# Portfolio Analysis Summary

## January thru June – 2017

## David & Deborah Smith

The appropriate asset allocation for your risk tolerance should be more important than short-term market performance. In order to participate in bull market gains, you must also endure the corrections. Active managed funds typically outperform in flat and bear markets and index funds outperform in bull markets.

## Market Summary

S&P 500 Market Cap Weight (SPY) +9.2%, S&P 500 Equal Weight (RSP) +7.8% (Year-to-date total return)
Vanguard Total World Stock Index ETF (VT) +11.9% (Year-to-date total return)
Healthcare 17.0%, Technology 16.6%, International 14.8%, Large Growth 14.6%, Asia 14.3%, Mid Cap Growth 11.7%, Consumer Discretionary 11.0%, Small Growth 9.9%.
Materials 9.1%, Industrials 8.6%, Utilities 8.5%, Mid Cap Value 6.8%, Consumer Staples 6.6%.
Financial 6.1%, Large Value 5.0%, Real Estate 2.6%, Small Value 2.3%, Telco -6.8%, Energy -14.4%.
Bonds: EM Bond 5.3%, HY Bond 4.6%, IT Bond 2.9%, Merger 2.1%, ST Bond 1.7%, Global Bond 0.6%, Bank Loan 0.8%.

**Our Strategy in this Market**
Tactical Asset Allocation (+), Asset Classes (+), Value Funds (-), Small Cap Funds (-), Sector Funds (+), High Yield Bond Funds (+), Active Funds and Stock Selection. (+).
Our strategy score is +3, Neutral. (Range +7 to -7) The higher the score, the better our strategy performs.

The S&P 500 continues to make new highs without any significant correction.
Sector performance benchmark data is from Vanguard, iShares and SPDR Exchange Traded Funds.

## Portfolio Performance

Joint Taxable portfolio performance saw a +8.8% return year-to-date. (Large Size, Sectors, Active Funds)

The Fidelity Asset Manager 70% Moderate Risk Benchmark saw a 9.4% return in this period.

For performance less portfolio management fee, subtract 0.30%. (0.6% annual fee x 6/12 months)

## Portfolio Performance Influences

**Larger portfolios** are outperforming smaller portfolios due to added diversification. (All)

**Sector fund portfolios** are outperforming portfolios without sector funds. (All)
**Individual stock** portfolios are outperforming mutual fund portfolios.

**Active managed funds** in most asset classes are outperforming passive managed ETF’s. (All)

**Portfolio Mutual Fund Variation** can hurt or help performance. (All)
**Timing of fund changes** may help or hurt performance. (All)
**Market dynamic reversal** in Q1 in 2016 & 2017 hurt performance until strategic allocation in Q1 takes effect. (All)
**Transaction costs** from Q1 rebalancing hurt performance. (All)

A**ggressive portfolios** are outperforming conservative portfolios. (NA)

**Asset Allocation Funds** (Benchmark) with large positions in large growth & international are outperforming. (NA)

**Cash additions** implemented during the correction helped performance. (NA)
**Cash additions** implemented before the correction hurt performance. (NA)
**Cash subtractions** before the correction helped performance. (NA)
**Cash addition/subtraction** timing can hurt or help performance. (NA)

I**mplementation costs** (one-time) hurt performance. (NA)

The statements above are our opinion based on our research and experience. They may affect your portfolio.

# Joint Taxable Portfolio

| | | |
|---|---|---|
| Account Name | David & Deborah Smith | June 2017 |
| Account Type | IRA | Scottrade |
| Account Number | xxxx 7777 | 2017 Leaders |

