The Light

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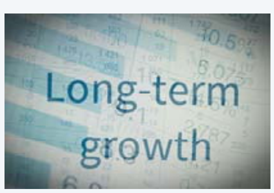
Don't Let Volatility Distract You

By Tim Rowsey, CPA, Investment Advisor Rep.

One of the challenges for investors is keeping the correct focus and perspective when they are constantly bombarded with news and media information saying the sky is falling. Nearly every day we see headlines talking about terrorism, oil prices, instability in the world and other negative stories. These stories can become a major hindrance to keeping our focus on long term goals. For prudent investors, however, it is important to keep the perspective and focus on the longer view.

One of the biggest challenges for us as advisors is calming people who watch so called "investment news" television shows. We sometimes have to remind clients that these are really more like "investment entertainment." If poor confused investors tried to follow all of the so-called advice from these outlets, they would probably be selling everything and going to cash multiple times each year or putting all their money in the latest hot stock.



If investors makes emotional or fear-based decisions with their investments, they are much more likely to be buying and selling at exactly the wrong times. The first quarter of 2016 is an interesting example of this phenomenon. The month of January saw significant declines in the market and this continued into the first half of February. By the middle of February, the S & P 500 had declined over 10%. This is about the time that anxiety was peaking and many investors were wondering if the market would continue this trend and lose 50% or more over the year. All instincts were saying to preserve capital

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Impact of New Presidents on the Market

By Tim Rowsey, CPA, Investment Advisor Rep.

As we progress through the early stages of the political process of picking a new president, I encounter more and more people who are concerned about the potential outcome. Their concern lies not only for our country as a whole, but also for what the impact may be on the economy and the stock market.

This political cycle seems to have brought out an extreme amount of worry and angst about the possibility of some of the contenders actually becoming our next president. It may be helpful to look back at our past to see how some earlier years' political concerns actually impacted the country and the markets.

In 1960 some Americans were concerned about the young inexperienced man running for president. He was a Roman Catholic and some said that "the Pope would run the country." Ultimately John F. Kennedy was elected President. Neither his youth nor his faith had a negative impact on his presidency, and the stock market averaged about an 8.9% annual return during his term.

In 1980 there was once again much concern about a "B-movie actor" and a "dangerous cowboy" who was running for president. There was concern that he would be too quick to use nuclear weapons and that he was too old. In spite of all this, Ronald Regan was elected president and during his two terms the stock market averaged 9.4% annual return.

In a study that was

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Volatility (continued from page 1)

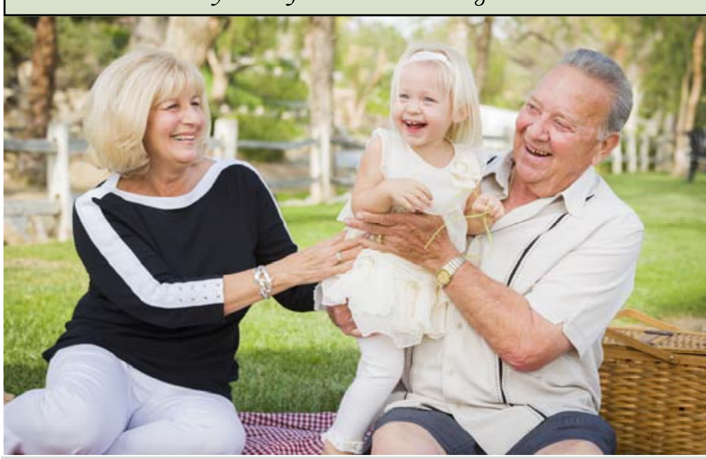
and protect your investments to be safe. News media at this time was also beginning to talk about stock market crashes, recessions, etc. However, the market then began a recovery that has led to an almost flat quarter.

A quarter like the one we just experienced is a reminder to keep our eyes on the long term goal and not get distracted by news or fear-based decision making. For a "Rip Van Winkle" investor, who went to sleep January 1st and woke up April 1st, the market was relatively boring. Values are very similar at the end of the quarter as they were at the start.

Volatility can offer some opportunities, as well as being a distraction. One of the areas that offered such an opportunity in the first quarter of this year was oil and gas related investments. As the price of oil fell to nearly seven year lows, many oil and gas related investments had also fallen significantly. Investors willing to take a little risk on this sector were handsomely rewarded as the price of oil has begun to rebound.

It is easy to become distracted by the news of the day or by short term declines in investments. For most investors, however, their goals are really long term goals. Money is needed for future retirement or to continue to provide income through future retirement years. For these individuals, it is good to keep the long term perspective in mind and let time smooth out the short term fluctuations. Moving out of the market during short term downturns is not usually a prudent step to take. Rather, keeping your eyes on the long term goal will ultimately help achieve higher returns. ■

Let us help you set and keep your long-term investment goals so you can focus on others things.



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Impact (continued from page 1)

done of the performance under all U.S. presidents since 1945, the best performance of all came from a somewhat unlikely source. In 1972 Gerald Ford became president due to the resignation of Richard Nixon. Ford was not elected president by the people and immediately pardoned his predecessor. Many were concerned about the scandal and his ability to lead the country, however, during his brief 2½ year term the stock market turned in its greatest performance of any president since 1945. The annual return under Ford's presidency was 18.6%.

