

**INVESTMENT FORUM AGENDA FOR WEDNESDAY, MARCH 8, 2017 10:30AM
TALLWOOD, TA-1**

**NOTE: WE ARE MEETING THIS WEEK AND NEXT WEEK (MARCH 15) AT
TALLWOOD AT 10:30AM.**

The Spring Term begins Wednesday, March 22, 2017, at 11:50AM, at Lord of Life

Market Perspective. DOW 21,000! The DOW finished the week at 21,006, and we all know what that means. We will wait a few weeks, though, and have our celebratory sheet cake after the beginning of the Spring term. The 1,000 point move up came only 24 days after DOW 20,000, tying the shortest time between such moves. (The DOW moved from 10,000 to 11,000 in just 24 days in 1999. Of course, that move was 10% up back in 1999, whereas this move was only 5%.) Year-to-date, the DOW, S&P, and NASDAQ are up 6.3%; 6.4%; and 9.1%.

Time to be happy, right? Or is it time to be cautious???

Where to Hide? Let's say you are sitting on some nice gains from the recent market rally, and the bull market is now 8 years old and already one of the longest ever. And you are mostly in stocks, and you think that much of the recent run-up is based on anticipated tax reform, economic growth, dollar repatriation, and infrastructure spending, but each of these things may not happen, or may not happen timely or as expected. And individual investors are finally buying equities (particularly ETFs) and you think that is a sign of an overbought market. And you have been through bear markets, and know that markets can turn on a dime, and you think a correction of 10% or more is out there, perhaps soon. So you think, maybe its time to take some gains, lower your risk profile, and build up some dry powder should things get ugly.

Traditionally, de-risking has meant selling equities and buying bonds. But we all know that bond yields are still very low, rising rates hurt bond values, and Ms. Yellen has pretty much written on her forehead, that the Fed will raise interest rates this month, and one or more times during 2017. So where to hide? We will look at some bond funds and talk about "Maximum Drawdown," (MDD.) I had never heard of "Maximum Drawdown" until a Morningstar article a few days ago, but it is a useful measure of bond fund risk, both from changes in interest rates and defaults. Our goal: what bond funds have a decent yield (in today's market,) low price volatility, and can serve as a cash substitute and dry powder.

Upcoming

Panel on When to Sell. Most investors have more difficulty deciding when to sell stocks, than when to buy. I would like to have a four person panel, who will discuss what criteria you use to sell stocks. Please let me know if you are interested in serving as a panelist. Ludwig Benner will moderate the panel.

Brenda Bloch-Young will be Moderator for the March 15, 2017 Forum. She will talk about tax reform (Speaker Ryan's Domestic-Based cash-flow tax) and economic policy changes which will impact the markets.

Buys and Sells - from two weeks ending February 15, 2017.

Buys

Bristol Myers (BMY)
Technology Sector SPDR (XLK)
NextEra Energy Partners LP (NEP)
Buckeye Partners LP (BPL)
Washington REIT (WRE)
Bank of America (BAC)
Gilead (GILD)
Vanguard Short-Term Bond ETF (VCSH)

Sells

PIMCO Total Return Active ETF (BOND)
Visa (V)

Thinking About . . .

Exxon-Mobil (XOM)
Gilead (GILD)
Chicago Bridge and Iron (CBI)

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