



QUARTERLY PERSPECTIVE  
April 7, 2017

*“The world’s favorite season is the spring. All things seem possible in May.”*  
—Edwin Way Teale

*Hello Spring*—After three months of record rain, it is time to welcome spring!

We are excited to announce that we have created a **trueNorth Client Portal** that will allow you to aggregate all your financial information into one central location—a window into your financial world. The portal also includes a vault that will allow you to securely store and share important documents. Throughout the next several months, we will be reaching out to set up a meeting to help all interested clients set up their personal portal and go over all the capabilities it offers. Please let us know if you would like to launch your portal sooner rather than later and we will get your meeting on the calendar.

In this mailing you will find our **First Quarter Report** that reflects what some pundits are calling the ‘Trump Bump’ or ‘Trump Trade’. Last but not least, you will find that your Notice of Invoice has a new look. The notice now masks individual account numbers and notes the billing account if it is different than the individual account number.

**Best Wealth Managers.** We have once again been named to Seattle Magazine’s list of Seattle Five Star Wealth Managers. While Seattle Magazine uses this list as a revenue-generating opportunity (the special advertising section is designed to generate ad sales from advisors), we are pleased to have satisfied the ten eligibility and evaluation criteria to be named. Information on the program and the selection process can be found at <https://www.fivestarpromotional.com/wmdisclosures>.

**Current Firm Brochure.** We are required to deliver a summary of material changes to our Firm Brochure. We recently filed the annual update of our brochure (Form ADV Part 2 Brochure) and have included the Material Changes (Item 2); however, please let us know if you would like a copy of the full brochure.

**Privacy Notice.** Our Privacy Policy is also enclosed at the end of this letter. We are required by law to send you this annual notice, and happy to do so in order to give you confidence that we take seriously the protection of your information.

Thank you for the trust you have placed in us. It is our sincere pleasure to serve you.

Karen, Joe, and Brooke

## 2017 First Quarter Report

Are we in the late stages of a bull market—that time when the market suddenly takes off like a rocket for no apparent reason?

Over the last eight years, the S&P 500 index has returned more than 200%, but in the last quarter the trend accelerated. The first quarter of 2017 provided the highest returns for U.S. large-cap stocks since the last three months of 2013. The Nasdaq index has booked its twenty-first record close of the year so far, and the indices have recorded a 30% rise over the past six quarters, marking the fastest advance since 2006.

The first quarter of 2017 has seen the Wilshire 5000 Total Market Index—the broadest measure of U.S. stocks—rise 5.72%, while the comparable Russell 3000 index gained 5.91%.

Looking at large cap stocks, the Wilshire U.S. Large Cap index gained 6.01% in the first quarter. The Russell 1000 large-cap index finished the first quarter with a 6.23% performance, while the widely-quoted S&P 500 index of large company stocks was up 5.53% in the first three months of 2017.

Meanwhile, the Russell Midcap Index gained 5.15% in the first quarter.

As measured by the Wilshire U.S. Small-Cap index, investors in smaller companies posted a relatively modest 2.26% gain over the first three months of the year. The comparable Russell 2000 Small-Cap Index finished the quarter up 2.20%, while the technology-heavy Nasdaq Composite Index rose 9.83% in the first quarter, continuing its record-breaking climb.

Even international investments were soaring through the start of the year. The broad-based EAFE index of companies in developed foreign economies gained 6.47% in the first three months of calendar 2017. In aggregate, European stocks gained 6.74% for the quarter, while EAFE's Far East Index gained 5.13%. Emerging market stocks of less developed countries, as represented by the EAFE EM index, rose 11.14%.

Looking over the other investment categories, real estate investments, as measured by the Wilshire U.S. REIT index, eked out a 0.03% gain during the year's first quarter. The S&P GSCI index, which measures commodities returns, lost 2.51%, in part due to a 5.81% drop in the S&P crude oil index. Gold prices shot up 8.64% for the quarter and silver gained 14.18%.

In the bond markets, rates are incrementally rising from practically zero to not much more than zero. Coupon rates on 10-year Treasury bonds now stand at 2.39% a year, while 30-year government bond yields have risen to 3.01%.

The pundits on Wall Street have been telling us that the market's sudden meteoric rise—which really started to accelerate in December of last year—is the result of the so-called “Trump Trade,” shorthand for an expectation that companies will soon be paying fewer taxes, be burdened by fewer regulations, and lead to higher corporate profits. Add in a trillion dollars of promised infrastructure spending, and the expectation was an economic boom across virtually all sectors.

However, as yet, there is no sign of that boom—just a continuation of the slow, steady recovery that the U.S. has experienced since 2009. The latest reports show that the U.S. gross domestic product, a broad measure of economic activity, grew just 1.6% last year, the most sluggish performance since 2011. The U.S. trade deficit widened in January, and both consumer spending and construction activities are weakening from slower-than-average growth rates.

