

Autumn 2015

Harvest

a journal on true wealth building and sharing
published by *The Joseph Group Capital Management*



Dave and June Harcum:
The Joy of Giving and Living

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Dave and June Harcum: *The Joy of Giving and Living*

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Dear Clients and Friends:

As always, the seasons seem to fly by...one moving into the next, then into the next...Seems like we were just celebrating Memorial Day and here we are with Labor Day in the rear-view mirror. Kids are back in school. OSU football is the talk of the town.

As we look back over this past summer, one of the more memorable events was the celebration of 40 years since our graduation from Bexley High School.

There was a distinct difference in the “tone” of this reunion as compared to those we celebrated 10, 20 and 30 years out. There was more genuine sharing of life’s experiences...the triumphs and tragedies. And there was less “puffing” about the new job, the new house, the BMW in the parking lot, etc. One of us was witness to a heartfelt apology made by one classmate to another, for some “bullying” that had gone on 40+ years ago. The memories of the “bullying” had become a 40+ year burden to both the one making the apology and the one who accepted the apology. Seeing those burdens disappear was a beautiful thing.

Our cover story features Dave and June Harcum. They met in college more than 60 years ago, and have been life partners and partners in philanthropy. Their story is one that will inspire all of our readers.

We also re-cap our April Wealth Summit at Franklin Park Conservatory where those attending got an update on arts in Columbus from Tom Katzenmeyer, Executive Director of the *Greater Columbus Arts Council* (“GCAC”). The GCAC continues to expand its support and encouragement of the arts (visual and performing) in central Ohio, making Columbus an even more attractive place to live, work and visit. Thank you Tom!

We take a look at *Lower Lights Christian Health Center*, a non-profit making a BIG difference in the lives of those living in Franklinton and the Hilltop.

Chief Investment Officer Travis Upton’s MARKETalk shares his insights on these volatile markets and where we are looking to find return for client accounts.

Todd Walter, Manager of Wealth Planning Services, shares with readers his most recent read, *Happy Money*. This “Savvy CFP” segment presents the author’s insights into the question; Just how does money make us

happy?

We find many of our readers appreciate our “From the Bookshelf” recommendation. This quarter we review *Love Does* by Bob Groff. As the title suggests, Bob encourages us to experience true love through “doing” love...not simply “saying” love. Those who find the review inviting might enjoy hearing Groff speak at an upcoming Friday, October 9 RELA’ event here in Columbus.

Finally, we have some great news to share concerning a few of our *Joseph Group* team-members. Jake Martin (Support Advisor) recently learned that he passed the Certified Financial Planner® (CFP®) designation examination, while both Matt Marrison (Manager of Investment Operations) and Aaron Filbeck (Trader and Investment Analyst) successfully passed the Step 1 examination towards the Chartered Financial Analyst (CFA) designation. And one of us (Matt) passed the required examinations to obtain the Chartered Advisor in Philanthropy (CAP) designation. Congratulations to all!

Once again this is a full issue of *Harvest* for you, our cherished friends and clients. Know someone who needs wealth planning tailored to their goals and dreams? Introduce them to us – we’ll take great care of them and they will thank you.

Have a GREAT fall.


Matt D. Palmer


Mark J. Palmer



Cover Story

Dave and June Harcum: *The Joy of Giving and Living*

In this issue of Harvest, Katherine Klein Koon had the opportunity to sit down with very dear clients of The Joseph Group, June and Dave Harcum. It is our joy to share with you her story of this compassionate and aspiring couple whose unique encounters and experiences fuel their philanthropic spirit.

The minute we knew June and Dave were interested in being our cover story for this issue of *Harvest*, I couldn't help but anxiously look forward to their interview as I had only heard stories of what unique, fun-loving and incredible people they are. Upon arriving at Wesley Ridge, the charming retirement community in Reynoldsburg where they live, a group of men were sitting out front of the entrance enjoying a welcomed summer day with no rain, only peaceful blue sunny skies. Immediately, one of the gentlemen looked at me and without hesitation exclaimed, "Well you look like trouble!" Sure enough, my fun with the Harcums had only just begun. As Dave showed me the way to their front door to meet June and start their interview, I was greeted by a \$20 bill on their doormat. You guessed it! The fake money was simply there to encourage passersby, like myself, to stop and for a few seconds feel like it was their lucky day. There is no doubt humor keeps this fun-loving couple young at heart, but it is their love of helping others and making a difference that truly creates their remarkable bond.

Growing up in Madeira, a suburb of Cincinnati, June was the only child to her father, an electrician, and her mother, a secretary. Upon high school graduation, she attended Wilmington College and took all of the required education courses in the two-year cadet program to become a teacher. At the time, the need for teachers was very high due to the war being over and baby boomers reaching the age of entering school. Needless to say, June was able to find a teaching job very quickly.

Similar to the peaceful and loving family atmosphere in which June was raised, Dave grew up on a farm near Wilmington, along with his older brother and sister, and grew to follow in his father's footsteps, including working in a creamed corn canning factory during its six-week season. Due to Dave's hay fever and allergies, he was advised to head west and it was there he attended Arizona State University for two years. While he enjoyed the different culture and opportunities, he returned to Wilmington to finish school where he then met and began dating June.

Dave went on to graduate with a degree in business, and without much instruction became a traveling salesman throughout the east promoting Beckett-Harcum Company, started by his father and uncles after they invented unique air and hydraulic valves. After having a change of heart with various characteristics of the family business, Dave switched gears and took over a New York Life Insurance agency after the local agent passed away. Although successful, Dave had uncertainties in that position but he knew one thing he was certain of and in 1953, June became his wife and together, they became the parents of two wonderful children.

