

Summer 2013

Harvest *Magazine*

a quarterly journal on true wealth building and sharing

published by The Joseph Group Capital Management



Pat Howland, circa 1947

Celebrating the Life of Pat Howland 1927-2013

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The Joseph Group

CAPITAL MANAGEMENT

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 dreams.**

Combined client assets under our management/advice now exceed \$340 million.

Clients include *individuals, families, professionals and businesses*. Accounts include trusts, brokerage accounts, IRA rollovers, and company retirement plans. We request minimum assets of \$500,000 from new clients.

We receive no commissions but are compensated on a fee only basis, calculated as a flat 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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Dear Clients and Friends:

We're excited to share this issue of Harvest with you - there are some very touching stories in it. Our colleague Scott Mizer married Grace Paulino on June 22nd in the Philippines. Their story is an amazing one of divine providence and you'll love learning about their courtship and wedding beginning on page 9. Our Giving Back column features two articles on pages 6 and 7: one shares the legacy of father and son physicians, Dr. Joseph Callen Sr. and Jr. and the beautiful way in which their family and friends have chosen to remember them. And the other shines a spotlight on an amazing jewel set in the middle of Columbus, the Franklin Park Conservatory and Botanical Gardens; we hope you're inspired to visit! Finally, our cover story celebrates the life of an extraordinary friend and client, Pat Howland. Her long and beautiful life touched so many and we know you'll enjoy learning about her and how she embodied her favorite saying, "always choose hope over fear."

Please mark your calendar for our next Wealth Summit, to be held Thursday evening October 10th from 6:30 to 9:00 p.m. in the OSU Richard Ross Heart Hospital Auditorium. Our speakers will be Dr. Michael Caligiuri and Dr. David Schuller of the OSU James Cancer Center, both internationally regarded physicians on the front lines of the war against cancer. Mike and David will share a "battlefield report" on how we're doing in that war and will update all of us on the amazing \$1.1 billion dollar expansion now underway at the OSU James Cancer Center. There's not a person reading this that hasn't been touched in some way by cancer so call a friend or family member and invite them to join you for what will be one of our best Wealth Summits ever!

And of course in these pages we also share insights on financial markets, financial and retirement planning and introduce you to Bill Zox of Diamond Hill Capital Management; Bill manages a bond fund that we utilize in many of our client accounts. Don't forget our book review either.

Our continued growth has us in a hiring mode again - so stay tuned as we introduce some new additions to our team in the next couple of months. Meanwhile enjoy what's left of summer and get ready for a beautiful autumn!

And **always choose hope over fear** (thanks Pat!),

Mark J. Palmer

Mark J. Palmer

Matt D. Palmer

Matt D. Palmer



Celebrating the Life of Pat Howland

Editor's Note: Our client and dear friend Pat Howland died at age 85 on May 27th of this year. She died as she lived – full of love and hope. Her life had a tremendous impact on her family and friends, including our team at The Joseph Group and we're pleased to share her story in this issue of Harvest Magazine.

Patricia Trayte Howland was born in 1927 and was a lifelong resident of Bexley, graduating from Bexley High School in 1945. She graduated from OSU in 1949 where she was a member of Kappa Alpha Theta. She married Stan Johnson, a Columbus Academy graduate who was 8 years older and whose family was in the coal business. Stan and Pat had four children — all of whom graduated from Bexley High School: Bryce, Charlotte, Mary and Anne.

Sadly, Stan and Pat divorced and Pat became a single mom. Needing to generate income for the family, Pat became a realtor specializing in Bexley homes. She was caring, discreet and hardworking and soon became one of the top realtors in Bexley, a position she maintained for nearly twenty-five years. She married again – to Dan Howland, an OSU professor and family friend (he died in 2003). Once the children were older and began heading off to college, she became more involved in her church and in the community. She served as a deacon, elder and trustee of Broad Street Presbyterian Church. She was a founding member of The Little Garden Club of Columbus, a member of Twig 2 at Children's Hospital, a member of the Women's Board of the Columbus Museum of Art and a founding member of the Service Board of the OSU Medical Center. Later in life she was a devoted volunteer at The James Cancer Center, for which she was recognized with its Spirit of Hope Award just a few weeks before her death.

