S. based common stocks listed on The NASDAQ Stock Market. Barrel of Oil: West Texas Intermediate. Inflation Rate: CPI. The market value, the last sale price multiplied by total shares outstanding, is calculated throughout the trading day, and is related to the total value of the Index. Indices cannot be invested into directly.

To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and cannot be invested into directly.

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IRS Indexed Limits for 2017: 401(k), 403(b), 457 Plan Deferral Limit is $18,000. Catch-up Contribution limit is $6,000. Source: www.irs.gov

In Other Words

Retirement Plan Account Options to Consider

Angie Franzone
Newsletter Editor

According to the Bureau of Labor Statistics, the average worker holds 10 different jobs before the age of 40, with Forrester Research predicting that today's younger workers will hold 12-15 jobs in their lifetime. While that may help you in polishing your interview skills, it may also mean that you have a trail of retirement plan accounts from previous employers out there. When it comes to deciding what to do with an account from a former employer, there are four options to consider: **Leave the assets in your former employer's plan, roll the assets over into your new employer's plan, roll the assets into an Individual Retirement Account (IRA) or "cash out", which involves penalties.** It's important to know what each option entails so that you can make the best choice for you and/or your family.

Leave the Assets in the Plan or Roll Over into a New Plan

There are no taxes or penalties when doing a direct rollover of your assets into a new plan and your assets will maintain their tax-deferred status. When deciding whether to leave your assets in a former employer's plan or to consolidate, it's important to consider the investment options that are offered in your former employer's plan vs. your new employer's plan. The number of investment options offered, as well as the diversity of those options, should also be considered. Fees and expenses are another aspect in deciding whether to leave your money where it is or to roll it over; this is something that an advisor at Spectrum can help you with, as it requires a more in-depth look into your asset allocation. It's important to make sure that the benefits of your decision outweigh any potential costs. Leaving your money in the plan can be a low cost option. If you choose to remain in your former employers' plan, keep in mind that you will not be able to make any new contributions to the plan or benefit from any employer matches.

Roll the Assets into an IRA

Just as with employer-sponsored retirement plans, there are no taxes or penalties to directly rolling over to an IRA and assets remain tax deferred as well. In general, IRAs offer access to more investment options than retirement plans and fees may be different than your employer-sponsored plan. If flexibility is more important to you than low costs, rolling into an IRA may be a good option for you. It's always important to weigh the investment costs before rolling your money over to a different account. Also, keep in mind that the IRS requires you to take minimum distributions at age 70 1/2, so rolling multiple accounts into one IRA means you only have to deal with taking distributions from one account instead of several.

Cash Out with a Lump Sum Distribution

While this is an option, we do not recommend it. There is an immediate cost to cashing out your retirement plan; federal and state income tax. In addition, there is a 10% early withdrawal penalty for those who are under the age of 59 1/2. According to Fidelity, one in three 401(k) investors has cashed out of his or her plan before reaching age 59 1/2, often when changing jobs (*Fidelity Viewpoints*, 6/2/17). Besides these initial costs, there are long-term consequences to cashing out as well. Earnings are not taxed as long as they stay inside the plan or IRA, providing you with an opportunity to save more. Younger investors who cash out will have to start over from scratch, and the likelihood they'll remember what they spent the money on by the time they retire, is slim. Older investors who cash out subject their assets to taxes and potential penalties, making them less likely to have the amount of income needed in retirement.

While it may seem like holding on to multiple retirement plans is a good way to diversify, it could actually make it more difficult to know if your investments are working together toward your personal retirement goals. Additionally, if you are not that active in your account(s) and rarely ever rebalance, it probably means the 401(k) plan from a past employer may no longer align with your retirement goals and risk tolerance.

Key Takeaways

Compare investment choices, fees and expenses before rolling into a new plan

Multiple retirement accounts does not necessarily mean your assets are diversified or reflective of your personal goals and risk tolerance

There are no taxes or penalties when directly rolling over to a new retirement plan or IRA

The immediate cost to cashing out is federal and state income tax and for those younger than 59 1/2, a 10% early withdrawal penalty