It wasn't long after, Dave went back to the registrar to become qualified for teaching. Schools were still desperate for teachers, so much so that he didn't even complete all



Performing at a Decorative Arts Center of Ohio fundraiser

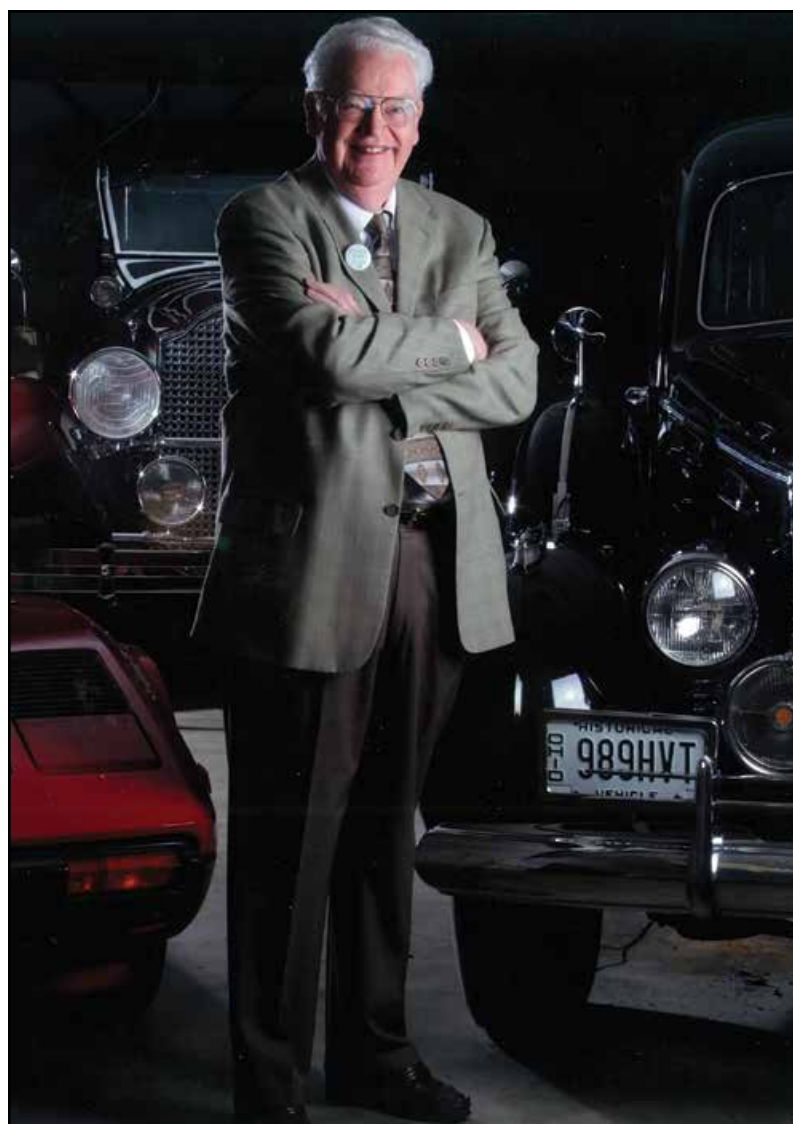
courses before having a classroom of his own. Throughout his career, he went on to work in a three room school with roughly 100 children, served as both Principal and Superintendent, and even started a basketball team.

While June and Dave spent years teaching young lives, both at school and in church, their eyes were opened to prejudice and abuse that increasingly became more apparent as time went on. As a result, paddling was introduced in schools and the question quickly became, “If paddling is working, why is it always the *same* kids?” Nadine Block, author of *Breaking the Paddle*, even mentioned Dave Harcum in the book which tells the story of the negative effect of corporal punishment in Ohio. With many changes occurring in the schools and surrounding communities, Dave ended up using his insurance experience to start Harcum Insurance Company which grew rapidly by offering liability coverage for schools.

Anxious to make a difference in children’s lives, June and Dave were able to found the Harcum House, a Child Advocacy Center of Fairfield County dedicated to helping investigate and prosecute physical and sexual child abuse in a one-stop location. Additionally, they founded the Abuse Prevention Fund administered through the Fairfield County Foundation, established to address concerns regarding various types of abuse in all types of communities. June and Dave have worked hard to impact many different lives and these are only two of the *many* ways in which the dynamic duo have done just that. In fact, they are currently behind a vast addition at Wesley Ridge- the Harcum Fitness and Aquatic Center which will include a fitness center, gym, pool, exercise studio, community space, and café for all residents. Again, another example of how June and Dave discover a need and do all they can to make dreams a reality and bring wishes to life.

While June and Dave have spent 62 years together concentrating on how to contribute to the lives of others, they do take some time for themselves! They have traveled to 67 countries and have found they enjoy taking tours and being led by those familiar with the ins and outs of the areas. Perhaps their most fascinating excursion was an “Around the World” tour where they flew to 11 different countries. They enjoy new experiences, and value having the opportunity to see what else the world has to offer.

As we began to wrap up our interview, behind me was a photo of an antique car in pristine condition. Dave immediately searched “Harcum Cars” online and there on Hemmings Daily, the World’s leading classic car news source, were 14 photos of June and Dave’s collection of automobiles from over the past 25 years. At one point, they had a total of 16 cars! Though they were sad to part with such remarkable relics of history when moving from their home



Dave with a few cars from his collection

to Wesley Ridge, they couldn’t be any happier living in an outstanding community full of delightful residents, brilliant staff, and exceptional facilities.

June and Dave’s story is made up of many more incredible stories similar to those shared today. We invite you to keep an eye out for the book currently being written about them, *Nothing is Inconsequential*, a title only appropriate for the couple that has taken advantage of every connection and experience, good and bad, to do extraordinary things.

“Giving is not just about making a donation. It is about making a difference.”

— Kathy Calvin, CEO & President of the United Nations Foundation

Wealth Summit

Tom Katzenmeyer: Arts are Vibrant and Alive in Columbus

The Joseph Group was delighted to share our passion for the arts with cherished clients, family and friends as we welcomed Tom Katzenmeyer, CEO of the Greater Columbus Arts Council on April 23rd at the beautiful Franklin Park Conservatory where over 70,000 colorful tulips were in full bloom!

Prior to joining GCAC in 2013, Tom's experience in communications and reputation management helped build a wonderful foundation for him to lead the Greater Columbus Arts Council. Throughout the evening, guests enjoyed listening to Tom share exciting and encouraging details regarding the arts in our city, as well as ways we can help advance the culture of the region and support a significant industry that helps make Columbus so unique.

Artists from around Columbus were also on display for guests to observe and enjoy including painter Duarte Brown, sculptor Gavin Bruce, and a jazz trio from Capital University. They, too, served as a wonderful example of the amount of talent within our community. As Paul Allen, Co-Founder of Microsoft once said, "In my own philanthropy and business endeavors, I have seen the critical role that the arts play in stimulating creativity and in developing vital communities.... the arts have a crucial impact on our economy and are an important catalyst for learning, discovery, and achievement in our country."