But profiling her life as we've just done doesn't really convey the essence of Pat. Pat was a contagious



Pat Howland

optimist. She loved life and she loved people, especially her family and friends. Her daughters have childhood memories of seeing their mom dressed for social engagements and how beautiful she was. But her outward beauty also reflected an inward beauty that grew more and more through the years. When she received her cancer diagnosis ten years ago (lung cancer), she went through surgeries on both lungs – but never complained. She adopted the motto “always choose hope over fear,” and truly lived it. In nominating Pat for the James Center's Spirit of Hope award, Megan Springer shared that “Pat is always full of hope and offers a smile and is just so friendly to everyone. Pat is a gift to us because she makes the lobby area feel so warm and welcoming and The James not so scary a place.” Pat credited her ability to connect with patients to her love of people and to her own cancer diagnosis. “I found with my own diagnosis that as long as I had

Continued...



Pat with daughters Anne Myers and Charlotte Moyler

some sense of what would be happening next, I was fine, so I always try to build rapport with our new residents and when I deliver them to their room, give them a big hug. I just want to help them feel better about what they're going through."

Her grandchildren shared in her memorial service that Bupsi (the name they called her) loved to spend time with them, including at her Lakeside, OH cottage. She played games with them often and had no problem winning – "how else would they learn about the real world" she would say!

Pat's Christian faith became a great source of consolation to her as her cancer advanced. Her daughter Charlotte shared that her mom's faith in God grew steadily through the years, but became particularly meaningful to her in the last decade of her life as she relied on Him to help her face her battle with cancer. And she continued to share with those close to her how grateful she was for the wonderful life God had given her and the many blessings she had received from Him.

Pat always was one to face things head on without fear. When she learned that her cancer was terminal, while she continued to love and enjoy life, she also began preparing for her death. She spent time with our firm



Pat with family at her grandson's Miami University Graduation in May 2013

"Always choose hope over fear."

— Pat Howland



Pat receives the James Center Spirit of Hope Award earlier this year

and with her estate planning attorney, Misty Aldrich, to ensure that her financial plans were clear and would be carried out exactly as she wished. She spent time with her family, attending her grandson Baylor's graduation from Miami University and his election ceremony to Phi Beta Kappa. She made one last visit to Lakeside with her family. And she chose special gifts for each grandchild from her beautiful collection of sterling silver and Royal Dalton – to be given to them sometime in the future (their wedding, a 30th birthday, etc.).

She also provided her children and her minister, Amy Miracle, with thoughts on her memorial service. She chose the scripture passages to be read and the hymns to be sung. She reminded Amy that she wanted a service that was dignified, showed great respect and praise to God and did not focus attention on her.

Pat died the way she lived, full of hope and love and surrounded by her family. A woman that had been blessed so much was such a blessing to the rest of us and we share these qualities of hers as ones that all of us might emulate. God bless you Pat Howland. You are missed but not forgotten. And through the faith and love you gave so many of us, you live on.

A Battlefield Report on the War Against Cancer

OSU James Cancer Center Physicians to Speak



Dr. Michael Caligiuri

We are delighted that OSU James Cancer Center physicians Dr. Michael Caligiuri and Dr. David Schuller will speak at our Thursday evening October 10th Wealth Summit to be held from 6:30 to 9:00 p.m. at the OSU Richard Ross Heart Hospital Auditorium, 452 W. Tenth Ave.

Dr. Caligiuri's remarks will focus on the progress this nation is making in the battle against various forms of cancer while Dr. Schuller will focus on the \$1.1 billion expansion project at OSU that will include a new James Cancer Hospital, Solove Research Institute and critical care tower.

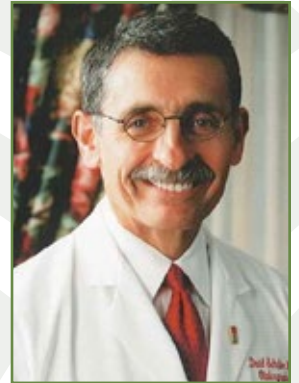
Dr. Caligiuri is CEO of The James Cancer Hospital and Director of the OSU Comprehensive Cancer Center. Formerly the OSU Medical Center's Chair for Cancer Research, he served earlier in his career as the Director of Hematology and Oncology at OSU. A nationally renowned researcher in immunology and leukemia, Mike received his BA degree from SUNY Buffalo, his MD from Stanford and an additional advanced degree from Harvard's Medical School where he completed fellowships in medical oncology and tumor immunology at the Dana Farber Cancer Institute. He joined the Harvard Medical School faculty in 1989, moved to the SUNY Buffalo School of Medicine in 1990 and then to OSU School of Medicine in 1997.