60% Stocks/40% Bonds Allocation vs. Indices Ending 6/30/17

15 Yr	10 Yr	5 Yr	3 Yr	1 Yr	Index Definition
Mid Cap 10.40%	Lg. Growth 8.97%	Lg. Growth 15.24%	Lg. Growth 11.03%	Sm. Value 24.86%	Small Value: Russell 2000 Value TR
Real Est. 9.84%	Mid Cap 8.56%	Mid Cap 14.92%	Lg. Blend 9.61%	Sm. Blend 24.60%	Small Blend: Russell 2000 TR
Sm. Growth 9.55%	Sm. Growth 7.82%	Lg. Blend 14.63%	Mid Cap 8.53%	Sm. Growth 24.40%	Small Growth: Russell 2000 Growth TR
Sm. Blend 9.19%	Lg. Blend 7.18%	Sm. Growth 13.98%	Real Est. 8.04%	Intl. 20.27%	International: MSCI EAFE NR
Lg. Growth 8.83%	Sm. Blend 6.92%	Lg. Value 13.82%	Lg. Value 7.79%	Lg. Growth 19.30%	Large Growth: S&P 500 Growth TR
Sm. Value 8.75%	60/40 6.24%	Sm. Blend 13.70%	Sm. Growth 7.64%	Mid Cap 18.57%	Mid Cap Blend: S&P MidCap 400 TR
Lg. Blend 8.34%	Sm. Value 5.92%	Sm. Value 13.39%	Sm. Blend 7.36%	Lg. Blend 17.90%	Large Blend: S&P 500 TR
60/40 7.94%	Real Est. 5.42%	Real Est. 9.00%	Sm. Value 7.02%	Lg. Value 15.86%	Large Value: S&P 500 Value TR
Lg. Value 7.72%	Lg. Value 5.25%	Intl. 8.69%	60/40 4.60%	60/40 9.10%	60/40: 60% Diversified Stocks/40% Bond
Nat. Res. 6.70%	Bonds 4.48%	60/40 8.16%	Bonds 2.48%	Bonds 0.44%	Int.-Term Bonds: Bar-Cap Aggregate Bond
Intl. 6.31%	Intl. 1.03%	Bonds 2.21%	Intl. 1.15%	Real Est. -2.43%	Real Estate: DJ US Select REIT Index TR
Bonds 4.48%	Nat. Res. -0.33%	Nat. Res. 0.13%	Nat. Res. -11.92%	Nat. Res. -2.62%	Natural Res: S&P North Am. Nat. Resources TR

Annualized returns. The above indices are unmanaged and cannot be invested into directly. Past performance is not an indication of future results. Diversification cannot protect from market risk. Source: Morningstar. *60/40 Allocation: 40% Bonds, 6% Lg. Value, Blend, & Growth, 12% Mid Cap, 6% Sm. Value & Blend, 6% Intl., Nat. Res., and Real Est. Allocation, excludes Small Growth. Rebalanced annually on Apr 1. ©2017 Spectrum Investment Advisors, Inc. Please see benchmark disclosures below.

Benchmark Disclosures: Morningstar Category Averages: *Morningstar classifies mutual funds into peer groups based on their holdings. The Category Average calculates the average return of mutual funds that fall within the category during the given time period. The following indexes and their definitions provide an approximate description of the type of investments help by mutual funds in each respective Morningstar Category. One cannot invest directly in an index or category average.* ***Large Cap Growth: S&P 500 Growth Index*** *– Measures the performance of growth stocks drawn from the S&P 500 index by dividing it into growth and value segments by using three factors: sales growth, the ratio of earnings change to price and momentum.* ***Intermediate-Term Bonds: Barclays US Agg Bond Index*** *– Measures the performance of investment grade, US dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS, ABS and CMBS.* ***Large Cap Blend: S&P 500 Index*** *– A market capitalization-weighted index composed of the 500 most widely held stocks whose assets and/or revenue are based in the US.* ***Large Cap Value: S&P 500 Value Index*** *– Measures the performance of value stocks of the S&P 500 index by dividing into growth and value segments by using three factors: sales growth, the ratio of earnings change to price and momentum.* ***Mid Cap Blend: S&P MidCap 400 Index*** *– Measures the performance of mid-sized US companies, reflecting the distinctive risk and return characteristics of this market segment.* ***Small Cap Blend: Russell 2000 Index*** *– Measures the performance of the small-cap segment of the US equity universe. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.* ***Small Cap Value: Russell 2000 Value Index*** *– Measures the performance of small-cap value segment of Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.* ***Small Cap Growth: Russell 2000 Growth Index*** *– Measures the performance of small-cap growth segment of Russell 2000 companies with higher price-to-value ratios and higher forecasted growth values.* ***Foreign Large Cap Blend: MSCI EAFE NR Index*** *–This Europe, Australasia, and Far East index is a market-capitalization-weighted index of 21 non-US, developed country indexes.* ***Real Estate: DJ US Select REIT Index*** *– Measures the performance of publicly traded real estate trusts (REITs) and REIT-like securities to serve as proxy for direct real estate investment.* ***Natural Resources: S&P North American Natural Resources Index*** *– Measures the performance of US traded securities classified by the Global Industry Classification Standard (GICS) as energy and materials excluding the chemicals industry and steel but including energy companies, forestry services, producers of pulp and paper and plantations. The* ***Dow Jones Industrial Average (DJIA)*** *is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq.*

Invest In Your Health

Feeding Your Brain

David Meinz, MS, RD, FADA, CSP
America's Personal Health Improvement Expert

Studies show that your brain chemistry is affected by what kind of food you eat, when you eat it, and how much of it you eat. That brain chemistry affects focus, concentration, problem solving, mood, and how you feel in general. It helps your brain work at its maximum potential too.