Thank you, all, for sharing in a pleasurable and enlightening evening.



Speaker Tom Katzenmeyer



Milton Baughman



Mary Beth Breckenridge and Dale Farley



Matt Palmer with Colleen Nissl and Roger Sugarman



Patty and Daniel Igoe



Diane Burkitt and Rachael Cernus

Profiles

Dr. Dana Vallangeon: Lower Lights Christian Health Center

Editor's Note: In this issue of Harvest, Katherine Klein Koon had the privilege of talking with Dr. Dana Vallangeon, Chief Executive Officer of an incredible faith-based, 501(c) nonprofit - Lower Lights Christian Health Center. We are so fortunate to be sharing Dr. Dana's story and hope you become inspired by her passion and fortitude as she continues to serve the people of Franklinton and the surrounding communities.

Katherine: You are a family physician and the CEO of a health center located in Franklinton, a community with the highest poverty rates in the city of Columbus. Share with our readers a bit of your journey.

Dr. Dana: Throughout my years as a teen I felt as though I was being called to medical missions and becoming a missionary. Toward the end of high school and into college I was exposed to underserved areas in the states, thus deciding to "think globally, act locally" and serve those in our country. After coming to Ohio to attend The Ohio State University College of Medicine, I ended up staying in Columbus to complete my family practice medical residency at Mount Carmel. I went on to work at a private practice for three and a half years while my husband, Mike, worked as a biology teacher and baseball coach in Dublin. In the early 2000's, our church, (which was gradually increasing its attendance from eight to now nearly 150 people) was wanting health care access for the mainly uninsured and Medicaid patients in Franklinton. In 2002, I got tasked with establishing sustainable healthcare in the Franklinton Community, and Lower Lights Christian Health Center (LLCHC) was established. In 2008, our family, including twin boys and a daughter, moved to Franklinton where Mike, who was ordained as a pastor in the church of the Nazarene in the mid 2000's, became pastor of the Nazarene Church in Franklinton and I carried out my mission driven work.

Katherine: LLCHC has come a long way in the past 13 years in terms of staff, funding, and services provided, but your mission and values have remained the same.

Dr. Dana: Dr. Robert Amicon, a family physician, provided health care to the Franklinton community for more than 40 years, ending in 2001. At that same time Franklinton Health Center, operated by the Columbus Health Department, also closed due to budget cuts. Because of the declining demographics in the area, no other physicians were interested in providing services to the residents of Franklinton in need of health care. Our mission from the beginning was to



Dr. Dana Vallangeon

minister the love of Christ as a model full-service medical home, focused on whole-person wellness, available to all in Central Ohio who need it, regardless of ability to pay. With the help of private funding and only three staff members, LLCHC began seeing enough insured patients to gradually raise funds to have the opportunity to care for the uninsured. In 2009, we became a Federally Qualified Health Center; less than 50% of our funding comes from Federal funds, which means less than 50% of our funding comes from medical service income, grants, and donations. Perhaps one of the biggest effects on the health center, and our patients, was the Medicaid expansion. For patients without insurance, payment is measured on a sliding fee scale based on income, with most uninsured patients paying \$10. Prior to the expansion, roughly 12% of patients were covered by Medicaid, and roughly 60% paid a sliding fee. As a result of the expansion, those percentages are now reversed, with other payor types including Medicare and private insurance. Today, LLCHC's team of roughly 120 employees serves over 11,000 individuals resulting in 40,000 total visits per year in what will soon be a total of seven locations throughout Columbus. Because of our growth, we have been able to add to our medical services including dental, behavioral health,

vision, and enabling services. Our goal is to continue to grow and serve and there is no doubt our focus on quality and continuity of care in our exceptional yet cost effective facilities will allow us to do just that.

Katherine: Your aspiration to love and care for those in need is both evident and contagious and reminds me of the quote by Theodore Roosevelt - “Do what you can, with what you have, where you are.”

Dr. Dana: On a personal level, it is so gratifying to see God’s work and sufficiency. If I don’t have all of the ability or talents to complete a goal, He always shows up and gets the job done. I have the honor all the time to see how He is working not only in the lives of the patients we see, but also in the lives of our staff members and it is so humbling. We have had the opportunity to work with a number of patients, some since we opened in 2002, and the privilege to have a positive effect on their health, relationships, and social situations is so fulfilling. I encourage all of those with a calling to help those in need to consider volunteering at LLCHC, whether it is in administration, clerical, development or event planning. We are also in need of spiritual care providers in any denomination that have the interest to serve a few hours a week. Those who are able to support through the giving of financial resources and being a donor and friend of the health center in that way are of course appreciated, as well as those interested in serving on our board or board committees. More than anything, we thank you and continue to ask for your prayer support- it is so



Original LLCHC Building

inspiring knowing people are with us even if they are unable to give time or financial assistance at this time.

For further information on Lower Lights Christian Health Center and for ways to get involved, please visit <http://www.llchc.org> or call (614) 274-1455.

“I was sick and you took care of me.”

— Matthew 25:36



LLCHC location in Franklinton

In and Around TJG



Jessy and Kurt Tunnell, Jessy's Journey 5k



Travis Upton speaking at our Coffee with the CIO event



Mark Palmer, Scott Mizer, Todd Walter, and Ben Borich participate in the Methodist ElderCare Services golf outing



