"Winter is Coming"

I must confess, I am a big fan of HBO's "Game of Thrones". For those unfamiliar with the show, it takes place in a fantasy world torn by war and political strife. Adding fuel to that potent fire, this land is subject to unexpected climate shifts – long Summers of plenty and prosperity followed by equally long, but unpredictably occurring periods of darkness, cold, and deprivation. (Add in dragons, armies of walking dead, unspeakable violence, and all kinds of magic and you'll get the picture).

"Winter is Coming" is the motto of one of the leading (and much put-upon) Houses in the show, and is repeated often. It is both a literal and figurative warning that despite what is happening in the present, one must always be vigilant and prepared for the inevitable turn of events.

Only the most resourceful and resilient characters last for very long on GoT, and even those usually need a little luck, clan support, or help from an unexpected source in order to make it through. But don't get me wrong here – **very few** (if any) characters have remained unscathed since Season 1. This is a show where very bad things happen (often!) to good people. Yet amid such bleakness, the characters strive to stay on track – to maintain their dignity and integrity, while protecting those they love.

As a planner and advisor, I can relate. Through the years, I have often seen bad things happen to good people – most times unexpected. Even the best plans can't anticipate the when's and how's of every possible catastrophe, including financial ones. But I continue to marvel at the strength of the human spirit – the ability to survive, even thrive, in the face of adversity – given the proper support, preparation, and guidance.

I expect that Winter is Coming, in one form or another, for all of us at some point. As in "Game of Thrones", I know the best advice I can give anyone is to pull loved ones close, take full advantage of the good times while they last, plan and save for the inevitable Winter, and always remember that **Summer is waiting on the other side**.

The Markets - Calmer waters are welcome

Although we always recommend a diversified portfolio based on your own time horizon and risk tolerance, it’s not a strategy that guarantees against losses. Such a portfolio seeks to dampen, but cannot eliminate, the inevitable fluctuations in the markets (equity and fixed income).

Whether we are reviewing an individual stock or a broad measure of equities such as the S&P 500 Index, in reality the current price is quite simply a gauge of market sentiment that takes into account the collective wisdom of all market participants.

These participants include everyone from the small investor to sophisticated institutions that have created complex models to value stocks – so the big and small, the human and the machine.

Each attempts to incorporate as much publicly available information as possible (and some perhaps not so public!), collectively generating what they believe is a fair price for a stock, bond or industry metric at that moment. As sentiment shifts, so does the price.

These participants are all “putting their money where their collective mouths are,” so to speak, which is what creates a market price.

However, I believe the collective wisdom of investors can sometimes misprice risk, especially in times of economic and political uncertainty.

Which is why we generally avoid trying to time the market (although we do like to keep some "powder dry" from time to time to take advantage of potential bargains). No matter what articles you may have seen that claim to have special "insights" into what the future holds, no one has a crystal ball that consistently calls highs and lows.

The declines of just over 10% in the late summer 2015 and early 2016 selloffs may or may not be particularly significant. Market corrections in the broader context of a bull market will happen from time to time. And from an interest rate standpoint, we truly are in uncharted waters. But my gut tells me we may be approaching an inflection point – whether the market breaks out of its doldrums to move higher or begins a longer term decline is the question. Which is why we continue to recommend a slightly lower than normal risk profile for most of our clients

Our goal is to manage and mitigate risk, but we can’t eliminate it.

Key Index Returns – as of March 31, 2016

	MTD* %	YTD* %	3-year* %
Dow Jones Industrial Average	+7.08	+1.49	+6.65
NASDAQ Composite	+6.84	-2.75	+14.23
S&P 500 Index	+6.60	+0.77	+9.49
Russell 2000 Index	+7.75	-1.92	+5.40
MSCI World ex-USA**	+6.33	-2.68	-0.93
MSCI Emerging Markets**	+13.08	+5.37	-6.84
iShares US Aggregate Bond Trust (AGG)***	+0.87	+3.03	+2.44

Source: Wall Street Journal, MSCI.com, YahooFinance
MTD returns: February 29, 2016—March 31, 2016
YTD returns: December 31, 2015–March 31, 2016
*Annualized
**USD
*** Mkt Return