EAT BREAKFAST

Mom was right on this one. Unfortunately, only about one third of American adults eat breakfast. If you're not already one of them, start tomorrow. Try to eat as early as you can–ideally within the first hour of waking up. Remember, your brain runs on glucose, which is depleted overnight while you sleep. If you're not hungry at breakfast, start with a *little* something. You can work up to more over time. The best breakfast includes whole grain complex carbohydrates, protein, and a small amount of fat to help slow the release of glucose into the blood. Try to get as close to that as you can. A breakfast like pancakes with syrup or a Cinnabon puts you in the mood to relax and take it easy, not get started with the day's work; you can do better than a bear claw from Dunkin' Donuts. And when it comes to breakfast, don't limit yourself to conventional thinking. You don't have to eat "breakfast" foods at breakfast. There's nothing wrong with a bowl of cereal at night and a turkey sandwich in the morning. Some ideas include, smoked salmon on a whole-wheat bagel with a slice of tomato and low fat cream cheese, whole grain bread with peanut butter and a glass of milk, and a smoothie using frozen berries and bananas, skim or almond milk or yogurt, honey and peanut butter.

"You caught a virus from your computer and we had to erase your brain. I hope you've got a back-up copy!"

HEART SMART IS BRAIN SMART

Your brain needs the proper amounts of oxygen and blood to run at peak performance. That's where a "heart healthy" diet comes in. By helping your heart and arteries to function well, it also helps your brain to function well, too. In several studies, the Mediterranean diet–which includes fish, whole grains, moderate amounts of red wine, olive oil, and nuts–has been shown to result in lower rates of Alzheimer's disease and depression. And research is showing that the omega-3 fats found in fish, also considered heart healthy, may also help brain function, as well.

THE POWER OF PROTEIN

There's good reason to include protein in your meals, especially at breakfast and lunch. A meal that emphasizes protein, like a grilled chicken breast, causes an increase in the brain neurotransmitters ***dopamine*** and ***norepinephrine***, which can make you feel more energized and alert. That's exactly what you want. But make sure to choose a lean source. Many proteins also come with excessive fat and a meal that's high in fat takes longer to digest and can slow you down. On the other hand, a meal higher in carbohydrates causes an increase in the production of ***serotonin*** which helps you feel more relaxed and calm. A higher carbohydrate meal, like pasta, is perfect toward the end of a long and stressful day.

CARBS ARE GOOD FOR YOU

Despite what fad diets come and go, **the fact is that your energy comes from blood glucose and that comes from the carbohydrates you eat.** But choose carbs closer to the way they grow. Whole grain breads and cereals, not white; and whole fruits and vegetables, not their juices. These complex carbohydrates take longer to digest than simple carbohydrates that tend to be more processed. As a result, they're better at keeping your blood sugar (glucose) levels stable. That means you'll feel better and have more consistent, sustained energy. High sugar foods, and other simple carbohydrates, dump a lot of sugar into your blood quickly and give you a short-term energy spike, but it doesn't last. That spike causes your body to release insulin to try to bring your blood sugar levels back down, often resulting in them being lower than before you ate.

EAT LESS, MORE OFTEN

Try this: Eat breakfast, have a small snack around mid-morning, then lunch, followed by a mid-afternoon snack and, finally, dinner. Just spread out the same number of calories you're eating now. Schedule your snacks by paying attention to when you tend to get hungry and plan to eat a little something about a half-hour before that. Fruit, string cheese, nuts, and whole-grains crackers will give more sustained energy and nutrition than an energy drink. Other ideas include peanut butter and apple or other fruit, yogurt with berries, hummus and baby carrots, mixed dried fruit and nuts, Smaller amounts of food are easier to digest than large meals and aren't as likely to cause your blood sugar to spike. Be patient though, it may take a little while for you to get used to eating like this. By the way, eating smaller meals, more often, is one of the top strategies people cite for successful weight loss and maintenance. And if you're a fan of energy and protein bars, a good guideline is to make sure they contain at least 8 g of protein, and no more than 3 g of saturated fat, 13 g of sugar, and about 200 calories. And look for ingredients that are whole grain, like rolled oats. Remember that things like *brown rice syrup* or *high fructose corn syrup* are just sweeteners. And by the way, a product that claims "high energy" on the label *does not* mean it will increase mental alertness. Legally, that simply means it's high in calories.