The author of hundreds of publications, abstracts and clinical studies, Dr. Caligiuri is past president of the Association of American Cancer Institutes, a director of the American Association of Cancer Research and serves on numerous cancer based scientific advisory boards.

Dr. Schuller is CEO Emeritus of The James Cancer Hospital and Director Emeritus of the OSU Comprehensive Cancer Center. He presently serves as the OSU Medical Center's Vice President for Medical Center Expansion and is the John W. Wolfe Chair in Cancer Research. A graduate of Rutgers, David earned his medical degree from OSU and then completed his surgical internship at Case Western Reserve University and his residency in otolaryngology-head and neck

surgery at the Ohio State University Medical Center.

He joined the OSU faculty in 1976 and rose to become Chair of the Department of Otolaryngology-Head and Neck Surgery in 1984, serving in that position for 21 years. He was appointed the Director of the Comprehensive Cancer Center and CEO of the James in 1988.



Dr. David Schuller

Dr. Schuller is internationally known for his work in head and neck oncology. The author of hundreds of articles, publications and nine medical textbooks, Dr. Schuller has served in a variety of leadership roles with national cancer research organizations and currently serves as Co-chair of the National Cancer Institute Head and Neck Steering Committee. In 2013 he was honored by the OSU College of Medicine by being named a Distinguished Professor.

In commenting on this Wealth Summit, *Joseph Group* president Matt Palmer shared, "we are honored that Drs. Caligiuri and Schuller will be our keynote presenters at our October 10th Wealth Summit. Our guests will have the privilege of hearing from two of the most renowned cancer physicians in the world – individuals at the leading edge of the global war against cancer. So don't miss this opportunity to bring family or friends to what will be a very special Wealth Summit.

Joining *The Joseph Group* as co-host for this extraordinary evening will be American Century Funds. Long recognized for their commitment to eradicating cancer, the American Century Funds donate a share of their profits annually to the Stowers Institute, a leading cancer research institute in Kansas City, Missouri, established by American Century Funds founders Jim and Virginia Stowers.

Mark your calendar now for Thursday night October 10th at the OSU Richard Ross Heart Hospital. Drinks and appetizers will be served beginning at 6:30 and parking is free. RSVP by contacting Emi Brack at 228-4300 ext. 110 or by e-mailing us at events@josephgroup.com.

We look forward to seeing you!

The Remarkable Legacy of Two Doctors Named Joe Gallen

Editor's Note: Special thanks to Mt. Carmel Foundation president Doug Stein for sharing this inspiring story of a father and son that left a remarkable legacy – one that now will continue through an endowment fund that bears their name. The article below is excerpted with permission from a Mount Carmel Foundation publication.

In 1908, St. Ann's Hospital was founded as an infant asylum and home for unwed mothers. Twelve years after its founding, it found itself in a crisis when its license was nearly revoked by the State Board of Health. A gifted local surgeon named Dr. Joseph M. Gallen Sr. was quickly recruited by Bishop James J. Hartley to become St. Ann's first Chief of Staff. Dr. Gallen was a 1907 graduate of the Ohio Medical College and brought to St. Ann's the kind of impeccable credentials that satisfied the State Board of Health and enabled St. Ann's to transition to a maternity hospital. Sadly, he served in that leadership role for only two years before his untimely death in 1922 at the age of 38.

“What I did know, as he (Dr. Joseph Gallen Jr.) delivered each of my babies, was that his devotion to his vocation was truly a blessing in the development of my own vocation as a mother... As patients, we all knew he was there for us. Now it's our turn to be there for him.”