| ASSET CLASS | FUND NAME | SYMBOL | # SHARES | $/SHARE | VALUE | TOTAL | ACTION |
|---|---|---|---|---|---|---|---|
| **Large Cap Growth** | Pamassus Endeavor (LCB) | PARWX | 168.07 | 36.30 | 6101 | 1% | |
| | Mairs & Power Growth (LCB) | MPGFX | 108.99 | 122.02 | 13299 | 2% | |
| | PRIMECAP Odyssey Gro. (LCG, HC, TEC) | POGRX | 764.41 | 32.76 | 25042 | 5% | |
| | Vanguard Growth ETF (LCG) | VUG | 0.00 | 0.00 | 0 | 0% | |
| | | | | | **44442** | **8%** | |
| **Large Cap Value** | AMG Yacktman Fund | YACKX | 401.62 | 23.12 | 9285 | 2% | |
| | Oakmark Fund (LCB) | OAKMX | 181.54 | 78.34 | 14222 | 3% | |
| | Vanguard Equity Income | VEIRX | 0.00 | 0.00 | 0 | 0% | |
| | Vanguard Value ETF | VTV | 0.00 | 0.00 | 0 | 0% | |
| | | | | | **23508** | **4%** | |
| **Mid Cap Growth** | Eventide Gilead (MCG, TECH, HC) | ETGLX | 427.50 | 29.99 | 12821 | 2% | |
| | Akre Focus (MCG) | AKREX | 421.99 | 27.73 | 11702 | 2% | |
| | Champlain Mid Cap(MCG) | CIPMX | 502.51 | 16.63 | 8357 | 2% | |
| | Vanguard Mid Cap Growth ETF (MCG) | VOT | 80.00 | 117.68 | 9414 | 2% | |
| **Mid Cap Value** | Diamond Hill Small-Mid Cap (MCV) | DHMIX | 463.25 | 22.15 | 10261 | 2% | |
| | Pamassus Mid Cap (MCV) | PARMX | 404.72 | 31.38 | 12700 | 2% | |
| | Vanguard Mid Cap Value (MCV) | VOE | 90.00 | 102.87 | 9258 | 2% | |
| | | | | | **74513** | **13%** | |
| **Small Cap Growth** | Brown Capital Mgr. Small Co. (SCG, M, T) | BCSIX | 78.11 | 86.46 | 6753 | 1% | |
| | Price QM US Small Cap Stock | PRDSX | 398.80 | 31.66 | 12626 | 2% | |
| | Mairs & Power Small Cap (SCB) | MSCFX | 507.97 | 25.48 | 12943 | 2% | |
| | Vanguard Small Cap Growth ETF (SCG) | VBK | 25.00 | 145.73 | 3643 | 1% | |
| | | | | | **35966** | **6%** | |
| **Small Cap Value** | Sterling Capital Stratten SCV (SCV,MCG) | STSCX | 146.40 | 85.25 | 12480 | 2% | |
| | Vanguard Strategic Small Cap Equity (SCB) | VSTCX | 137.37 | 35.33 | 4853 | 1% | |
| | Vanguard Small Cap Value ETF (SCV) | VBR | 40.00 | 122.91 | 4916 | 1% | |
| | | | | | **22250** | **4%** | |
| **International** | Oakmark International (LCV) | OAKIX | 593.45 | 26.37 | 15649 | 3% | |
| | Harding Loevner International Equity (LCG) | HLMNX | 1137.44 | 20.85 | 23716 | 4% | |
| | FMI International (LCB, Dollar Hedged) | FMIJX | 419.73 | 32.69 | 13721 | 2% | |
| | Price International Disc. (MCG, ASIA) | PRIDX | 171.32 | 63.78 | 10927 | 2% | |
| | Oakmark International Small Cap (MCV) | OAKEX | 1033.79 | 17.45 | 18040 | 3% | |
| | Fidelity International Small Cap (MCB, SCV) | FISMX | 0.00 | 0.00 | 0 | 0% | |
| | Matthews Emerging Asia (ASIA, MCB, SCB) | MEASX | 315.79 | 14.66 | 4630 | 1% | |
| | Matthews Pacific Tiger (ASIA, LCG) | MAPTX | 735.57 | 27.55 | 20265 | 4% | |
| | | | | | **106947** | **19%** | |
| **Technology** | Price Global Technology (TECH, LCG) | PRGTX | 1408.26 | 16.94 | 23856 | 4% | |
| | Fidelity Select IT Services (TECH, LCG) | FBSOX | 425.93 | 47.34 | 20164 | 4% | |
| | Vanguard Information Technology (LCG) | VGT | 0.00 | 0.00 | 0 | 0% | |
| | | | | | **44020** | **8%** | |
| **Financial** | Price Financial (FIN, MCV) | PRISX | 526.77 | 26.61 | 14017 | 3% | |
| | First Trust Financial AlphaDEX (MCV) | FXO | 415.00 | 28.59 | 11865 | 2% | |
| | Vanguard Financials ETF (FIN, LCG) | VFH | 0.00 | 0.00 | 0 | 0% | |
| | | | | | **25882** | **5%** | |
| **Healthcare** | Price Health Sciences (HC, LCG, MCG) | PRHSX | 193.75 | 70.63 | 13685 | 2% | |
| | Fidelity Select Healthcare (HC, LCG, MCG) | FSPHX | 40.31 | 224.43 | 9047 | 2% | |
| | Vanguard Health Care ETF (HC, LCG) | VHT | 30.00 | 147.37 | 4421 | 1% | |
| | | | | | **27153** | **5%** | |
| **Other** | Fidelity Select Chemicals (MAT) | FSCHX | 47.40 | 159.23 | 7548 | 1% | |
| | | | 0.00 | 0.00 | 0 | 0% | |
| | | | | | **7548** | **1%** | |
| **Bonds** | Fidelity New Markets Income | FNMIX | 0.00 | 0.00 | 0 | 0% | |
| | Vanguard Intermediate Term Inv. Grade | VFICX | 1232.03 | 9.78 | 12049 | 2% | |
| | PIMCO High Yield Bond | PHYDX | 1626.81 | 9.00 | 14641 | 3% | |
| | Fidelity Floating Rate High Income | FFRHX | 2098.10 | 9.64 | 20226 | 4% | |
| | Merger Fund | MERFX | 1248.18 | 15.99 | 19958 | 4% | |
| | Vanguard Short Term Inv Grade Bond ADM | VFSUX | 4224.03 | 10.68 | 45113 | 8% | |
| | | | | | **111987** | **20%** | |
| **Cash** | Money Market | CASH | 32201.95 | 1.00 | 32202 | 6% | |
| | | | | | **32202** | **6%** | |
| | | | | | **2016** | **2016%** | |