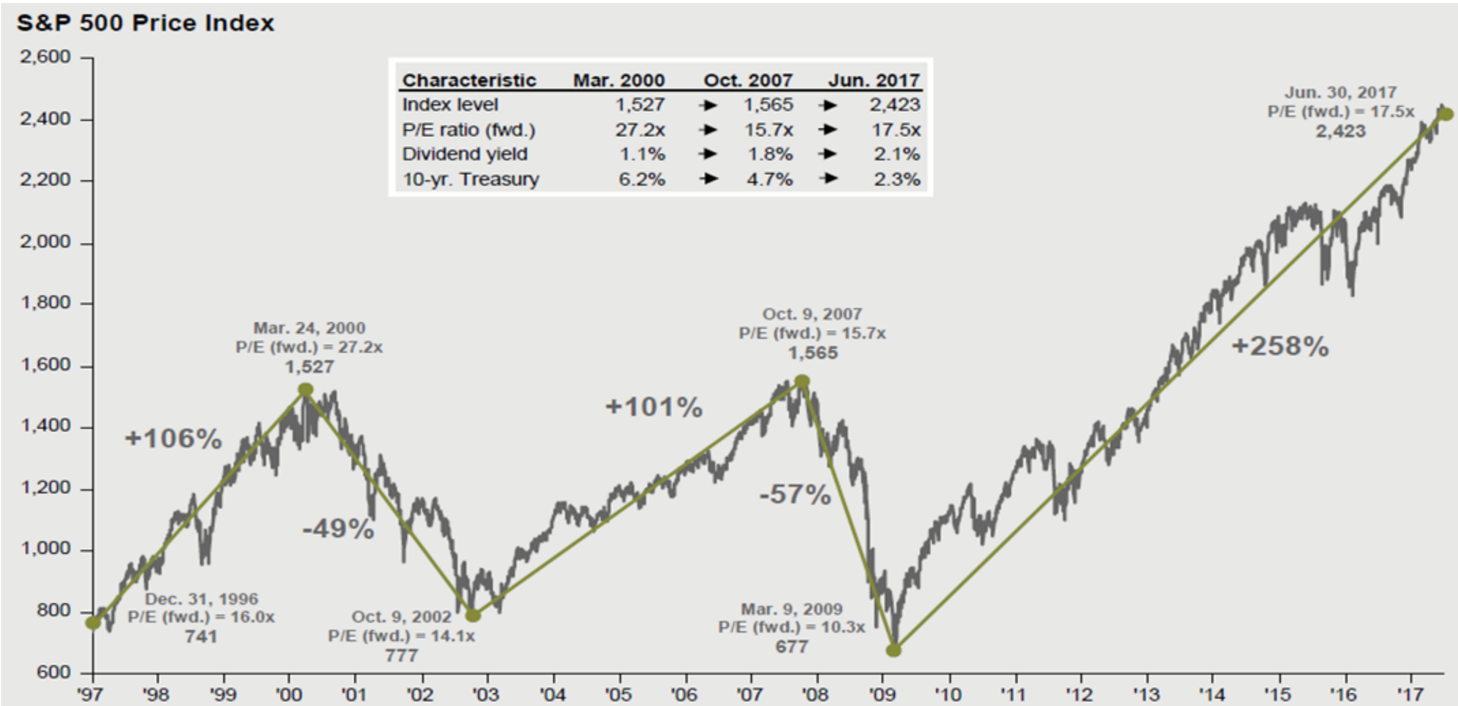
EAT CLOSER TO THE WAY FOOD GROWS

One of the reasons people feel fatigued is that they don't consume enough *quality* food. In human studies, the better your nutritional status, the better your mood, ability to think, and memory. The nutritional quality of food often decreases as processing and refining increases. You're better off with an apple instead of apple juice; brown rice instead of white rice; a chicken breast instead of chicken nuggets. Ask yourself, does a Twinkie grow that way??

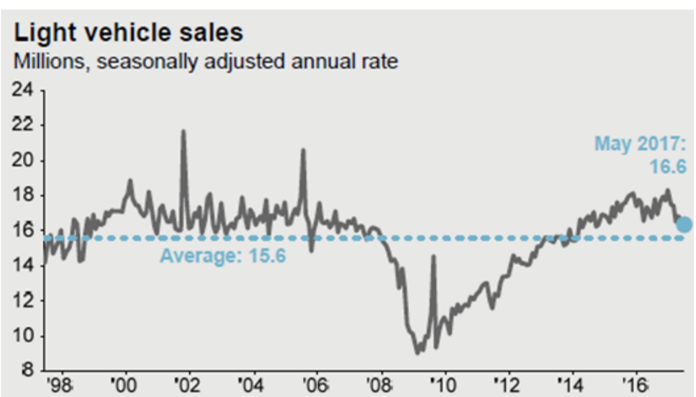
David Meinz presents keynotes and workshops to businesses and associations internationally, based on his new book, ***Wealthy, Healthy & Wise: How to Make Sure Your Money and Your Health Last As Long As You Do***. For more information on his annual program in Orlando, Florida visit: **www.TheHealthyLifeSummit.com**. To order an autographed copy of any of his books, visit **www.davidmeinz.com.**