**— Nancy (Plank) Kelley,
donor and family friend**

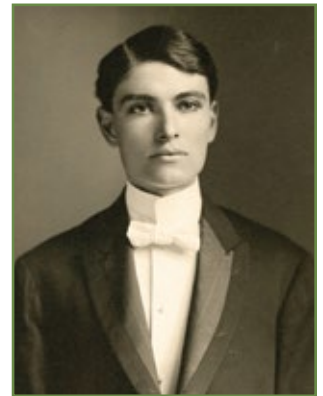
As Divine Providence would have it, Dr. Gallen's son followed in his father's footsteps through medical school at OSU and a 60 year obstetrics practice. In early 1952, Dr. Joseph M. Gallen Jr. was named Chief of Staff at St. Ann's and served as chair of the OB-GYN Department for nearly 25 years, retiring in 1973. During his career, Dr. Gallen Jr. delivered more than

12,000 babies and cultivated relationships that lasted a lifetime. He died in 2004 at the age of 86, preceded in death by his lovely wife Janet.

As a way of recognizing these two gifted physicians, family and friends recently have created the Dr. Joseph M. Gallen Endowment Fund at the Mount Carmel Foundation (Mount Carmel is now the parent company of St. Ann's). The primary beneficiary of the fund is Mount Carmel's *Welcome Home Program*, an award winning initiative that provides infants and new mothers with free postpartum home visits by a Mount Carmel Registered Nurse. These visits help ensure that newborn babies are thriving and that their mothers are making a healthy recovery from delivery.

In commenting on this fund, Mount Carmel Foundation president Doug Stein shared that “helping moms and babies in those hours and days of greatest need is exactly what the Dr. Joe Gallen Fund is all about. We can think of no better way to salute both Dr. Gallens for their legacy of leadership and innovation as well as their compassionate devotion to patients.”

Thank you Doug. And thank you Gallen family and friends for this wonderful tribute to both Dr. Gallens. And to our readers, perhaps this story will inspire you to remember the legacy and contribution of one or more of your loved ones. Give us a call and we'll help you fulfill that kind of dream – one that keeps on giving!



Dr. Joseph M. Gallen Sr.



Dr. Joseph M. Gallen Jr.



The Gallen family

Franklin Park Conservatory Beautiful and Still Growing at 150 Years Old!

Editor's Note: We enjoy sharing with our readers the work of outstanding not for profits in our central Ohio community – organizations that continue to "give back" year after year. In this issue of Harvest Magazine, we're pleased to focus a spotlight on Franklin Park Conservatory and Botanical Gardens. Special thanks to our client and friend, Laura Troup, for her encouragement in sharing this story with our readers.

Franklin Park Conservatory and Botanical Gardens has a rich history dating back over 150 years. In 1852 the county purchased 88 acres located two miles east of downtown Columbus as a site for the first Franklin County Fair. In 1874, the land was made the official site of the Ohio State Fair and was named Franklin Park. It later was renamed Franklin Park Conservatory and became a popular destination for the surrounding community to enjoy its carriage paths, lake and boathouse.

In 1992, Franklin Park Conservatory became the host site for AmeriFlora, a six month international horticultural exhibition, inspiring the Ohio Legislature to create a long term plan for this growing jewel in central Ohio. Ownership was conferred to a ten member board of trustees that same year and over the last twenty years Franklin Park Conservatory and Botanical Gardens has become a world class horticultural and educational institution.

Laura Troup and Franklin Park Director of Development Ellen Grevey recently gave *Joseph Group* president Matt Palmer a tour of the grounds. The scope of exhibits and programs going on there astounded him – here's a recap of just a few:

Botanical Gardens - Visitors can stroll abundant outdoor gardens full of seasonal color and interest, all set within the 88 acres of Franklin Park. Gardens include the Crane Conifer and Ornamental Grass Collection; the Trial Gardens; the Brides Garden; the Daylily Garden; and the Scotts Miracle-Gro Company Community Garden

Blooms and Butterflies – Ending soon, this exhibit has featured butterflies from Brazil flying freely in a tropical haven filled with lush foliage and bright blooms. Chrysalises of exotic species have arrived weekly throughout the exhibition so that visitors can

watch as new butterflies emerge before their very eyes.



Butterflies, like this Monarch, abound

The Chihuly Collection – More than two dozen of world renowned artist Dale Chihuly's glass artworks selected from the Conservatory's signature collection are on view in the Showhouse and Cardinal Health Gallery.