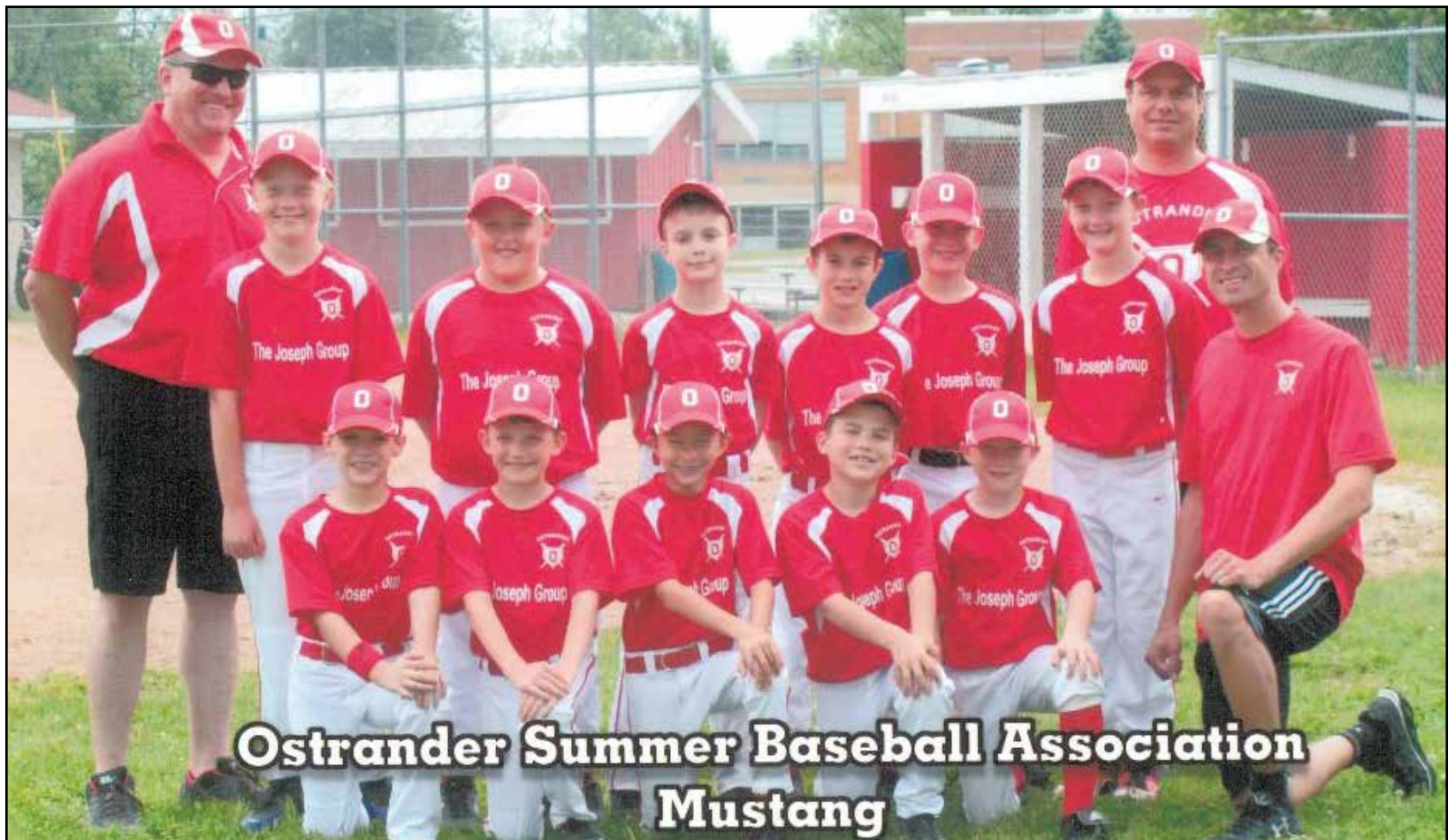
Rachael Cernus and brother Chris Schaeffer finishing the Warrior Dash



Jake Martin with his father after the Capital City Marathon



Matt Palmer and Carl Aschinger with Wilson Bohannon Company president Howard Smith. Matt and Carl are both former board members of this seventh generation family business located in Marion, OH and founded in 1860!



TJG team sponsor with Coach Dave Suchland

New TJG Team Profiles



Aaron Filbeck

Aaron Filbeck, Trader and Investment Analyst— Aaron's responsibilities include assisting with investment analysis, proactive research, and trading within individual client accounts. Aaron recently graduated with Distinction from The Pennsylvania State University with a degree in Finance. During his time there, he served as President & Chief Investment Strategist of the Intrieri Family Student Managed Fund. Aaron also served as President of the Financial Management Association (FMA), was enrolled in the Academic Honors Program and was recently inducted into Beta Gamma Sigma, a premier business honors society. Aaron is currently pursuing the Chartered Financial Analyst (CFA) and Chartered Alternative Investment Analyst (CAIA) designations. Aaron is new to Columbus, after moving from Erie, PA earlier this summer. In his free time, he enjoys weight lifting, playing tennis, and traveling. Aaron also has a passion for music, discovering new bands and genres, and has played the piano since he was six years old.

Laura Julian, Client Service Representative - As Client Service Representative, Laura coordinates investment account services for the firm's clients including processing new accounts and handling ongoing client service requests including transfers, legal documentation, and charitable gifts for our Schwab clients. She is a member of the Service Excellence and Operations Team, and especially enjoys developing and fostering relationships with all clients *The Joseph Group* serves. Laura graduated from Xavier University with a degree in Biology. Prior to joining *The Joseph Group* family in May 2015, she established her career in the non-profit fundraising arena in the Columbus area including Children's Hospital, The Pontifical College Josephinum, Action for Children and The Ohio State University. A Cincinnati native, she and her husband, Michael, have made their home in Clintonville. Laura and Michael have three children, Dominic, Annmarie and Stephen, and are active members of Immaculate Conception Parish. In her spare time, Laura enjoys the outdoors, gardening, yoga, skiing, and keeping up with the many activities of a busy family.



Laura Julian



Katherine Klein Koon

M. Katherine Klein Koon, Marketing & Communications Coordinator— Katherine is involved in all marketing and communication initiatives at *The Joseph Group* including event planning and facilitating online and print publications. She also plays a part in refining the firm's business development strategies. Originally from Defiance, Ohio, she moved to Bexley to attend Capital University, where she met her husband James. After graduating with a degree in Marketing in 2012, she went on to work at State Bank prior to joining *The Joseph Group*. She enjoys the outdoors and traveling, entertaining family and friends, and spending time with their Newfoundlands, Harley and Tillie. The newlyweds currently live in Eastmoor and attend One Church in New Albany.

Certifications Further Advance Firm's Expertise

Joseph Group Associates Matt Marrison, Aaron Filbeck, Jake Martin and Matt Palmer recently advanced towards or achieved noteworthy professional certifications.

Matt Marrison (Manager of Investment Operations) and Aaron Filbeck (Trader and Investment Analyst) both passed Level One of the Chartered Financial Analyst (CFA) designation. The industry's leading designation for professionals engaged in portfolio management, the CFA requires passage of three levels.

Jake Martin, Support Advisor, successfully passed the Certified Financial Planner® designation (CFP®) and will be able to display the certification as soon as he completes the required

two year professional work experience this November.

And *Joseph Group* president Matt Palmer successfully passed the Chartered Advisor in Philanthropy (CAP) designation, as a member of the inaugural class of CAP designee holders in central Ohio sponsored by The Columbus Foundation.