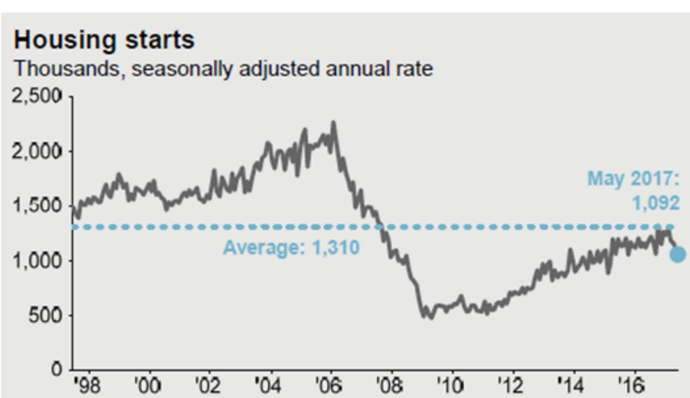
David Meinz is not affiliated with Spectrum Investment Advisors. Opinions voiced in this newsletter are for general information only and are not intended to provide specific advice or recommendations for any individual.

Inflection Points – The current PE Ratio of the S&P 500 is slightly above average at 17.5x, compared to the 25-year average being 15.9x earnings. In the recession of March 2000 and October 2007, the rate on 10-year treasuries reached 6.2% and 4.2% respectively, versus their dividend yields on the S&P 500 at 1.1% and 1.8%, making bonds more attractive than stocks. **Light Vehicle Sales & New Housing Starts** (bottom left) are beginning to soften somewhat, indicating that the US economy may be in the early stages of slowing down. **The YTD return of the EAFE (International Index)** (bottom right) was 7.9% in local currencies through 6/30/17, but when converted to US dollars, the return was 14.2% because of the weakening dollar so far in 2017.



Source: Compustat, FactSet, IBES, Standard & Poor's, JP Morgan Asset Management. Dividend yield is calculated as consensus estimates of dividends for the next 12 months, divided by most recent price, as provided by Compustat. Forward price to earnings ratio is a bottom-up calculation based on the most recent S&P 500 Index price, divided by consensus estimates for earnings in the next 12 months (NTM), and is provided by FactSet Market Aggregates. Returns are cumulative and based on S&P 500 Index price movement only, and do not include the reinvestment of dividends. Past performance is not indicative of future returns. *Guide to the Markets*—US Data are as of June 30, 2017. The S&P 500 Index is a market capitalization-weighted index composed of the 500 most widely held stocks whose assets and/or revenue are based in the US.





Equity Benchmark Returns	2017 YTD		2016	
Country / Region	**Local**	**USD**	**Local**	**USD**
Regions / Broad Indexes				
All Country World	9.3	11.8	9.7	8.5
U.S. (S&P 500)	-	9.3	-	12.0
EAFE	7.9	14.2	5.9	1.5
Europe ex-UK	10.0	18.3	3.2	0.3
Pacific ex-Japan	9.2	13.6	8.5	8.0
Emerging markets	15.0	18.6	10.1	11.6
MSCI: Selected Countries				
United Kingdom	4.7	10.0	19.2	0.0
France	9.1	17.9	9.2	6.0
Germany	7.3	16.0	6.6	3.5
Japan	6.1	10.1	-0.4	2.7
China	25.6	25.0	1.2	1.1
India	14.8	20.5	1.1	-1.4
Brazil	5.0	3.1	37.2	66.7
Russia	-16.0	-14.0	35.1	55.9

Source: J.P. Morgan Asset Management; (Top left) BEA; (bottom left) Census Bureau, FactSet; (right) MSCI, Standard & Poor's, FactSet. All return values are MSCI Gross Index (official) data. Chart is for illustrative purposes only. Past performance is not indicative of future results. *Guide to the Markets* – U.S. Data are as of June 30, 2017

Historical Analysis - This chart illustrates that international (white box) tends to cycle in and out of favor. There are many factors involved in the performance of international, but one to watch is the value of the dollar (see bottom of chart). Red indicates a weakening dollar and green indicates a strengthening dollar. From 1996-2001, when the dollar strengthened in 5 out of 6 years, international underperformed. When the dollar weakened for a significant period of time, from 2002-2007, international stocks performed well. Recently, when the dollar strengthened from 2012-2016, international stocks underperformed. YTD 2017, the dollar is weakening, with international stocks outperforming. **FRED** - This chart illustrates cycles of the value of the dollar.

