

the Quarterly

Q2, 2017

SAVE THE DATE!

Quarterly Seminar

Plan to attend our next quarterly seminar. James Walden and J.D. Kaad will be giving an economic and investment overview while Elizabeth Young will be sharing some exciting new things we've been working on at CFSI. **Please RSVP if you plan to attend one of the seminar dates below.**

Dates & Times:

Tues, August 1, 2017

Noon – Lunch provided

Weds, August 2, 2017

Noon – Lunch provided

Thurs, August 3, 2017

Noon – Lunch provided

5:30pm – Light Hors D'oeuvres

Presenters:

James Walden, CFA
J.D. Kaad, Portfolio Analyst
Elizabeth Young, CFP®

Place:

Clayton Financial Services
716 S. Kansas Ave.
Topeka, KS

CFSI is a Corporate Member of the National Association of Personal Financial Advisors ("NAPFA"). If you'd like more information about NAPFA visit their website at napfa.org.



Inside this issue...

Employee Highlight pg 2

Art of Murder pg 2

Never Stop Learning pg 2

Summer Spending Tips pg 3

Office Closed pg 3

A Closing Thought pg 4

Not a Bad First Half

Many investors have likely been surprised by how market and economic events have unfolded over the first half of the year. In some regards, we have been, too.

Global stocks posted strong results for the first six months of 2017. Here in the U.S., the S&P 500 returned a total of about 9% (including dividends), led by tech stocks. Perhaps more impressive is how broad-based equity returns have been. According to the *Wall Street Journal*, all but four of the 30 major indexes tracking the world's biggest stock markets were up during the period, the most since 2009.

While a number of spectators may attribute the broad gains to the "Trump Bump," we think a few other factors are bigger contributors, especially given some of the ongoing challenges to parts of President Trump's agenda. For one, corporate earnings have strengthened materially. First-quarter earnings from companies in the S&P 500 were up 14% compared to a year earlier, and yet-to-be reported second-quarter earnings are expected to see good 7% growth. In addition, the global economy continues to expand at a modest clip, with major markets and geographies participating in a very synchronized way. Further, the financial markets seem to be continuing to take their cues from global central banks that continue to provide support—particularly the Bank of Japan and the European Central Bank.

The evidence is mixed on what strong first-half market performance foretells for

by James Walden, CFA®

Director of Portfolio
Management



second-half results. But there are several things we'll be monitoring:

- Whether meaningful tax reform and government stimulus can be enacted
- If the Federal Reserve tightens more than markets expect or can handle
- Ongoing concern that China experiences a hard economic landing after taking on so much debt
- Risks that a continued drop in oil prices derail the economy or markets
- The eventual return to higher levels of market volatility from abnormally low marks

At this time, we don't expect second-half results to match the first half's, but we also don't anticipate anything that will cause an imminent bear market, especially with the global economy remaining on what appears to be solid footing. We don't believe we're in any kind of stock market bubble. Valuations for U.S. stocks are reasonable, in our opinion, and are even cheaper elsewhere. Of course, we remain vigilant and will change our thinking and positioning as necessary.



Employee Highlight: Meet Barbara!

Full Name: Barbara Heller

Position: Vice President and Senior Financial Planner

Hobbies/Interests outside of work:

I love to watch the Royals...preferably in person at The K. We also started a vegetable garden this year. I'm not sure it's going to be a preferred hobby but it does take up quite a bit of time!

Favorite food: For my meal, I'll take lasagna. For dessert, it'll be ice cream!

Favorite restaurant: A local favorite...The Blind Tiger Brewery & Restaurant

Favorite vacation spot: I don't think I could name one. I prefer to travel to different destinations each time to gain new experiences and see new sights.

Favorite candy bar: A Milky Way...only to be outdone by Milky Way Simply Caramel

ANNOUNCEMENT: Barbara and her fiancé Spencer Duncan are getting married on October 14!

Art of Murder

We were excited to help sponsor the Art of Murder on June 17. The event is a benefit for Topeka Civic Theatre and it took place in downtown Topeka this year with the main stage set up right in front of our building. Our very own Randy and Debra Clayton played a central part in the interactive murder mystery. Thank you to all the employees and clients that worked to solve the case of the pocket park plot!



Never Stop Learning

Staff members have returned from recent industry conferences energized and ready to transform their new knowledge into solutions for our clients. These conferences are a great way to learn about the latest industry trends; network and collaborate with colleagues from across the United States; learn more about industry best practices; and gain exposure to new technology.

Jim Walden attended the RIA Central Investment Forum in Chicago.

JD Kaad attended the Morningstar Investment Conference in Chicago.

Clint Patty attended the FI360 Fiduciary Conference in Nashville.

Randy and Debra Clayton attended the Fidelity Inside Track Conference in Dallas.

Summer Spending Tips

Summer is in full swing, and with the temperature heating up it's easy for your budget to sizzle out of control. Between summer activities, vacations, and social events, finances can quickly become depleted. Here are a few tips to help afford the summer fun while staying within budget.