In commenting on these achievements, *Joseph Group* CEO Mark Palmer shared, "these accomplishments reflect on the commitment and talents that each of these individuals bring to our profession as well as to our firm's commitment to serving our clients at the highest level of professional expertise. Our congratulations and thanks to Matt, Aaron, Jake and Matt!"

Peter Lynch Speaks at Fund Raiser

American business icon Peter Lynch, famous for his work with Fidelity Investments, appeared at St. Charles Preparatory School in Bexley on Wednesday evening September 2, before more than 650 guests. Mr. Lynch attained international prominence as the portfolio manager of the Fidelity Magellan Fund, developing it into the world's best performing fund from May 1977 to May 1990 and growing its assets from \$20 million to over \$14 billion and helping millions of American investors. The event that raised more than \$550,000 for student financial aid.

Lynch spoke about values, the importance of a faith-based education, the performance of the stock market and the U.S. economy. *The Joseph Group's* CEO Mark Palmer represented the company at the event, and had the opportunity to speak with him briefly.

- **On worries about slowing growth in China:** "I think you have to put it into perspective. China, in economic terms, you talk about the second-largest economy in the world, (but) China is about equal to (the economy of) a Florida and a California. I don't know whether China's going to slow down or come back. I'm not downplaying it. You just have to put it in perspective."
- **On U.S. housing:** "I think housing is way below where it should be. Existing housing is a huge market - people buy drapes, they (remodel) the kitchen, they buy furniture."
- **On education:** "For 25 years my principle occupation

(is) I help raise about \$7 million a year for scholarships for inner-city schools. We have 14,000 kids in inner-city schools in Boston. (The U.S. has) the best universities in the world. We're not that hot in pre-K through 12. (St. Charles) is a great school, I wish there were 10,000 (of them) across the country."

Though currently Vice Chairman of Fidelity Management & Research Company and an Advisory Board Member of the Fidelity Funds, Mr. Lynch focuses most of his time on philanthropic efforts.



Peter Lynch

MARKETalk

“Hurricane China”

by Travis Upton, CFA, FRM, CAIA, Chief Investment Officer

From February through early August, the U.S. stock market moved sideways within a 3% range and frustrated many investors by essentially going nowhere for six months. The sideways action proved to be the “calm before the storm” however as the S&P 500, which was trading at a level of 2100 on August 17, dropped as low as 1867 by August 25 – a decline of 11%.

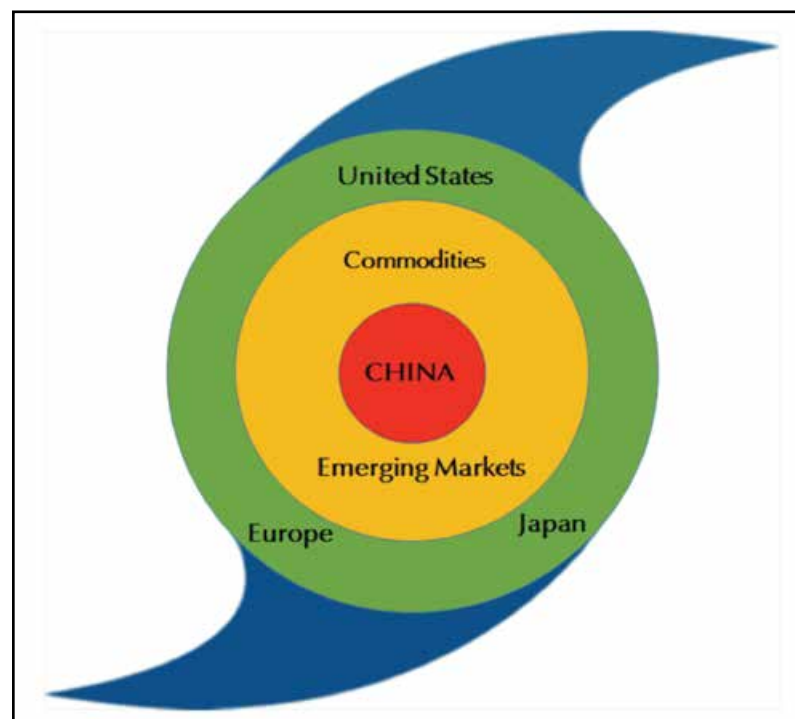
In *The Joseph Group’s* investment strategy meetings, we have referred to the market decline as “Hurricane China” as fears of slowing growth in the Chinese economy appears to be the “eye of the storm.”

On August 24th, we sent an email to clients and friends which essentially said three things:

1. It has been a long time since we have seen a “market correction,” which is officially defined as a decline of 10% or more. Prior to this August, the last “correction” was 46 months ago – the third longest time period between corrections since 1928.
2. The lack of market corrections during the last four years is a historical anomaly. According to JP Morgan data going back to 1980, despite having positive calendar returns in 27 out of the last 35 years, the S&P 500 has experienced an average peak to trough decline of 14.2% in each of these years. In other words, corrections like these are more normal than not.
3. We looked at a similar market correction which occurred in August of 1998. At that time commodity prices were falling, emerging market stocks were collapsing, the dollar rallied 20% against most other major currencies, and Asia seemed like it was falling apart. Although this was 17 years ago each of these items could be headlines in today’s financial media. How did the 1998 correction play out? After an 18% decline in the S&P 500 that began in August, the market bottomed in October and rallied over 25% before the end of the year. The following year the U.S. economy had one of its best years ever and from the low point, stocks moved up over 50% over the following 18 months.

While the current market correction is unlikely to play out exactly the way it did in 1998, it serves as a reminder that markets are resilient and can recover quickly, even from conditions similar to what we are seeing today.

Even though August’s “Hurricane China” sparked market declines across the world, the diagram below provides a visual representation of how we are thinking about different areas of the global stock market.



Red – Avoid the “Eye of the Storm.” Investors are fearful China’s economic growth might have fallen far below the Chinese government’s last official reading of 7% and could be in a recession. In the midst of these economic fears, the Chinese stock market is experiencing huge swings, both up and down. The Chinese government has been trying to prop up its stock market by cutting interest rates, banning short selling, and even having the government buy shares of stock outright. Anytime a stock market trades based on regulatory intervention rather than the underlying fundamentals of companies, it is an area we want to avoid.