Spectrum Investor® Historical Analysis

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25 Annual Returns for key indices (1993-June 30, 2017) ranked in order of performance (Best to Worst)

	1993	1994	1995	1996	1997	1998	1999	2000
BEST	International 32.56%	International 7.78%	Large Cap Growth 38.13%	Real Estate 37.05%	Large Cap Growth 36.53%	Large Cap Growth 42.16%	Small Cap Growth 43.09%	Real Estate 31.04%
	Small Cap Value 23.77%	Large Cap Growth 3.13%	Large Cap Blend 37.58%	Large Cap Growth 23.97%	Large Cap Blend 33.36%	Large Cap Blend 28.58%	Large Cap Growth 28.25%	Small Cap Value 22.83%
	Small Cap Blend 18.88%	Real Estate 2.66%	Large Cap Value 36.99%	Large Cap Blend 22.96%	Mid Cap Blend 32.25%	International 20.00%	Natural Resources 27.23%	Mid Cap Blend 17.51%
	Large Cap Value 18.61%	Large Cap Blend 1.32%	Small Cap Growth 31.04%	Large Cap Value 22.00%	Small Cap Value 31.78%	Mid Cap Blend 19.12%	International 26.97%	Natural Resources 15.79%
	Real Estate 15.14%	Large Cap Value -0.64%	Mid Cap Blend 30.93%	Small Cap Value 21.37%	Large Cap Value 29.98%	Large Cap Value 14.67%	Small Cap Blend 21.26%	Int.-Term Bonds 11.63%
	Mid Cap Blend 13.96%	Small Cap Value -1.54%	Small Cap Blend 28.45%	Mid Cap Blend 19.25%	Small Cap Blend 22.36%	Int.-Term Bonds 8.69%	Large Cap Blend 21.04%	Large Cap Value 6.08%
	Small Cap Growth 13.37%	Small Cap Blend -1.82%	Small Cap Value 25.75%	Small Cap Blend 16.49%	Real Estate 19.66%	Small Cap Growth 1.23%	Mid Cap Blend 14.72%	Small Cap Blend -3.02%
	Large Cap Blend 10.08%	Small Cap Growth -2.43%	Int.-Term Bonds 18.47%	Small Cap Growth 11.26%	Natural Resources 16.94%	Small Cap Blend -2.55%	Large Cap Value 12.72%	Large Cap Blend -9.10%
	Int.-Term Bonds 9.75%	Int.-Term Bonds -2.92%	Real Estate 12.24%	International 6.05%	Small Cap Growth 12.95%	Small Cap Value -6.45%	Int.-Term Bonds -0.82%	International -14.17%
WORST	Large Cap Growth -1.68%	Mid Cap Blend -3.56%	International 11.21%	Int.-Term Bonds 3.63%	Int.-Term Bonds 9.65%	Natural Resources -14.19%	Small Cap Value -1.49%	Large Cap Growth -22.08%
					International 1.78%	Real Estate -17.01%	Real Estate -2.58%	Small Cap Growth -22.43%

	2001	2002	2003	2004	2005	2006	2007	2008
BEST	Small Cap Value 14.02%	Int.-Term Bonds 10.25%	Small Cap Growth 48.54%	Real Estate 33.16%	Natural Resources 36.61%	Real Estate 35.97%	Natural Resources 34.44%	Int.-Term Bonds 5.24%
	Real Estate 12.35%	Real Estate 3.58%	Small Cap Blend 47.25%	Natural Resources 24.59%	Real Estate 13.82%	International 26.34%	International 11.17%	Small Cap Value -28.92%
	Int.-Term Bonds 8.44%	Small Cap Value -11.43%	Small Cap Value 46.03%	Small Cap Value 22.25%	International 13.54%	Small Cap Value 23.48%	Large Cap Growth 9.13%	Small Cap Blend -33.79%
	Small Cap Blend 2.49%	Natural Resources -12.99%	International 38.59%	International 20.25%	Mid Cap Blend 12.56%	Large Cap Value 20.80%	Mid Cap Blend 7.98%	Large Cap Growth -34.92%
	Mid Cap Blend -0.61%	Mid Cap Blend -14.53%	Real Estate 36.18%	Small Cap Blend 18.33%	Large Cap Value 6.33%	Small Cap Blend 18.37%	Small Cap Growth 7.05%	Mid Cap Blend -36.23%
	Small Cap Growth -9.23%	International -15.94%	Mid Cap Blend 35.62%	Mid Cap Blend 16.48%	Large Cap Blend 4.91%	Natural Resources 16.85%	Int.-Term Bonds 6.97%	Large Cap Blend -37.00%
	Large Cap Value -11.71%	Small Cap Blend -20.48%	Natural Resources 34.40%	Large Cap Value 15.71%	Small Cap Value 4.71%	Large Cap Blend 15.79%	Large Cap Blend 5.49%	Small Cap Growth -38.54%
	Large Cap Blend -11.89%	Large Cap Value -20.85%	Large Cap Value 31.79%	Small Cap Growth 14.31%	Small Cap Blend 4.55%	Small Cap Growth 13.35%	Large Cap Value 1.99%	Real Estate -39.20%
	Large Cap Growth -12.73%	Large Cap Blend -22.10%	Large Cap Blend 28.68%	Large Cap Blend 10.88%	Small Cap Growth 4.15%	Large Cap Growth 11.01%	Small Cap Blend -1.57%	Large Cap Value -39.22%
WORST	Natural Resources -15.59%	Large Cap Growth -23.59%	Large Cap Growth 25.66%	Large Cap Growth 6.13%	Large Cap Growth 3.46%	Mid Cap Blend 10.32%	Small Cap Value -9.78%	Natural Resources -42.55%
	International -21.44%	Small Cap Growth -30.26%	Int.-Term Bonds 4.10%	Int.-Term Bonds 4.34%	Int.-Term Bonds 2.43%	Int.-Term Bonds 4.33%	Real Estate -17.56%	International -43.38%

