



July 6, 2017

Our Key Takeaways at Mid-Year

- ✔ Equity markets are hovering near their all-time highs
- ✔ International stocks have been more competitive during the past 12 months, following years of slack results
- ✔ The market's post-election enthusiasm has shown signs of fading, amid White House missteps and a slow legislative process
- ✔ Despite continued hikes from the Fed, interest rates remain low overall

It feels like it's been a long six months, in no small part because we are contending with the most unconventional Presidency in our lifetimes. The Administration's ambitious agenda has met a factious Congress, and President Trump's approval ratings remain stuck below 40%. As always, our efforts remain focused on stewarding our clients' investments and helping them grow. We do not allow our personal political leanings to influence our professional thinking.

At the mid-year, it is worth our while to take stock of the market moment. Equities, having done well in late 2016 following President Trump's election, have continued to perform this year, posting several new highs during the period. Bond markets, too, have been steady, with rates gently falling through most of the first half.

The global business cycle has been in a synchronized upturn for over a year now. Our US economy has continued its steady "plow horse" performance and the current expansion has entered its ninth year. Growth has stirred overseas more recently. The Eurozone economy has staged a quiet recovery, and confidence is rising. China's economy has stabilized too, thanks to the influx of a massive credit stimulus.

From 2011 through early 2016, US stocks had consistently outperformed foreign equities, but fortunes have reversed recently. We believe we are in the midst of a mean reversion trade, and with foreign valuations still attractive, we suspect overseas equities may have continued room to rise.

The Trump White House, and the President in particular, have met the colossus that is Washington DC. Despite one-party rule, the Republicans have struggled to pass health care reform packages in Congress. The Senate vote on its bill is currently in abeyance. Health care "savings" are intended to help fund a large business and personal tax cut package. We expect

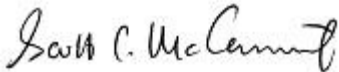
any such tax package will be scaled back significantly, and we doubt whether the GOP will be able to do anything with health care reform.

We are more optimistic on the continued push to scale back the blanket of regulations that hamper the growth of business. Decisions there are more directly in the purview of the Executive branch and its agencies, so things can get done. A lighter regulatory framework on business is not a panacea, but is an incremental positive for investors, we believe.

We think markets around the globe can grind higher, with the continued "green shoots" of growth overseas, and with low interest rates everywhere. Low interest rates make the long-term stream of earnings from owning stocks more valuable, and help to justify current market levels. Were we to observe sharply rising rates (which we do not expect), bonds would provide stronger competition for stocks, and stocks would likely correct downward. As always, we cannot assure our clients of future investment performance.

Last, we would like to welcome Constance (Connie) Benson on board our Ascent team. She is a veteran of the financial services world with a wealth of experience in administration and management. Following a short orientation stint in New Hartford, she began working in our Saratoga office several weeks ago. Welcome Connie!

Respectfully submitted,



Scott C. McCartney, CFA
Partner



Christopher Lai, CFA
Portfolio Manager

www.ascentwealthpartners.com

89 Genesee Street, New Hartford, NY 13413
☎ 315.624.7300

16 Lake Avenue, Saratoga Springs, NY 12866
☎ 518.306.4220

1225 W. Water Street, Suite 1, Elmira, NY 14905
☎ 607.734.2002