The good news is that corporate profits increased at an annual rate of 2.3% in the fourth quarter, which shows at least incremental improvement. However, the previous three months saw a 6.7% rise in profits, suggesting that the trend may be downward going forward.

It's possible to read too much into the recent failure of health care legislation, and imagine that we're in for four years of ineffective leadership. There will almost certainly be a tax reform debate in Congress in the coming months, but the surprising aspect—as with the healthcare legislation—is that there seems to have been no pre-prepared plan for Congress to vote on. We know that the Republican President and Congress want to lower corporate tax rates and simplify the tax code—which, in the past, has meant adding thousands of new pages to it. We know that there is general opposition to any form of estate taxes, but nobody is proposing which deductions would be eliminated to make this package revenue-neutral.

Similarly, there have been no details about the infrastructure package, which means we don't know yet whether it would be a budget-busting package of pork barrel projects or a real contribution to America's global competitiveness.

However, we can be certain of one thing—as the bull market ages, we are moving ever closer to a period when stock prices will temporarily go down, perhaps as dramatically as 20%. This is why we have worked with each of you to determine the asset allocation that will help you to ride market downturns.

On the other hand, you should look at the next bear market the way the most successful investors do and envision a terrific buying opportunity, a time when stocks go on sale for the first time in the better part of a decade. For some reason, people go to the shopping mall to buy when items go on sale, and do the opposite when the investment markets go down. Knowing this can be an unfair advantage to your future wealth, and even make you look forward to the end of this long, unusually steady, increasingly frantic bull run in stocks. After all, if history is any indication, the next downturn will be followed by another bull run.

#### **Item 2 - Summary of Material Changes** (Excerpt from Firm Brochure AVD Part 2A-2B, dated 2/31/17.)

This update is provided further to the October 1, 2016 brochure and updates our assets under management. We have also updated the two service programs offered; Wealth Advisory Services and Investment Advisory Services and more information is provided in Item 4 and Item 5. Additionally, we have made numerous changes to this Brochure to make it more readable for clients and prospective clients. While these changes are not material they were made in an effort to make this brochure more in “plain English”.

In the future, this section will discuss specific material changes that are made to the Brochure and provide clients with a summary of such changes. Following the SEC and state rules, we will ensure that clients receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of the Advisor's fiscal year. We will provide other ongoing disclosure information about material changes as necessary.



## PRIVACY POLICY

### Our Privacy Commitment

trueNorth Wealth Advisors is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us. We collect personal information in the normal course of business to better manage and serve you. We use the personal information to fulfill regulatory and audit obligations and to help us deliver the best possible client service. We do not sell your personal information to anyone; this applies even if you are no longer a client. Our policy with respect to your personal information is listed below.

### Personal Information That We Collect, Maintain, and Communicate

We collect personal information so we can provide investment management and financial planning services to you. The types and categories of information we collect and maintain can include:

- Information we receive from you to open an account. The information we collect may include your name, address, phone number, e-mail address, social security number, and information about your interests, investments, financial goals and investment experience.
- Once you open an account with us, personal information is collected and maintained about your transaction history, positions, and account balances. We may include your name and other data in internal databases and lists that reflect your activities with us.
- Information provided by you on your personal financial profile such as the data gathering worksheets, documents, and discussions.

In order for us to provide investment management and financial planning services to you, in very limited instances, we may disclose personal information to third parties. Outside of these limited instances, we will not share personal information with third parties unless the you specifically request us to do so:

- We disclose personal information to companies that help us process or service your transactions or account(s), including, but not limited to the Custodian, data aggregation software, customer management software, etc. We have contracts with these companies that prohibit them from using personal information for their own purposes.
- We may disclose or report personal information in limited circumstances where we believe in good faith that disclosure is required or permitted under law, for example: to cooperate with regulatory or law enforcement authorities, to resolve consumer disputes, to perform credit/authentication checks, or for institutional risk control.

### How We Protect Your Personal Information

To fulfill our privacy commitment, we have established practices to safeguard the information that we maintain about you. These include:

- Companies we have hired to provide support services are not allowed to use personal information for their own purposes. We limit their use of personal information to performance of the specific service we have requested.
- We restrict access to personal information to employees and agents for business purposes only.
- All employees are trained and required to safeguard such information.
- We maintain physical, electronic, and procedural safeguards for personal information.

We continue to evaluate our efforts to protect personal information and make every effort to keep personal information accurate and up-to date. If you identify any inaccuracy in your personal information, or need to make a change to that information, you should contact us. If, at any time in the future, it is necessary to disclose your personal information in a way that is inconsistent with this policy, advance notice of the proposed change will be provided to you, so that you can opt out of such information sharing. If you have any questions or concerns about your personal information, you may contact us at 206-652-4314.