RESOURCE PARTNERS LLC
PORTFOLIO AND WEALTH MANAGEMENT
An Independent Registered Investment Adviser

Resource Partners Portfolio and Wealth Management LLC is an independent firm

October 11, 2016

We have gotten through the summer with a stable stock market, so "sell in May and go away" has not applied this year. And, bond market returns have been remarkable in 2016. In my opinion, it will be many years before we see such good performance from our bond portfolios. However, bonds still have an important place in our allocations. Here are the returns for the most watched stock and bond benchmarks year to date and last 12 months.

BENCHMARK AS OF 9/30/16	YTD	12 Month
Dow Jones Industrial Average	7.21	15.46
S&P 500 (Stocks)	7.84	15.43
MSCI All Cap World Ex-USA (International)	5.82	9.26
Russell 2000 (small cap index)	11.46	15.47
AGG (bond index)	5.80	5.19

Election Day, November 8, is just around the corner. The question on everybody's mind is who will be our next president, and what impact will the new president have on the economy and the financial markets. For long-term investors, there is no need to be overly concerned or reactive. I think the history of the markets shows that there are a limited number of things the President can do without cooperation from Congress. The US president is probably the most powerful political leader in the world, yet he still has to use the power of persuasion to move the country in a given direction. So whether it is Hillary or the Donald, they will have to have the support of, among others, Paul Ryan, the Speaker of the House, to see their program become law.

The Federal Reserve did not raise interest rates in their meeting in September, but Janet Yellen's statement following the September meeting definitely set the stage for a rate increase in the December meeting. The market's direction seems to hang heavily on the Fed continuing to be accommodative, that is, on the Fed keeping interest rates low. There is strong opinion from academics and the market strategist community that rates should be raised. Dr. David Kelly, Chief Global Market Strategist of JP Morgan, says we do not need to have emergency level interest rates given the health of the US economy. It is a cause for concern that, should we have a major slowdown in the economy, the Fed will have no ammunition, that is, no policy remedies to turn the economy in a positive direction.

As we are all hearing, the global economy, including the US, is in a period of slow growth and we are likely to see modest stock market returns over the next five to ten years. This is very much an issue of demographics. The major developed economies in the world, Japan, the European nations and the US, all have aging populations. It is clearly most severe in Japan. In the US, the Baby Boom Generation is retiring. When people are retired or approaching retirement, they are much less likely to start a new business. There is simply less economic growth and activity. At the risk of sounding political, we actually need immigrants. Admittedly, that is a complicated issue.

I look forward to seeing you soon. It is a positive that the election will soon be behind us so we can start talking about something else maybe a little less depressing. And, this quarter ushers in fall color, Thanksgiving and Christmas, so there is a lot around the corner to enjoy. As we come into the end of this year, our best wishes to you and your family.

My kindest personal regards.

Sincerely,

Chip

Chip Young, CFP®

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10 13th Avenue NW PO Box 3407 Hickory, NC 28603-3407
Phone 828-324-4420 www.raymondjames.com/resourcepartners Fax 828-324-5544

- The Dow Jones Industrial Average is an unmanaged index of 30 widely held stocks.
- The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market.
- The MSCI World Ex-USA Index is a free float-adjusted market capitalization weighted index that is designed to provide a broad measure of stock performance throughout the world including both developed and emerging markets, with the exception of U.S.-based companies
- The Russell 2000 index is an unmanaged index of small cap securities which generally involve greater risks.
- Barclays Aggregate Index is comprised of the US Government/Corporate, Mortgage-Backed Securities and the Asset-Backed Securities indices.