Market Review (continued)

As the presidential election grabbed the market's attention, we saw additional volatility in stocks and continued pressure on bonds. That brings us up to the present wave of buying into the "Trump Rally." As long term investors, we believe trying to buy stocks in areas that someone thinks will do well because one candidate over the other gets into office is highly speculative.

A good example is the idea of investing in companies that will benefit from more emphasis on infrastructure. The fundamental issue is not whether a president wants to have better roads, bridges and airports, but how the projects would be funded. There is still too much debt at the national, state and municipal level to spend many billions or trillions of dollars on these kinds of projects. That suggests the enthusiasm could vanish and stocks in these companies could lose value quickly. Caterpillar Inc., a bellwether in the infrastructure industry, said that markets are expecting too much (profit) for 2017. Its stock has climbed about 20% since early November.

We have not changed our long-term allocation to stocks or bonds. Our position has been that each has a role in well-diversified portfolios. To complement both stocks and bonds, we have been allocating a portion of our portfolios to alternative investments. Going forward, we believe every asset class will have its day in the sun.

As always, we encourage you to review your long-term plans for saving and investing with your financial advisor.