Yellow – High Risk, but Potentially High Reward. We believe the areas of the global market which will feel the

strongest ripple effects from slowing Chinese growth are commodities and emerging market (EM) stocks. Demand for commodities such as oil, copper, and wheat is likely to decline if Chinese businesses and consumers reduce consumption in the face of a slowing Chinese economy. In addition, further devaluations of China's currency could put upward pressure on the value of the U.S. dollar which is also negative for commodity prices. However, for long-term investors, commodity plays could represent an opportunity. Based on data from Bloomberg in the last 15 years, commodity prices have fallen below their cost of production three times - 2001, the recession in 2008, and today. In the previous two instances, commodities experienced multi-year rallies going forward. In addition, we are seeing pessimistic sentiment consistent with past commodity lows and anecdotal evidence of energy company insiders buying stock in their companies as they seek to take advantage of perceived cheap valuations.

Emerging markets (EM) are another high risk area. Weak Chinese growth is likely to spill over to other Asian countries that depend on Chinese consumers to buy their products. We are also concerned about fluctuating currency values which could result in tighter U.S. dollar liquidity conditions and further strains on EM growth. In the midst of those concerns however, we are cognizant that emerging market valuations are already at depressed levels. According to data from the Leuthold Group, normalized price/earnings ratios for EM stocks are at a 50% discount to the U.S. – the biggest margin in 15 years. As a result, selective EM plays could represent a long-term value opportunity.

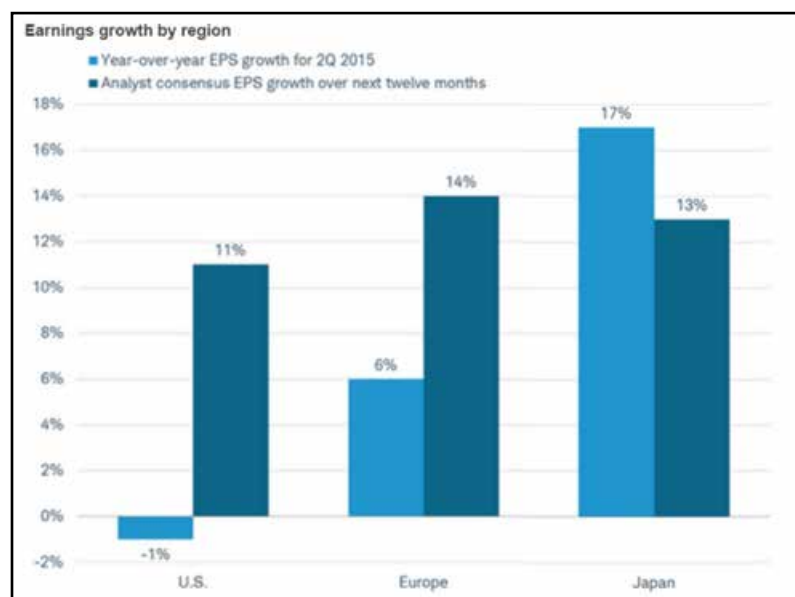
Green – The U.S., Europe, and Japan are Still Showing Positive Growth. Markets around the world declined in late August given fears that China's slowdown could cause a global recession. According to Strategas Research Partners Chief Economist, Don Rissmiller, there have been four global recessions since 1975 and in each case the U.S. economy was already contracting. Looking at current data, this is not the case today. Payroll growth in the U.S. has been solid; the services sector of the U.S. economy is showing robust growth, and consumer confidence remains strong.

We also think it is important to avoid painting all “international stocks” with same brush. We believe there are multiple reasons why Europe and Japan are some of the most attractive for stock investors to “play offense:”

- **Valuation** – a variety of metrics based on historical and forward estimates of earnings lead to the same conclusion that European and Japanese stocks are cheaper than U.S. stocks.
- **Dividends** – according to data from FactSet, the dividend rate on the S&P 500 is 1.9%, while the dividend rate on the

MSCI EAFE index is meaningfully higher at 2.9%.

- **Earnings Growth** – the chart below shows the year over year earnings growth by region for the 2nd quarter as well as the forecasted earnings growth for the next 12 months. In the 2nd quarter, earnings for companies in the U.S. contracted by 1% while earnings in Europe and Japan experienced strong growth. Looking out over the next 12 months, U.S. earnings are expected to recover, but earnings growth in Japan and Europe is still expected to come in stronger.



Source: Charles Schwab, Factset data as of 7/31/15

- **Stimulus** – Europe and Japan are actively increasing their economic stimulus programs. In March, the European Central Bank started a “quantitative easing” program of buying \$60 Billion worth bonds a month through September of 2016 – that’s over \$1 Trillion worth of stimulus! In Japan, not only does the Bank of Japan have a bond buying program, but the Japanese Government Pension fund is also boosting its stock holdings. In both of these cases, the stimulus provides support to foreign stocks, especially at a time when U.S. monetary policy is expected to become more restrictive with the Federal Reserve increasing interest rates.

Each portfolio we manage at *The Joseph Group* and each asset class within it is focused on achieving a specific long-term objective. Market dislocations like “Hurricane China” create risks as well as opportunities. We look forward to talking with our clients in the weeks ahead about how we are navigating the markets and how the pieces of their portfolio line up with the goals of their overall wealth allocation.



Core Portfolio Allocations

as of June 30, 2015



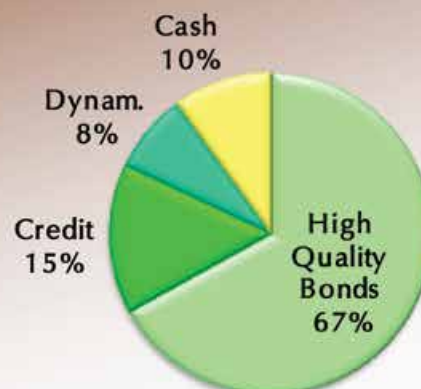
Conservation

Objective*: Minimal risk and modest income, consistent with preserving principal over time periods of one year or more.

