

QUARTERLY PORTFOLIO REVIEW

September 30, 2017

Fall

Life starts all over again when
it gets crisp in the fall

F. Scott Fitzgerald

Quarter in Review

- Thank you to all those who participated in our first webinar “Setting the Stage”. We will be having our second in our webinar series on October 19th at 12:30pm. Emails will be sent to all clients and friends with the webinar link and relevant information by 10.12.17.
- The Federal reserve has indicated that rates will continue to go up in future Fed meetings but has not given specific details of those increases.
- Tax reform. Congress has released their tentative tax reform proposal including the following items: Corporate tax rate to 20%, pass-through corporate tax rate to 25%, seven individual brackets to three brackets, increase in the standard deduction, elimination of the AMT tax, elimination of the estate tax, and possible elimination of the deductibility of state taxes. While these are just proposals, we will have to wait and see what, if any, will actually become law in the future.

BENCHMARK CENTRAL 2017 Q3

Citi World Gov't Bond Index 3-7 Yr. Hedged	1.53%
MSCI EAFE (International Stock index)	17.21%
Russell 2000 (US Small Cap index)	9.85%
S&P 500 (US Large Cap index)	12.53%
Wilshire 5000 (US Total Market index)	11.98%

INTERNATIONAL EQUITIES 2017

We preach long term focus in our Investment management philosophy and practices. Over the recent past, US equities have achieved relatively higher returns vs. their International counterparts. However in 2017, through 9.30.17, we have seen the opposite result to a significant degree. Let's look at the numbers below to illustrate the International vs US differences. All returns are YTD through 9.30.17 and obtained from Morningstar, Inc.

International Equities:

DFA International Value (DFIVX):	+19.60%
DFA International Core (DFIEX):	+22.31%
DFA International Small (DFISX):	+24.51%
DFA Emerging Markets (DFEMX):	+27.38%

US Equities:

DFA US Large Value (DFLVX):	+10.70%
DFA US Core Equity (DFEOX):	+13.08%
DFA Small Company (DFSTX):	+ 7.44%
DFA Real Estate (DFREX):	+ 3.58%

While, we don't know which markets will do better than the other moving forward, we do know that maintaining a well diversified portfolio over the long term will be your best opportunity for investment success.

QUARTERLY CLIENT WEBINAR

Date: Thursday, October 26th, Starting time: 12:30 pm, Eastern Daylight Time

Meeting Number: 193 206 617

Website link: <https://meetings.webex.com/collabs/#/meetings/detail?uuid=MD6TPWHKOWRYC610V4KQWT6QQN-5MWV&rnd=397536.70391&expID=17600>

To join the teleconference only: US TOLL: +1-415-655-0001 Access code: 193 206 617

If you cannot join us for this important webinar, we will post a recording of the entire presentation on our website at www.afadvisors.com.