

July 1, 2015

Dear Client,

Second Quarter 2015 Market Update: Investors can't always get what they want

Recently, I had the pleasure of attending a Rolling Stones concert at TCF Bank Stadium in Minneapolis. As Mick Jagger belted out the lyrics, "You can't always get what you want, but if you try sometime you get what you need." I couldn't help but think about the financial markets and investors' desire for solid returns with low volatility. (Yes, I really am that nerdy).

As history has demonstrated time and again, it's unrealistic to expect stock and bond prices to rise in a straight line forever. Sooner or later, there will be some bumps in the road that will test investors' mettle and their commitment to stay with their investment strategy.

The ongoing financial unrest in Greece is a case in point. On June 29, Greece closed its banks for six days to prevent depositors from removing all of their savings. Greece has been teetering on the edge of a full-blown financial crisis for several years due to the government's high debt load. Over the past couple of years, the European Central Bank (ECB) has provided emergency funding to prevent Greece from defaulting on its debt.

But when the ECB demanded new austerity measures, including higher taxes and reduced pension benefits, Greek leaders balked. A national referendum on whether to accept the new terms was set for July 5. If the Greeks do not vote to accept the bailout terms, it's quite possible that Greece may soon exit the Eurozone and revert to its own currency (the drachma).

How to Eliminate Probate on Wealth Transfer of Real Estate

Many counties allow property owners to have a transfer on death deed which allow you to name beneficiaries on your real estate and therefore avoid probate.

Please check with your county and/or estate planning attorney for additional details.

As you read this, you may be thinking to yourself, “Why should I be concerned about what happens in Greece?” The answer is that the world’s financial markets have become increasingly interconnected. So if Greece defaults on its government debt that could have adverse effects on other weak, highly indebted European countries, such as Portugal, Spain, and Italy. We’ve seen this type of “contagion effect” before and it has often produced severe market volatility. So, as I wrote in last quarter’s letter, don’t be surprised if we see some more pronounced market volatility in the months ahead.

Back in the U.S., some observers believe the Federal Open Market Committee will raise its target rate for Federal Funds by 25 basis points (0.25%) in September. A return to more normal interest rates would signal that the Fed believes the economy is on firmer footing. Higher rates on fixed-income holdings would also be a welcome change for retirees and other fixed-income investors.

On the other hand, the stock market has initially reacted negatively to interest rate hikes. So, here again in the short term, we may have a case where investors will get what they *need* (higher interest rates may help prevent the economy and the stock market from overheating), rather than what they *want* (higher rates *and* higher/stable stock prices).

There is no way to predict how the situation in Greece or the Fed will turn out. Keep your earplugs in (like I wear at concerts) so your ears aren't ringing, that way you can sleep easy at night. Enjoy your summer and we will be in tune with your investment portfolio to keep it rocking.

Thank you for the opportunity to work with you.

Sincerely,



Mike Ovshak
CFP®

Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Past performance is no guarantee of future results.

FINANCIAL PLANNING TIP

IF YOU GET MARRIED ON
DECEMBER 31, 2015, HOW
MANY DAYS DOES THE
IRS CONSIDER YOU
MARRIED FOR 2015?

- A. 1
- B. 0
- C. 365
- D. 182.5

ANSWER: C

Source: IRS