

# summaries



the official newsletter of sigma investment counselors

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## Climbing the Wall of Worry

Once again, the capital markets (both equity and fixed income) appear to be “Climbing the Wall of Worry”. Examples of current worries include but are not limited to North Korea’s ballistic missile threat, terrorist attacks in the UK, a potential peak in domestic auto sales and alarming decline in US retail outlets. Moreover, the level of discord in Washington has put into question whether our newly elected President will be able to make good on many of his campaign promises. Despite these risk factors, both bonds and stocks have posted solid gains for the first half of 2017 as shown below.

	2017	2017	2017
<u>Domestic Equities</u>	<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>YTD</u>
S&P 500	6.1%	3.1%	9.3%
S&P MidCap 400	3.9%	2.0%	6.0%
S&P SmallCap 600	1.1%	1.7%	2.8%

### International Equities

MSCI EAFE	7.3%	6.1%	13.8%
MSCI Emerging Markets	11.4%	6.3%	18.4%

### Bonds

Bloomberg Barclays US Aggregate	0.8%	1.5%	2.3%
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So, questions that we are often asked is where do we go from here? Is it still safe to invest in the market?

Our response is that a well diversified portfolio, consisting of investment-grade securities, structured to meet one’s needs over an extended period of time is

well-equipped to withstand short-term price volatility as well as economic and geo-political uncertainty. Moreover, market timing rarely proves successful on a consistent basis. Therefore, it is best to stay the course and not be overly concerned about how the market performs over the short run.

While it is difficult to overlook the geo-political risks that confront us today, it is comforting to note that the economy, both here and abroad, appears to be on a positive footing. At the moment, we do not see a shock to this stability. Our focus, therefore, is on Washington. Our newly-elected President is attempting to make good on his many campaign promises such as tax reform, an overhaul of the Affordable Care Act, and deregulation, to name just a few. While some would argue that these initiatives could prove to be harmful over the long term, the market is likely to react positively if he is successful in passing this legislation.

Interestingly, the market is also shrugging off the growing tensions between the United States and North Korea as well as a cooling of relations with many of our trading partners over a myriad of issues such as immigration, trade, the environment and defense. Yet, as long as the economy stays on a solid footing, we believe the market can continue to climb “The Wall of Worry”.

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knowledgeable thoughtful ethical experienced

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**Please remember to contact Sigma Investment Counselors if there are any changes in your financial situation or investment objectives**

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