Chihuly exhibit is a visitor favorite

Works by Bruce Munro – Beginning in September, acclaimed artist Bruce Munro's imaginative light based works will create a captivating evening experience via ten installations that will illuminate the Conservatory's indoor and outdoor gardens with additional works at the Cardinal Health Gallery.

The John F. Wolfe Palm House and Dorothy M. Davis Show house – Built in 1895, these historic structures

Continued...

are a focal point for the Conservatory's spectacular horticultural displays. Visitors can enjoy the sights and smells of over 400 species of plants displayed in world class exhibits including the Himalayan Mountains Biome; Rainforest Biome, Desert Biome, and Pacific Island Water Garden.



Franklin Park Conservatory Palm House in autumn



The Palm House interior

Camps and Group Activities – A full array of camps for children and teens combine with cooking and gardening classes for adults to offer fun and educational opportunities for literally any age. Throw in a Weekly Farmers Market throughout the summer and you have a sight, taste and smell sensation that can't be beat!

Growing to Green – While much of the above may be known generally to our readers, we were surprised to learn about Growing to Green, Columbus' largest organized effort to assist individual and

groups interested in starting a community garden, neighborhood beautification project or school learning garden. Initiated in March 2000, Growing to Green has assisted in the start-up or renovation of more than 250 community gardens throughout central Ohio. **On Wednesday, September 11th from 6-9 p.m. the 2013 Growing to Green Awards Ceremony and Harvest Celebration will be held; a fun-filled evening that will commemorate award winning gardens and the people who make them happen including the Boyd W. Bowden Garden Impact Award, the Community Garden of the Year Award, the Sustainability Award and the Paul B. Redman Youth Leadership Award.**

Closely connected to the Growing to Green program is the Franklin County Green Corps Jobs Program which provides horticulture and landscaping training to low income young adults who are interested in a career in the green, environmental and agricultural industries. Participants work side by side employees of the Conservatory learning skills in horticulture, landscape, garden maintenance and green practices. Classroom and hands on training along with guest speakers and local field trips provide a comprehensive 32 week preparation for participants to enter the job market when they complete the program.

Giving Back – Perhaps you're feeling the nudge to become a member of the Conservatory or to make a one time or ongoing gift to the amazing work of this vibrant central Ohio resource. **If so, email Ellen Grevey, Director of Development, at egrevey@fpconservatory.org and share your passion – she'll help you find just the right project with which to become involved!**



Franklin Park Community Garden

Scott Mizer Marries Grace Paulino

Joseph Group COO Scott Mizer married Grace Paulino on June 22nd at Highway Hills United Methodist Church in Mandeluyong, Philippines. The story of how they met and ended up marrying is one of those beautiful “God stories” and we’re pleased to share it with you.

Born and raised in the small Ohio town of Danville, Scott graduated from Denison University and began a successful career in financial services. While his career prospered over the years, his desire to marry went unfulfilled. He continued to date from time to time but it seemed as if the “right” woman simply wasn’t out there. But Scott continued to trust God with this dream and he and many of his family and friends prayed for that special person to come into his life.

In September of last year, Scott reached out to Totie Andes, a friend who works with a Christian ministry in the Philippines, Campus Crusade for Christ. Scott shared with Totie his heart’s desire to be married and Totie mentioned that he knew a woman in the Philippines, Grace Paulino, that had formerly worked with him in Campus Crusade for Christ, who also had been praying for many years for a husband. Totie offered to ask Grace if he could introduce her to Scott via e-mail.

Grace, a successful dentist and orthodontist, had grown up in the Philippines and lives in Mandeluyong with her brother and his wife as well as their mother. When approached by Totie regarding Scott, she had just that day been praying and meditating upon a scripture passage from Isaiah 46:11:

From the east I summon a bird of prey; from a far-off land, a man to fulfill my purpose. What I have said, that I will bring about. What I have planned, that I will do.

Could Scott be the husband for whom she had prayed for so long? She gave her friend Totie permission to have Scott e-mail her.

Thus began a long distance e-mail and skypeing friendship, allowing them to get to know each other and to share their life experiences, hopes and dreams.

