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Your seasonal observances may be quieter and more family-oriented than some of the boisterous celebrations of earlier times. This time of the year gives opportunities for all of us to put in perspective the values that guide our lives. Many of you, we know, take time – if only a day or two – to set aside other concerns and reflect on the big and small triumphs of our lives, learn from disappointments, and ponder new beginnings. Whether your personal holiday celebrations involve communing with family and friends or taking to the easy chair to watch the events on the holiday sports calendar – or both – we hope this year's holiday season provides you with lasting enjoyment. Let's review the numbers.

	(As of 9/30/16)
Dow Jones Industrials	+ 5.07 %
S&P 500 Index	+ 6.08 %
NASDAQ Composite	+ 6.08 %
MSCI EAFE Index	+ 1.73 %

<b>Major Bond Indexes</b>	(As of 9/30/16)
Lipper U.S. Government	+ 4.28 %
Lipper Short-term Investment Grade	+ 2.34 %
Lipper Corporate A-Rated	+ 8.85 %

<b>Major Mutual Funds Indexes</b>	(As of 9/30/16)
Lipper Large-Cap Core	+ 7.78%
Lipper Mid-Cap Core Index	+ 9.56 %
Lipper Small-Cap Core Index	+ 11.53 %
Lipper International Index	+ 3.46 %

### Source: The Wall Street Journal and Barron's

\*Inclusion of these unmanaged indexes is for illustrative purposes only. Keep in mind that individuals cannot invest directly in any index and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary. Past performance does not guarantee future results.

## FINANCIAL AND INVESTMENT PLANNING

***“OCTOBER: This is one of the peculiarly dangerous months to speculate in stocks. The others are July, January, September, April, November, May, March, June, December, August, and February.”***

- Mark Twain

Despite a plethora of economic and political events at home and abroad, another quarter sailed by faster than the last. It's hard to believe that despite a hectic and contentious political season, we are less than a month from electing the country's 45<sup>th</sup> president. He or she will lead this great country into the third decade of this century. And, as we watch the presidential debates, many of us wonder if these two candidates are the best our country has to offer. And, will the election outcome have a big impact on the markets? These contemplations remind us of an ancient Chinese proverb – “The years say what the days cannot tell.” Over the past 25 years, we've had presidents the country has loved and loathed in chorus. In addition to the changing political landscape over the previous two and a half decades, we've endured many challenges along the way. William Nygren, portfolio manager at Harris & Associates, recently said, “In case you are tempted to think the past 25 years was a positive “perfect storm” for equity prices (the real Perfect Storm with 100 foot waves off the East Coast did occur in 1991), let's remember, chronologically, some of the key events that market-timers cited as reasons to not invest in stocks:

Operation Desert Storm, global recession, Hillarycare, Fed increasing rates, Oklahoma City bombing, U.S. government shutdown, Mad Cow disease, Asian Flu, Clinton impeachment, Y2K, tech bubble, 9/11, Afghan War, recession, Iraq War, SARS, Hurricane Katrina, subprime mortgage crisis, Lehman Brothers, Obamacare, real estate collapse, Global Financial Crisis, Greek bailout, S&P downgrading U.S. debt, oil price collapse, Ebola, Ukraine, Syrian migrant crisis, and Brexit—just to name a few.

Yes, that all happened, and the market still went up more than nine fold. So, next time someone tells you that stocks can't possibly go up because the Fed has to raise interest rates or because Congress is doing something stupid or because we have the worst presidential candidates ever, remember the very high hurdle that exists for altering your long-term asset allocation based on current events.”

If one invested \$100,000 in the S&P 500 25 years ago (and reinvested the dividends along the way), it would be worth over \$900,000 today. It makes little sense to try and time the markets throughout short periods of underperformance when the long term record of investing in stocks is so good. Bill Nygren adds, “As we look to the next 25 years, we don't know if the S&P will again increase nine fold. With interest rates as low as they are now, it's quite unlikely the S&P replicates that performance. But I'd also say that over that much time, the S&P is likely to continue its historical pattern of meaningfully outperforming both bonds and cash.”

Despite the experts' best guesses, the short term implications of historic events like the presidential elections or Social Security COLA (cost-of-living-adjustment, which is set to increase by 0.3% in 2017) are un-knowable and out of our control. Thus, we attempt to spend our time focusing on issues and incidents that we can control. According to the IRS, nearly 3 million taxpayers had their identities stolen last year. If you suspect you may have been a victim, file IRS Form 14039 to request an identity protection personal identification number (IP PIN). Also, bear in mind that many tax scams use the telephone or email to trick you into giving out information. The IRS does not demand payment over the phone or through emails, nor does it threaten to notify the local sheriff or request credit or debit card numbers.