Sector Allocation:

Cash:	10%	Liquidity
HQ Bonds:	67%	Short duration bonds
Credit:	15%	Short term corporate
Dynamic:	8%	Absolute return

Volatility*: 0 to 3%



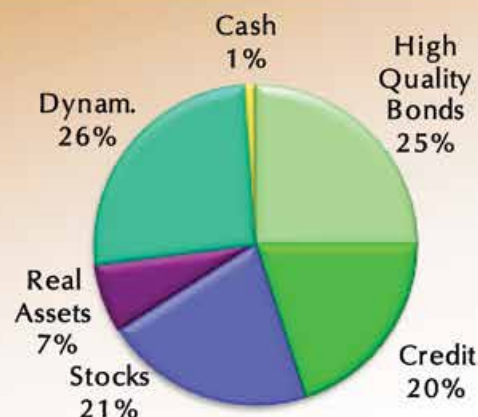
Provision

Objective*: Sustain wealth by focusing on current income and low principal volatility over the long term.

Sector Allocation:

Cash:	1%	Liquidity
HQ Bonds:	25%	Corporate, mortgages
Credit:	20%	High yield, 6% rates
Global Stocks:	21%	Blue chip dividends
Real Assets:	7%	Real estate/commod.
Dynamic:	26%	Tactical income...

Volatility*: 3 to 8%



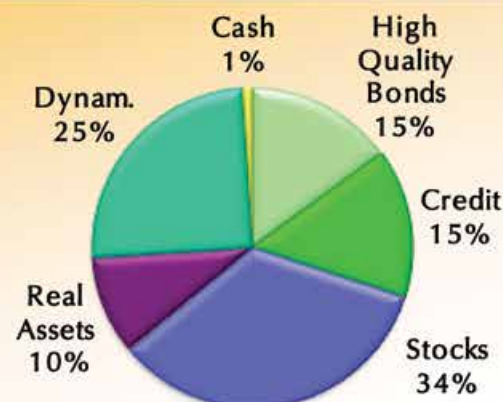
Harvest

Objective*: Risk-managed growth through a multi-asset strategy to achieve long-term dreams and goals.

Sector Allocation:

Cash:	1%	Liquidity
HQ Bonds:	15%	Corporate, mortgages
Credit:	15%	High yield, 6% rates
Global Stocks:	34%	1/2 U.S., 1/2 foreign
Real Assets:	10%	Real estate/commod.
Dynamic:	25%	Tactical allocation...

Volatility*: 8 to 15%



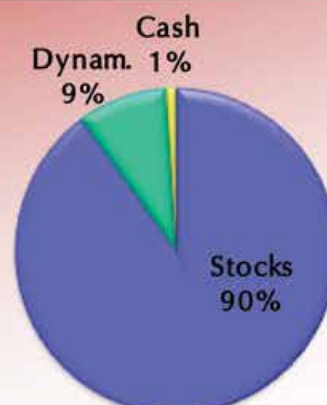
Abundance

Objective*: Aggressive, concentrated portfolio that seeks to outperform major market averages over long-term market cycles.

Sector Allocation:

Cash:	1%	Liquidity
Global Stocks:	90%	Global, stock picking
Dynamic:	9%	Long/short stock

Volatility*: 15 to 24%



**There is no guarantee that any of the portfolio objectives or volatility targets will be met.*

Savvy CFP

Happy Money

Todd Walter, CPA, CFP®, Client Advisor & Manager, Wealth Planning Services

This past February, my family made our first trip to Disney World. It truly was a magical vacation. Upon our return, I asked myself, “What made this trip so special compared with others we have taken?” Disney certainly does things the right way. My parents (who paid for the trip – thank you, Mom and Dad!) and my brother’s family were there, too. These all definitely contributed to the fun, but when I put myself in my parents’ shoes, why was this money so well spent? And how can I translate that lesson to other purchases?

In their book *Happy Money*, authors Elizabeth Dunn and Michael Norton draw upon their extensive research to show which spending decisions make us the happiest, and there is tremendous overlap with our trip. Here are the five ways they suggest we spend our money to buy the most amount of happiness:

- 1) **Buy experiences** – Material goods provide less long-term happiness than experiential purchases. For an experience to have the biggest impact, it should bring people together, make for a memorable story to be retold, be linked to who you are as a person, or provide a unique opportunity. Experiences like vacations, a nice meal, a concert or sporting event, or even a day in a coffee shop with a good book can provide greater happiness than material things.
- 2) **Make it a treat** – Our tendency is to have less appreciation over time the more we have or do something. We like shiny, new toys. This was our first family trip to Disney, so it was special. If we went a couple times each year, I’m certain even Disney would lose its magic after awhile. If you are in a rut with something you used to enjoy so much more, consider taking a break from it. After all, distance makes the heart grow fonder.
- 3) **Buy time** – There are ways we can use our money to buy us more time, such as hiring a housekeeper or a lawn care service. We flew to Disney instead of driving to buy ourselves two more days in the park. Time is definitely a valuable resource. As the authors note, “When something is valuable, it is typically perceived to be scarce. As time becomes worth more money, people see that time as increasingly scarce.” We can actually feel like we have less time when our salary increases. To combat that, they suggest volunteering or giving our time to others. A

reallocation of our time can actually “buy” us more happiness.

- 4) **Pay now, consume later** – We are happiest with a purchase when we can separate the pain of paying with the reward of consumption. Consuming now and paying later is counterproductive to happiness. Has a car loan ever ruined your new car smell? Thus the allure of the all-inclusive vacation; we pay up front and leave our wallets at home. We still experience pain in the purchase, but we are excitedly anticipating the vacation, so it doesn’t hurt as much. We are now free to enjoy all the vacation has to offer. Disney’s prepaid meal plan definitely made the food taste better!
- 5) **Invest in others** – Spending money on others produces more happiness than spending money on ourselves. The research on this is overwhelming. Giving our money away not only can make us happier, it can actually make us physically healthier and even make us feel wealthier. When investing in others, it needs to be our choice and not feel like an obligation. It helps to have a connection with those we invest in and to know we are making an impact with the gift. Milton Hershey said “One is only happy in proportion as he makes others feel happy.”

Ask yourself “What are some of the best purchases I have made in the past?” and then look at the categories above. Do you see a connection? Now go emulate those purchases. That’s happy money!



“One is only happy in proportion as he makes others feel happy.”

— Milton Hershey



John Lowe

Save the Date!

The Joseph Group

CAPITAL MANAGEMENT

*Invites you to their upcoming
Wealth Summit featuring*

John Lowe

CEO, Jeni's Splendid Ice Creams

We are delighted to welcome John Lowe as he shares with us his story of transformation, resiliency, and the power of support in his professional *and* personal life. Please join us for an enjoyable evening closing with a *splendid* sweet treat!