“Your dream doesn’t have an expiration date. Take a deep breath, and try again.”

— Robert Schuller



Grace and Scott on their wedding day

After two months of almost daily correspondence, Scott asked if he might come to the Philippines to meet her and her family. Again, in her prayer time, Grace came across an additional verse from Isaiah (Chapter 48; verse 15) that confirmed God’s desire to have Scott come and meet her:

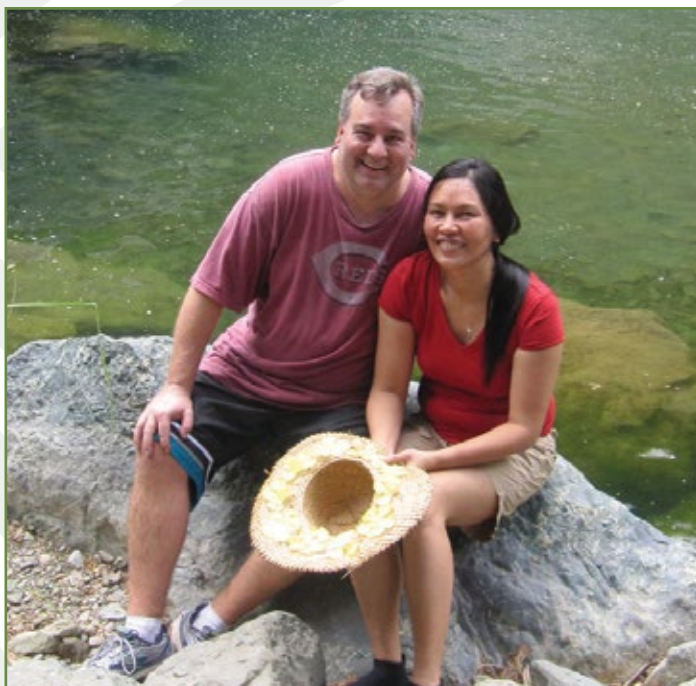
I, even I, have spoken: Yes, I have called him, I have brought him and his way will prosper.

Scott made the 24 hour flight to Manila, arriving on December 28th. On that first day he gave Grace a gold cross necklace, an expression of his desire to honor God in their time of discernment and getting to know one another. In addition to getting to know Grace and her family, he spent time at their church and got to know her friends. Midway through the week he and Grace had dinner at a Shakey’s restaurant where they shared with one another their openness to God’s will for their lives. And on New Year’s Eve, Scott gave Grace another gift, a charm bracelet with charms signifying various aspects of their new and growing relationship.

Sensing God’s plans, Scott shared his heart with Nitos Dobles, a close friend of Grace’s and a leader in her church. Receiving much encouragement from him, Scott proposed to Grace on January 3rd of this year.

Before responding and in order to properly discern

Continued...



Scott and Grace on their honeymoon

God's will, Grace and Scott spent Saturday, January 5th at nearby Prayer Mountain, and it was there, after a time of prayer that Grace felt led to accept Scott's proposal of marriage!

Scott of course had to return to the United States without his new fiancée. But they began wedding plans immediately and in June of this year, he returned to the Philippines, this time with his parents, sister and her family to celebrate his and Grace's wedding. They were married at Highway United Methodist Church on June 22nd followed by a wonderful reception at a nearby hotel.

A seven day honeymoon was followed by Scott's return home, again without Grace. But the legal paperwork is now in full swing for Grace's eventual move to the United States, estimated to be early next year. Meanwhile Scott will visit his new bride every few months and she is winding down her practice and preparing for her move to the United States to take on a new life in Columbus.

Scott and Grace's marriage is a reminder that God is at work in our lives and wanting to give us our heart's desire. As we trust him and remain patient, He is able to work out his plans in ways that are beyond our imagining. Our entire *Joseph Group* family has been so blessed by Scott and Grace's story and we're delighted to share it with our readers. Continue to keep them in your prayers and continue to keep your own dreams before God in prayer and trust that they will come to pass!

Congrats to Eagle Scout Zachary Higgins

Congratulations to Zachary Higgins, son of clients Dr. and Mrs. Brian and Kay Higgins, who recently was awarded the rank of Eagle Scout by the Boy Scouts of America.