| **In/Out Flow Activity** | | |
|---|---|---|
| Deposits | | $0 |
| | | $0 |
| **Performance (Excluding Management Fees)** | | |
| Start | $511,196 | |
| **Current** | **$556,417** | |
| Increased Year-to-Date | $45,221 | |
| Additions/Withdrawls | $0 | |
| Year-to-Date Gain ($) | $45,221 | |
| **Year-to-Date Gain (%)** | **8.8%** | |
| **Asset Management Fees (No fees)** | | |
| January 2017 | Q4 Portfolio Management Fee | $0 |
| April 2017 | Q1 Portfolio Management Fee | $0 |
| July 2017 | Q2 Portfolio Management Fee | $0 |
| October 2017 | Q3 Portfolio Management Fee | $0 |
| SUM | | $0 |
| | Extra Cash & Bonds | |

| Asset Class | Actual Allocation | Target Allocation Moderate | Passive Allocation Moderate |
|---|---|---|---|
| Large Cap Growth | 8% | 9% | 7% |
| Large Cap Value | 4% | 6% | 7% |
| Mid Cap | 13% | 12% | 7% |
| Small Cap Growth | 6% | 7% | 7% |
| Small Cap Value | 4% | 4% | 7% |
| International | 19% | 20% | 15% |
| Technology | 8% | 7% | 7% |
| Financial | 5% | 5% | 6% |
| Healthcare | 5% | 5% | 6% |
| Other | 1% | 0% | 6% |
| Alternative | 0% | 0% | 0% |
| Sector (25%) | | | |
| Bonds (20%) | 20% | 20% | 15% |
| Cash (5%) | 6% | 5% | 10% |
| 1% | 100% | 100% | 100% |

| **Risk Level** |
|---|
| Moderate |
| **Base Allocation** |
| 75% Stocks |
| 25% Bonds & Cash |
| **Strategy** |
| Diversified |
| Mutual Fund & |
| Sector Portfolio |
| **Custodian** |
| Scottrade Advisor |
| **Beneficiaries** |
| Primary: |
| Spouse |
| Contingent: |
| Children |


Thank you for your business
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