Thursday, November 5

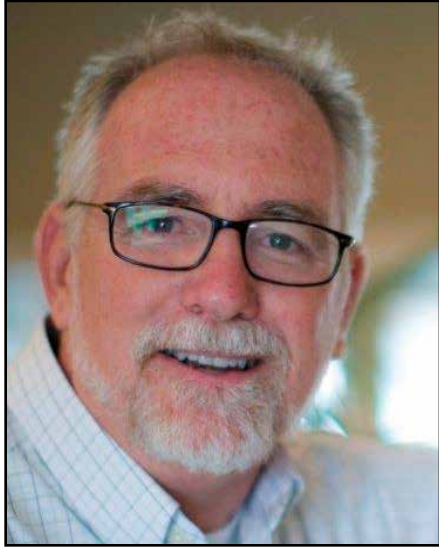
6:30 - 8:00 p.m.

Location details coming soon

www.josephgroup.com

From the Bookshelf

Love Does, Bob Goff



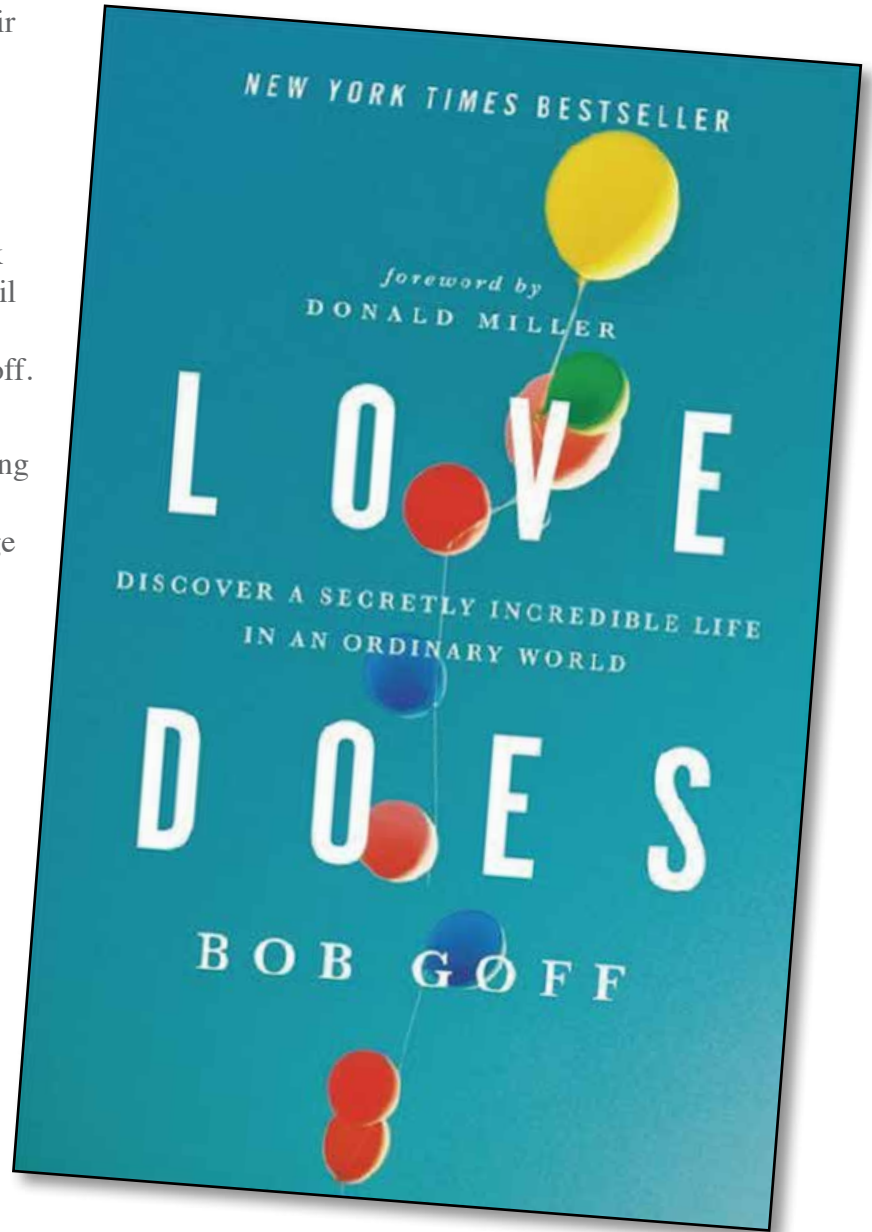
Bob Goff

Perhaps you are looking for a breath of fresh air in your spirituality or simply enjoy reading about ordinary people living extraordinary lives; we invite and encourage you to pick up this unique, tranquil yet stimulating read- *Love Does* by Bob Goff.

Throughout the book we're taken on amusing journeys through Bob's life- as a college student he spent 16

days in the Pacific Ocean with five guys and a crate of canned meat. As a father he took his kids on a world tour to eat ice cream with heads of state. He made friends in Uganda, and they liked him so much he became the Ugandan consul. He pursued his wife for three years before she agreed to date him. His grades weren't good enough to get into law school, so he sat on a bench outside the Dean's office for seven days until they finally let him enroll. What fuels his impact is nothing short of what each and every one of us have- inquisitiveness, motivation, and love. We are excited for you to embark on your own life journey of exploring the kind of love that *does*.

Bob Goff is a New York Times best-selling author as well as the founder of Restore International, a nonprofit human rights organization operating in Uganda, India and Somalia. He also serves as a leader of the Washington law firm, Goff & DeWalt, as well as an adjunct professor at Pepperdine Law School and Point Loma Nazarene University.



“That’s because love is never stationary. In the end, love doesn’t just keep thinking about it or keep planning for it. Simply put: love does.”

— From “Love Does”



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Our Company

The Joseph Group has a simple but powerful mission: to understand and encourage our clients' cherished dreams and provide outstanding investment management and advisory services that help them fulfill those goals.

As of December 31, 2014, total assets under *The Joseph Group's* management / consultation was \$365 million. Of that total, discretionary assets under management were \$290 million and the remaining \$75 million were assets held in group retirement plans for which we serve as investment consultant.

We receive no commissions but are compensated on a fee only basis, calculated as a percentage of an account's assets.

For a copy of our registration with the Securities and Exchange Commission, or to learn more about our firm, please contact us.

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