	2009	2010	2011	2012	2013	2014	2015	2016	6/30/17
BEST	Natural Resources 37.54%	Small Cap Growth 29.03%	Real Estate 9.37%	Small Cap Value 18.05%	Small Cap Growth 43.30%	Real Estate 32.00%	Large Cap Growth 5.52%	Small Cap Value 31.74%	International 13.81%
	Mid Cap Blend 37.38%	Real Estate 28.07%	Int.-Term Bonds 7.84%	Mid Cap Blend 17.88%	Small Cap Blend 38.82%	Large Cap Growth 14.89%	Real Estate 4.48%	Natural Resources 30.87%	Large Cap Growth 13.33%
	Small Cap Growth 34.47%	Small Cap Blend 26.85%	Large Cap Growth 4.65%	Large Cap Value 17.68%	Small Cap Value 34.52%	Large Cap Blend 13.69%	Large Cap Blend 1.38%	Small Cap Blend 21.31%	Small Cap Growth 9.97%
	International 31.78%	Mid Cap Blend 26.64%	Large Cap Blend 2.11%	International 17.32%	Mid Cap Blend 33.50%	Large Cap Value 12.36%	Int.-Term Bonds 0.55%	Mid Cap Blend 20.74%	Large Cap Blend 9.34%
	Large Cap Growth 31.57%	Small Cap Value 24.50%	Large Cap Value -0.48%	Real Estate 17.12%	Large Cap Growth 32.75%	Mid Cap Blend 9.77%	International -0.81%	Large Cap Value 17.40%	Mid Cap Blend 5.99%
	Real Estate 28.46%	Natural Resources 23.88%	Mid Cap Blend -1.73%	Small Cap Blend 16.35%	Large Cap Blend 32.39%	Int.-Term Bonds 5.97%	Small Cap Growth -1.38%	Large Cap Blend 11.96%	Small Cap Blend 4.99%
	Small Cap Blend 27.17%	Large Cap Value 15.10%	Small Cap Growth -2.91%	Large Cap Blend 16.00%	Large Cap Value 31.99%	Small Cap Growth 5.60%	Mid Cap Blend -2.18%	Small Cap Growth 11.32%	Large Cap Value 4.85%
	Large Cap Blend 26.46%	Large Cap Blend 15.06%	Small Cap Blend -4.18%	Large Cap Growth 14.61%	International 22.78%	Small Cap Blend 4.89%	Large Cap Value -3.13%	Large Cap Growth 6.89%	Int.-Term Bonds 2.27%
	Large Cap Value 21.18%	Large Cap Growth 15.05%	Small Cap Value -5.50%	Small Cap Growth 14.59%	Natural Resources 16.49%	Small Cap Value 4.22%	Small Cap Blend -4.41%	Real Estate 6.68%	Real Estate 1.36%
WORST	Small Cap Value 20.58%	International 7.75%	Natural Resources -7.35%	Int.-Term Bonds 4.21%	Real Estate 1.22%	International -4.90%	Small Cap Value -7.47%	Int.-Term Bonds 2.65%	Small Cap Value 0.54%
	Int.-Term Bonds 5.93%	Int.-Term Bonds 6.54%	International -12.14%	Natural Resources 2.20%	Int.-Term Bonds -2.02%	Natural Resources -9.77%	Natural Resources -24.28%	International 1.00%	Natural Resources -11.04%

