



Quarterly Newsletter

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Dear Valued Clients,

In our spring newsletter, we mentioned we were looking forward to the warm humid days of summer and here they are! Actually, we would have to classify this as a moderate summer by DELMARVA standards.

The news of late seems to be pretty much the same politically and the global issues are about the same as they were in the spring. The good news continues to be corporate earnings, as we have seen very good earnings reports in the spring earnings season and even better this summer. This is the driver of the stock market and the outlook into 2018 is very positive. As we like to say, "We will see"!

As always, we enjoy writing and preparing these newsletters for you and hope you enjoy the content. Should you have any questions or comments, please call or write, we would love to hear from you.

Planning Issues

For our summer issue, we want to remind you of the importance of protecting your identity. We continue to see and hear of scams tailored to retrieve your personal information. While it may seem like these groups are constantly outsmarting people and companies alike, there are always measures you can take to protect yourself and your identity.

We have always been large proponents of monitoring cash flows, not only for understanding how you spend your money, but also to be alerted when you've been breached. Should you notice fraudulent activity, freeze the bank or credit cards associated with that account. Another great and easy practice is freezing your credit with the three bureaus, allowing you to use your current accounts, but stopping any further accounts from opening with your information. Additionally, using safe email practices such as not clicking on links before verifying their authenticity, downloading attachments, sending private unsecured information, or even opening spam emails from seemingly "friendly" senders. Physical documents should always be securely shredded, and should you ever wish to, you may drop off your documents to be shredded in a secure and compliant way. Please always be wary of sharing personal information over the phone, unless it is a trusted and reliant source.

Ensuring the protection your information is of the utmost importance to us. As a reminder, should you encounter any kind of fraudulent or suspicious activity, please inform us as soon as possible. The accounts we manage are able to be frozen until we have verified that you have taken care of the case of stolen identity. We encourage you to continue to use the planning and investment resources that we provide to you. Over the next couple of months, we will be implementing an additional resource to review your accounts and certain documents we want to provide to you for transparency; please be on the lookout.

Economic Commentary

After a strong 2016, value stocks continue to lag the overall stock market, signifying a return to their averages and not much of a concern. The Russell 3000, which is a close representation of the overall stock market, is still up over 10% YTD, attributable to a strong performance in the growth sector as this includes many of the large tech firms whom have had a great first half of 2017 (Apple, Facebook, Amazon, Alibaba, Tesla, Netflix). The Fed has been dovish this year with only two rate hikes and we should not be surprised if there is one more before the end of the year. However, with inflation slowing down and the economy seemingly staying stable, it is possible that the Fed will be forced to slow down their plan for interest rate increases.

Overall, Consumer Confidence and Consumer Sentiment are at all-time highs, but we do want to acknowledge that there has been a relatively significant outflow of funds from stocks and a net inflow of funds into bonds. In stocks, you will have a tough time finding attractive valuations but we are still expecting a strong earnings season even with estimates revised slightly lower than expected. Typically, a good theoretical gauge for market value is to compare the 10-year treasury yield with the S&P earnings yield. When the earnings yield is higher (currently at 4.6%) than the 10-year treasury yield (currently at 2.33%) you should view the stock market as undervalued, in theory. The only worrisome aspect that we see in the future is investor optimism for attractive business legislature that may not come to fruition. The current administration is having trouble

getting bipartisan support for many of their policies and this could deter plans such as their tax reform for personal income and corporations. Even with that in mind, there is optimism for the rest of 2017.

Market Data for 2017¹ (Year to Date)

S&P 500 (Large Cap)	11.59%
Russell 2000 (Small Cap)	5.77%
Total Bond Market Index	2.71%
Foreign Equity Index	17.09%
Emerging Markets Index	23.44%

Interest Rates (As of July 31, 2017)

30 Year Bond Yield	2.89%
10 Year Bond Yield	2.30%
5 Year Bond Yield	1.83%
2 Year Bond Yield	1.34%
6 Month "T" Bill	1.13%
3 Month "T" Bill	1.08%

¹Data received from Morningstar®

CALVERT WEALTH NEWS

We are happy to officially introduce our new Client Administrator, Jennifer Chorbajian! Jenni is a graduate of Catholic University with a degree in History. She recently moved back to Maryland after following her husband, Pete, around the country while he was serving in the U.S. Army. Pete is now in the Reserves and they have moved back home to be by family and friends. Jenni has one son, Luke, and she loves to spend time down by the water with her family eating crabs and enjoying Southern Maryland's beautiful scenery. We are very excited to have her join our team; please be sure to welcome Jenni the next time you are in the office, or have the pleasure of speaking with her on the phone.

We are also extremely proud to announce that John T. Stone, RFC, AIF® and Kelly C. Sheahan, RFC, AIF®, have been awarded the Accredited Investment Fiduciary (AIF®) designation from the Center of Fiduciary Studies, the standards-setting body for fi360. The AIF designation signifies specialized knowledge of fiduciary responsibility and the ability to implement policies and procedures that meet a defined standard of care. The designation is the culmination of a rigorous training program, which includes a comprehensive, closed-book final examination under the supervision of a proctor, and agreement to abide by the Code of Ethics and Conduct Standards.



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