- **Take advantage of free events.** While there is no shortage of summer events that can cost an arm and a leg, there are also many free or cheap events that are just as fun but won't break the bank. For those of you that live in or around Topeka, www.visittopeka.com is a great resource with a large number of free events listed and updated under the events tab. It's a great way to find something locally that you'll enjoy, help support Topeka and keep your budget on track.
- **Don't get carried away at summer sales.** Summer is a great time to get clothing as most retailers are looking to get rid of last season's items. While I have never really enjoyed shopping, like most of you, I love a good sale. It's an opportunity for me to upgrade my wardrobe without having to take out a second mortgage. However, it is easy to walk into a store offering big savings, and spend more than you would have had the items not been on sale. Confession: I have clothes in my dresser I've never worn that I bought two years ago when a sale was too good to pass up. How many Royals 2015 World Series T-shirts are too many? The biggest thing for me is to take inventory of what I have currently—and what I need—before going into a store or visiting a retailer's website. That way, I do my shopping with a goal in mind of what I want to buy and how much I want to spend. Sure, every now and then I will get another item that I see on sale that I can't pass up, (probably another Royals 2015 World Series T-shirt); However, for the most part I stay on budget and spend less than I normally would have.
- **Don't treat every day as a vacation.** I'm guilty of this. It's hot out. I've had a long day, and I don't want to cook. As I'm driving home, I pass a restaurant with patio seating, next to a sign offering enticing cool drinks and cheap eats. I see people sitting outside enjoying themselves, having a good time with friends. I can image the taste of that sweet beverage they are sipping on, and my mouth drools as they take a savory bite of their delicious-looking

Nate Stucky
Assistant Financial Planner



food. It's tough to say no! During the summer, it's easy to skip cooking at home and to eat out more often. The key for me is planning my week and deciding when and where I'm eating out. I try to limit myself to eating out twice a week: once during the workweek and once on the weekend. This helps me—not only resist the urge to pull into a restaurant every time I pass one after work—but also to better plan my grocery shopping for the upcoming week, keeping me from over-spending at the grocery store too.

- **Do vacation - within your budget.** It's a great time to go on vacation. The weather is nice and the kids/grandkids are out of school. Most everyone plans on where they are going and has some idea as to what they want to do. However, it is easy to overspend, especially with kids/grandkids. Who wants to say “no” to a child on vacation? My mom used a simple, yet effective strategy with me and my siblings that she still uses when she goes anywhere with the grandkids. She would set an amount for everyone and tell us, “Whatever money you have left after the trip I will double and you can keep it”. This accomplished a couple of things. First, it set a budget with my mom on how much she would spend on each kid. Second, it taught me and my siblings to budget. It kept us from buying every souvenir we came across, and we would think long and hard about what we wanted to buy and made sure that what we bought would still leave us with money left at the end of the trip.

Hopefully these tips based on my personal experience will help you still enjoy the summer months without straining your financial resources.

OFFICE CLOSED

Take Note! Our office will be closed on Monday, September 4 in observance of Labor Day.

A Closing Thought

Key Biscayne, Jackson Hole, Aspen.....Topeka

When it comes to retirement, there is a quality and value in the center of the country.

I was recently reviewing *Forbes Magazine's* article, "The Best Places to Retire in 2017". *Forbes* runs this evaluation annually, picking various retirement locations throughout the United States based primarily on financial and economic factors. While retirees have always placed a strong emphasis on economic factors like cost of living, the ability to enjoy an active retirement is increasingly a key factor for those planning longer retirements. Retirees today are saying both quality of life and the opportunity to volunteer rank as highly as economic factors in deciding where to retire. While it seems coastal or mountain locations always top these lists, I would suggest an ideal retirement can be enjoyed right here, hidden in plain sight. Topeka offers retirees a good balance of many of the factors retirees consider, together with a tremendous cost of living advantage that few areas can match.

The economic advantages of the Capital City are obvious. Sperling's evaluation of cost of living shows Topeka at 20% below the national average, including 50% less for housing, 7% less for healthcare and 5% less for food. In short, a dollar goes much further here than in most of the country. As anyone who lives in Topeka knows, culturally there is more to do with those dollars today than any time in recent memory.

There is something of a local cultural renaissance occurring, from First Friday Artwalks, major concert events and world-class theatre productions attracting visitors from throughout the region. Whether it's attending one of hundreds of live events at the oldest running dinner theatre in the country (Topeka Civic Theatre), concerts and sporting

Clint Patty

Vice President and General Counsel



events at Topeka Performing Arts Center or the Expocentre, enjoying Expedia's #1 place to visit in Kansas (Lake Shawnee) or connecting with the tens of thousands that attend events and festivals throughout the city, Topeka offers a diverse set of entertainment options. Topeka's proximity to Lawrence and Manhattan also offers easy access to some of the best NCAA sporting and cultural events in the nation. Finally, when it's time to get away from it all (or the experience of all four seasons in the same week), Topeka is about an hour from an international airport that can literally transport you anywhere in the world.

Recent studies indicate volunteers are more likely to have better health, mobility and mental health over their non-volunteer peers. According to statistics compiled by the Federal Government, Kansas ranks 7th in the nation in volunteerism, donating more than 76 million hours of service and 1.8 billion dollars annually. Locally, Shawnee County has the highest per capita number of non-profit organizations in the state at more than 1,800. The opportunities for retirees to volunteer are almost endless, and are woven within the fabric of a community built on public service.

I would submit that Topeka offers retirees more than just a great value; it offers a high quality of life. As one local official was recently quoted, "people don't know what we have out here". What we have is a great place to live, play—and yes, even retire.



Barbara Heller

Vice President and Senior Financial Planner

Elizabeth Young

Vice President and Senior Financial Planner

Eric Purcell

Assistant Financial Planner

Nathan Stucky

Assistant Financial Planner

**The strength of tradition;
the power of innovation.**

**Individualized financial planning
and asset management.**



CLAYTON
FINANCIAL SERVICES, INC.

716 S. Kansas Ave.
Topeka, KS 66603

785-232-3266

fax: 785-232-9602

www.claytonfsi.com