U.S. Dollar Index Annual Percent Change

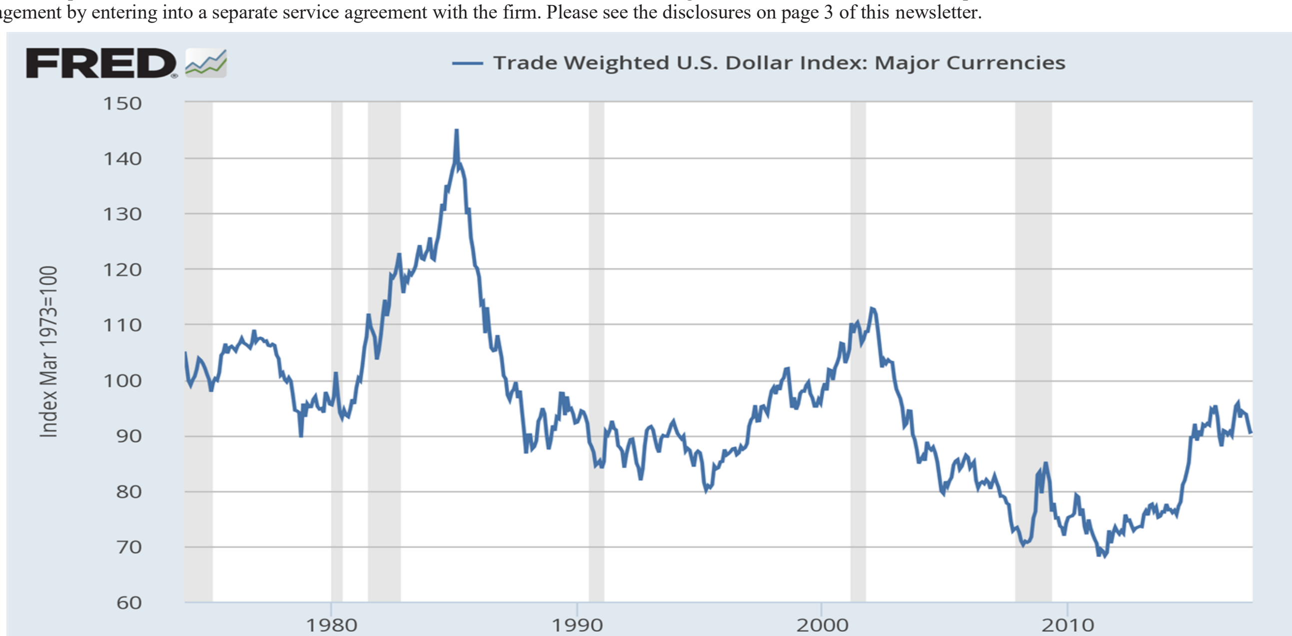
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
USD	3.3%	-1.6%	-5.7%	4.6%	7.7%	4.8%	-1.4%	4.8%	6.0%	-1.6%	-12.3%	-8.2%	-2.0%

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	6/30/17
USD	-1.5%	-5.6%	-4.6%	4.4%	-2.9%	-6.0%	3.8%	3.2%	3.2%	16.1%	0.7%	-1.5%

Negative % Change: Dollar weakening vs Major Currencies (Red); Positive % Change: Dollar strengthening vs Major Currencies (Green). Source: Federal Reserve Bank of St. Louis Economic Research

Investment Style	Intermediate-Term Bonds	Large Cap Value	Large Cap Blend	Large Cap Growth	Mid Cap Blend	Small Cap Value	Small Cap Blend	Small Cap Growth	International	Real Estate	Natural Resources
Representative Index	Barclays Capital Aggregate Bond Index	S&P Value Index	S&P 500 Index	S&P Growth Index	S&P MidCap 400 Index	Russell 2000 Value Index	Russell 2000 Index	Russell 2000 Growth Index	MSCI EAFE Index	DJ US Select REIT Index	S&P North American Natural Resources
Correlation to S&P*	0.02	0.98	-	0.98	0.95	0.90	0.92	0.91	0.89	0.74	0.75

Past Performance is not necessarily an indication of future results. You cannot invest directly in an index. Source Fidelity Investments/Morningstar. *Correlation is based on the past 120 monthly returns from 1-1-07 to 12-31-16 and provides a measurement of diversification by indicating whether or not two different investments have moved in the same direction in the past. A correlation of 1.0 means the returns move in the same direction. A correlation of -1.0 indicates the returns move in opposite directions. A correlation of 0.0 suggests that the investment returns of two different investments are completely independent of one another. The returns on this page represent returns of indices and do not represent the results of any model or actual performance results derived from SIA, Inc. services. SIA, Inc. does not manage models or actual accounts, except for those clients who have elected to use SIA, Incs.'s management by entering into a separate service agreement with the firm. Please see the disclosures on page 3 of this newsletter.



Source: Board of Governors of the Federal Reserve System (US). A weighted average of the foreign exchange value of the U.S. dollar against a subset of the broad index currencies that circulate widely outside the country of issue. Major currencies index includes the Euro Area, Canada, Japan, United Kingdom, Switzerland, Australia, and Sweden. FRED.stloisfed.org