In this day and age, security doesn't just mean keeping your personal information safe from prying eyes or remembering to lock your doors. In 2014, almost 1 billion data records were compromised in 1,500 cyberattacks – a 78% increase in the number of data records either lost or stolen in 2013, says digital security firm Gemalto. Of those, identity theft made up 54% of the personal data breaches.

The U.S. Department of Homeland Security (DHS) and the National Cyber Security Alliance promote National Cyber Security Awareness Month (NCSAM) in the United States. The purpose of this occasion is to promote the safe and secure use of the Internet and to encourage digital privacy.

By taking small steps toward a safer online presence, you and your loved ones will be less likely to experience a loss of personal information and privacy.

Here are some of the everyday practices NCSAM organizers encourage us all to follow:

- **Improve your passwords:** Use strong passwords that are different for each account. Do your best to include numbers, capital and lowercase letters, and symbols.
- **Keep an eye on apps:** Before you download an app, review the privacy policy and what data (such as location) the app is requesting to access.

- **Take it one step further:** Turn on two-step authentication for your accounts – a security process in which the user provides two means of identification rather than one.
- **Clean up your mess:** Keeping your computers, cellphones, tablets and other electronics free from malware and viruses can make the Internet safer for the whole family.
- **Be prudent when posting:** Be mindful of what you’re posting to social media platforms, and avoid putting out personally identifiable information.

Following these steps can make it more difficult for someone with ill intentions to use your digital technology against you. By avoiding suspicious links, turning on two-step authentication and thinking twice about the kind of personal information you post to your social media accounts, you and your loved ones will be safer – both online and off.

Another matter largely in our control is the level of education we choose to attain. The chart below illustrates average career earnings for given level of education. Despite the rising cost of education, there is a tremendous return on investment from pursuing advanced degrees.

<u>Education Level</u>	<u>Average Career Earnings</u>
Doctoral degree	\$ 3.4 million
Professional degree (like medicine and law)	\$ 4.4 million
Master’s degree	\$ 2.5 million
Bachelor’s degree	\$ 2.1 million
High school graduate	\$ 1.2 million
High school dropout	\$ 1.0 million

Source: U.S. Census Bureau

At a recent conference in New York, Voya Financial executives said in a statement that most retirement plans are missing the mark because people often don’t designate a high enough percentage of earnings to fully fund retirement. “New data shows that 82% of retirement plans are not on track to meet their investors’ long-term savings needs,” said the statement. Plan Participants generally understand they need to save more for retirement just as they often understand that they need to cut down on junk food and exercise more. Still, although they accept commonsense ideas, they are often slow about acting on them, with many running out of time to effectively fund retirement.

For those considering tax moves, you generally have to take action before the clock strikes midnight on New Year’s Eve. With deadlines fast approaching, now’s the time to take advantage of tax-deferred growth opportunities, tax-advantaged investments and charitable-giving opportunities, among other strategies. You’ll also want to maximize deductions and credits ahead of tax season. Reviewing your budget and finances in light of your goals, the tax environment and the economic landscape can help you and us see where adjustments need to be made to constructively position yourself for 2017 and beyond. Let’s work together on things that are within our sway.

- Investing involves risk and investors may incur a profit or loss.
- The information contained in this report does not purport to be a complete description of the securities, markets or developments referred to in this material. Any opinions of this date and are subject to change without notice.
- Past performance is not a guarantee of future results. Individuals cannot invest in an index directly.
- Lipper indexes are based on the 30 largest funds by asset size within the Lipper objective and do not include multiple share classes of similar funds.
- The Dow Jones Industrial Average (DJIA), commonly known as “The Dow”, is an index representing 30 stock of companies maintained and reviewed by the editors of the Wall Street Journal.
- The information has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material accurate or complete.
- The S&P 500 is an unmanaged index of 500 widely held stocks that’s generally considered representative of the U.S. stock market.
- The NASDAQ Composite Index measures all NASDAQ domestic and international based common type stocks listed on The NASDAQ Stock Market and includes over 3,000 companies.
- Any information is not a complete summary or statement of all available data necessary for making an investment decision and does not constitute a recommendation. Bonds are subject to credit and interest rate risk. Timely payments of interest and principal payments are based on the financial condition of the issuer.

Yield and market value will fluctuate with changes in market conditions. There is an inverse relationship between interest movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices generally rise. Diversification does not insure a profit or a guarantee against a loss. Investing involves risk and you may incur a profit or loss regardless of strategy selected. Please note that international investing involves special risks, including currency fluctuations, differing financial accounting standards, and possible political and economic volatility.