Along the trail to Eagle Scout, Zachary was required to earn 21 merit badges and demonstrate the Scout Oath and Law in his daily life. His last merit badge requirement was a 20 mile hike through the challenging terrain at Zeleski State Park. Zachary served his Troop in various leadership positions including: Patrol Leader, Assistant Senior Patrol Leader and Senior Patrol Leader. He showed leadership skills in the development and execution of his Eagle Scout Service Project: leading his fellow Scouts in the construction of signs announcing the annual Lancaster-Fairfield County Charity Newsies Paper Sale, to assist the organization in their efforts to help those in need. Zachary is a member of the Boy Scouts National Honor Society, The Order of the Arrow and will be entering his senior year at Lancaster High School where he is enrolled in the Criminal Science Program and plans on a career in Law Enforcement.



Eagle Scout Zachary Higgins

Mark Palmer Continues Service to BWC



Ohio Governor John Kasich recently re-appointed *Joseph Group* CEO Mark Palmer to a new three-year term as a member of the Board of Directors of the Ohio Bureau of Workers' Compensation.

By Ohio statute the 11 member board requires the appointment of two (2)

experts in the fields of investments and securities. Governor Kasich has appointed Mark to continue to hold one of these two seats. Mark will continue to serve as Chairman of the Board's Investment Committee. He will also continue serving as a member of the Board's Governance Committee, and its Medical Services and Safety Committee.

Congrats and thanks to Mark for his service to the citizens and businesses of Ohio.

Lieutenant Tarbox Named Helicopter Commander

Congrats to our client and friend Lieutenant Rachel Tarbox, who recently passed her test to become a Helicopter Aircraft Commander in the U.S. Navy.

Daughter of clients Sylvia Gillis and Eric Tarbox, Lieutenant Tarbox is a 2004 graduate of Watterson High School and a 2008 graduate of the U.S. Naval Academy. Presently assigned to the USS Nimitz aircraft

carrier in the Persian Gulf, Rachel flies the MH-60R anti ship aircraft helicopter as a member of the H.S. M75 "Wolfpack" squadron. Rachel will return to San Diego in October and likely will stay with her squadron stateside for the next year before being redeployed.

Congrats Rachel and thank you for your service to our country!





Core Portfolio Allocations

as of June 30, 2013



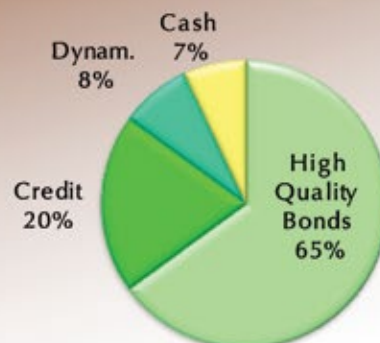
Conservation

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

Volatility: 0 to 3%

Sector Allocation:

Cash:	7%	Liquidity
HQ Bonds:	65%	Short duration bonds
Credit:	20%	Floating rate
Dynamic:	8%	Absolute Return 300



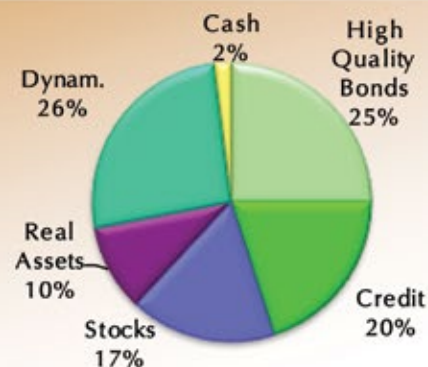
Provision

Objective: Sustain wealth by focusing on current income and low principal volatility.

Volatility: 3 to 8%

Sector Allocation:

Cash:	2%	Liquidity
HQ Bonds:	25%	Short term, corporate
Credit:	20%	Rates of around 5.0%
Global Stocks:	17%	Blue chip dividends
Real Assets:	10%	Commodities
Dynamic:	26%	Absolute return



Harvest

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

Volatility: 8 to 15%

Sector Allocation:

Cash:	5%	Opportunistic cash
HQ Bonds:	15%	Corporate, infl-linked
Credit:	14%	Rates of around 5.5%
Global Stocks:	28%	Growth & dividends
Real Assets:	14%	Real estate/commod.
Dynamic:	24%	Tactical asset alloc.