The study went on to point out that the correlation between who was president and the stock market may not be closely related. In others words, other significant factors such as recovery from previous major declines or the price of oil or inflation may be even more significant than who is president. In Gerald Ford's case the market had just experienced a significant downturn and oil prices were high. He became president just as these trends were reversing and benefitted from the recovery.

As we look at today's Presidential candidates, some would say our choices are between a bombastic billionaire, a woman, a socialist, and an extreme conservative. Many of the traits of each are a concern to at least some voters. No matter who eventually takes office as our next president in January of 2017, his or her influence will only be a part of the total equation in determining how markets perform in the coming years. No matter what your political persuasion, I hope you remember that the economy and the markets can continue to grow and thrive no matter who leads our country starting next year. ■

Disclosure Statement

A copy of our Part 2 of Form ADV: Firm Brochure, which provides information about the qualifications and business practices of Lighthouse Wealth Management is available upon request. To request a copy contact Cheri Smeltzer at:

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Fiduciary Update

By Tim Rowsey

The Department of Labor is set next month to release their long awaited fiduciary rule. This rule would raise investment advice standards for retirement accounts.

The Fiduciary standard requires that financial firms and professionals act in the best interests of their clients. This includes the disclosure of how the financial advisor is to be compensated, and also disclosure of any conflicts of interest. This is the standard that we adhere to here, at Lighthouse Wealth Management, and one which we believe, ideally, should apply to all in the financial services arena. This new rule may finally make that happen.

Before this ruling, this standard only applied to a smaller section of the financial services industry. Many instead fell under the lower "suitability standard". This lower standard typically covers stock brokers and insurance agents and those who are employees of a broker dealer. These individuals did not need to disclose conflicts of interest, or even tell a client of other options which might be more beneficial for the client. The suitability standard only requires that the investments must be within the clients' investing objectives, experience and time horizon. This can lead to a client paying high commissions or loads and not getting the best investment options available to them.

Since the passage of the Dodd-Frank law in 2010 the SEC has been given the power to require all investment professionals to move to the fiduciary standard. This would bring all brokers and insurance agents under the same requirements as independent investment advisors. Needless to say, large brokerage firms and others have lobbied heavily to keep from having to move to this higher, client focused standard.

It is important when making investment and financial decisions to be sure that your interest (as the client) is really being put first in all of the investment recommendations that you are receiving. Consider this when selecting an advisor and be sure to ask questions about any hidden fees or commissions or conflicts of interest. Is your advisor a fiduciary? Is your advisor a fee-only advisor or paid commissions to sell you a specific product? It is always a good idea to ask questions and make sure that you are working with someone you can trust and someone who is committed to putting your interest first. ■

Market Recap

How the major indices performed in the 1st Quarter 2016

DOW JONES INDUSTRIAL AVERAGE
1st Quarter return 1.5% YTD return 1.5%

S & P 500 COMPOSITE
1st Quarter return 0.8% YTD return 0.8%

RUSSELL 2000
1st Quarter return -1.9% YTD return -1.9%

BARCLAYS AGGREGATE BOND
1st Quarter return 3.0% YTD return 3.0%

Market Update

By Tim Rowsey, CPA
Investment Advisor Rep.

Equities were volatile but up for the first quarter.
Equity markets started the year with significant declines with the S & P 500 losing 11% by the middle of February. However, the market improved in the second half of the quarter to come back and show small gains. The Dow Jones Industrial average and S & P 500 both gained for the quarter with the Dow gaining 1.5%. Small cap stocks, as represented by the Russell 2000, didn't fare as well with a decline of 1.9% for the quarter.

Bonds gained for the quarter.
The yield on 10 year treasury notes dropped from over 2% to under 1.8% during the quarter. This yield drop helped bonds to a gain for the quarter. The Barclays aggregate Bond index increased by 3.0% for the quarter. After earlier discussions about additional interest rate hikes, the Federal Reserve seems to be back pedaling from that thought. Now multiple rate increases for 2016 seem unlikely.

Presidential election, gold, and oil may continue to impact the markets in 2016.
Gold saw a major gain in the first quarter with a 16% gain, the largest increase since 1986. There was significant volatility in equities in the first quarter, however, by quarter end most investors saw some positive returns. Concerns about a new president and gold and oil prices, along with and other world events, may continue to impact the markets. This quarter was a great reminder of the importance of diversification and a long term investment perspective. ■

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The Light is published quarterly by Lighthouse Wealth Management, Inc.

Subscriptions are free. Paperless delivery is available upon request. Call Cheri Smeltzer at 419-496-0016 or email her at csmeltzer@lightwealth.com to be added to our list or to change your subscription.

At Lighthouse Wealth Management, we want to help our clients reach their financial goals and have plenty of peace of mind along the way. We offer a holistic, full service approach. We start by getting to know and understand our clients' wants, needs, and dreams. We partner with them to help them navigate all the financial challenges of life. We can help answer financial questions, help with tax planning and preparation, and guide our clients with their investments to help them reach their ultimate financial goals.

Just as a Lighthouse provides guidance to passing ships, Lighthouse Wealth Management provides our clients with solid, trusted, conscientious guidance to help them navigate risks and lead them to their financial goals.

Lighthouse Wealth Management believes in giving back. We give 10% of our profits to charities, including CURE, International. **www.cure.org**

Our Services

- Investment Advisory Services
- Individual Portfolio Management
- Retirement Planning
- 401(k) Rollovers
- Financial guidance in all areas

Helping individuals navigate their financial lives.