## PERSONAL

In July, Kris' preparation and training came to an end, as his event was finally here. The Triple Bypass is recognized as one of the premier cycling events. The ride begins in Evergreen and concludes in Avon (near Beaver Creek). The cyclists pedal 120 miles and climb over three mountain passes – Juniper Pass (11,140 feet), Loveland Pass (11,990 feet) and Vail Pass (10,560 feet). Filled with excitement and nerves, Kris set out to climb over 10,000 feet on his bike. Halfway up the first mountain, rays of sun started to emerge across the sky. About 30 miles in, Kris' mom, brother and their families cheered for him on the side of road. The climb up the 2<sup>nd</sup> mountain seemed never ending. As the ascent went higher and higher, patches of snow on the ground appeared and the blue sky seemed as if you could reach out and touch it. The summit of Loveland Pass crosses over the Continental Divide. Some cyclists stopped to take pictures at the top. Kris just made sure his brakes were working fine, as the descent was fast and full of S-shaped turns. 77 miles in (and only 43 to go), he arrived in Breckenridge. Waiting for him were Angie, Kora and Macy. Kris jumped off his bike and gave his girls a huge bear hug. "Daddy, you smell", Kora exclaimed. Now energized after seeing his wife and girls, he hammered out the last climb and took in the beauty of the mountains, wildflowers and creeks along the route to the finish line. What an amazing day!

Watch me, dad! Watch me, dad! Both Macy and Kora wanted to show their dad how they could swim without floaties after their 2<sup>nd</sup> swim lesson. The sisters were no longer apprehensive around the water, as they seemed to have turned into fish overnight. With this new found love of water, the two requested that mom and dad take them to the pool almost daily during summer. Speaking of new loves, Kora has another – mountain biking! It took a little work in transitioning from a balance bike to her mountain bike, but once she did, there was no turning back. There is a fairly easy mountain biking trail at the Lair O' The Bear that she likes to ride. The determined 5 year old hasn't let a few falls slow her down. After she took a spill, Kora picked her bike up, looked at Kris and said, "You get what you get and you don't throw a fit." The energetic girl started pedaling again and told her dad, "You can't catch me!" Her younger sister, Macy, asked Santa for her own mountain bike this Christmas.

Down a long, dusty dirt road, Kris and his brother Steve arrived at the trailhead of Mt. Harvard on a late August morning. With the sun still sleeping at 5am, the brothers set out to hike the 14,420 foot mountain. Inside 15 minutes, rain began to gently fall. The soft drizzle soon turned into a heavy downpour. Rain jackets on - the two marched onward. As they emerged above tree line and ready to make the final 2,000 foot push up the boulder field, they found themselves in the cloud – it was white everywhere! Higher up the mountain, the wind picked up and snow began to fall. With very little visibility, a wind chill near 0 degrees and now caught in a snow storm, Steve and Kris decided to ascend for 10 more minutes and evaluate whether or not to continue. Ten minutes later they were at the summit! The family tradition of a peanut butter and jelly sandwich on top of the mountain was abandoned for the first time, as the two wanted to get off the mountain as quickly as possible. By the time they made it back to the car exhausted, the sun was out and the birds were chirping. A few weeks later, Kris and Angie celebrated their ninth wedding anniversary by hiking Quandary Peak (14,265 feet). The weather was perfect and the couple loved spending a day alone in the mountains!

Like most summers, to get away from the smothering Arizona temperatures, Kachkovskys retreated to the relative cool of San Diego. Emily's family couldn't be more happy spending quality time with their grand-daughters. While Ava, almost five, perfected her swimming technique, Elle, at a year and a half, sharpened her comedy stand-up routine. Perhaps, most parents find their kids funny. We are surely not the exception. Elle is sweet, demanding, thoughtful, loud, and a charming toddler never short on things to say. Among her favorite activities are to "eat brekadar" (breakfast bar), "walka shoe" (put on shoes and play outside), "Ava ride Jeep" (be chauffeured in Ava's motorized car), and "tinkle tinkle little tar" (sign Twinkle Twinkle) as a family. Elle's love for Ava is undeniable, without exception starting and ending the day with her sister's name. Luckily for us, that love is reciprocal.



(Ava and Elle enjoying an afternoon stroll – Glorietta Bay, Coronado)

In August, the family travelled to Catalina Island - one of California's Channel Islands merely 22 miles southwest of Los Angeles. Just as the Chamber website describes it, "the air is refreshing, the water is clear, the community is casual and friendly, and there's not one traffic light on the whole Island". Most get around by foot, bicycle or golf cart. Thank you to great grandmother Jackie (Emily's paternal grandmother) for organizing the wonderful family reunion. It was wonderful to see family from Wyoming, Los Angeles and Lake Tahoe.

In early September, the family celebrated Emily's birthday. Cake was particularly enjoyed by Ava, who says "I will eat candy every day when I grow up." Later that month, Kachkovskys visited the Fishers in Colorado for a long weekend. Opportunities to get both families together are far and few between. It was great to catch up, share parenting triumph and war stories, and give the next generation of Kachkovsky & Fisher, Inc. an opportunity to bond and set the course of the company for decades to come.

**"As long as you live, keep learning how to live."**

- Seneca

Thank you for your trust, confidence and friendship.

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