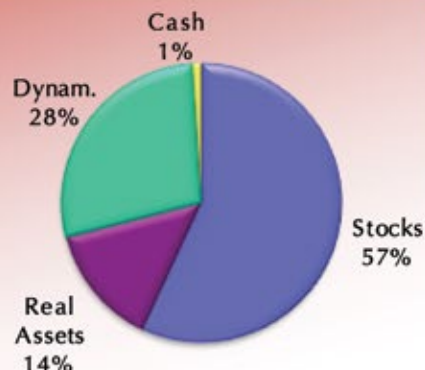
Abundance

Objective: Aggressive, concentrated portfolio that seeks to outperform major market averages.

Volatility: 15 to 24%

Sector Allocation:

Cash:	1%	Liquidity
HQ Bonds:	0%	None—low rates
Credit:	0%	None—tighter credit
Global Stocks:	57%	Concentrated stocks
Real Assets:	14%	Real estate/commod.
Dynamic:	28%	Long/short best ideas



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

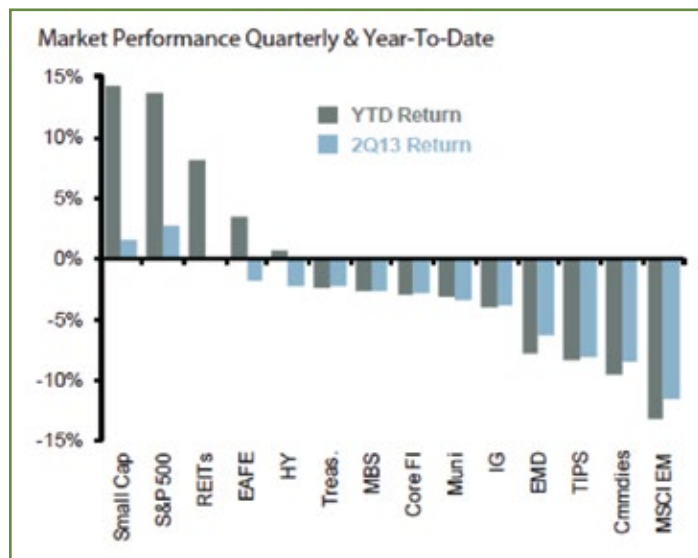


Hockey great Wayne Gretzky said the secret to his amazing hockey career wasn't "skating to where the puck is, it was *skating to where the puck was going to be*." Perhaps it's excitement about the possibility of a strong season for the Columbus Blue Jackets (who play at Nationwide Arena

across the street from our office), but members of our team recently had a discussion comparing hockey to the investment markets.

Performance in the first eight months of 2013 has been dominated by U.S. stocks with small and large company U.S. stocks up approximately 15%. However, most other areas of the financial markets have had flat to negative performance. Rising interest rates have hurt bond returns putting most bond indexes in negative territory for the year. Foreign stocks have not fared well at all with emerging market (countries like India, China, and Brazil) stock indexes down approximately 10%. Real Estate Investment Trusts (REITs) were flying high through May, but a 20% decline in June eliminated most of their year to date gains. The worst performing area of the markets was gold/gold mining stocks with the average gold mutual fund down a whopping 40% through the end of July.

The combination of these asset class returns led to relatively flat YTD returns for a globally diversified portfolio as measured by the Morningstar World Allocation category peer group. The chart below, showing returns of different asset classes for the first half of the year, helps illustrate why:



Source: JPMorgan as of 6/30/2013

While U.S. stocks had strong positive performance, most other classes, including emerging market stocks and commodities had negative performance. Managers tilted toward U.S. stocks had the best returns in the category while a number of well known managers making heavier allocations to "cheap" emerging market stocks actually lost money for the first seven months of the year.

In this issue of MARKETalk, we are going to look at research which tries to identify the most attractive areas of the financial markets going forward. In other words, we will look at "where the puck is (potentially) going to be." From there we will look at what areas of the markets are currently performing well, or "where the puck is now." Finally we will discuss the factors which may lead us from "here to there" and the implications for portfolio asset allocations.

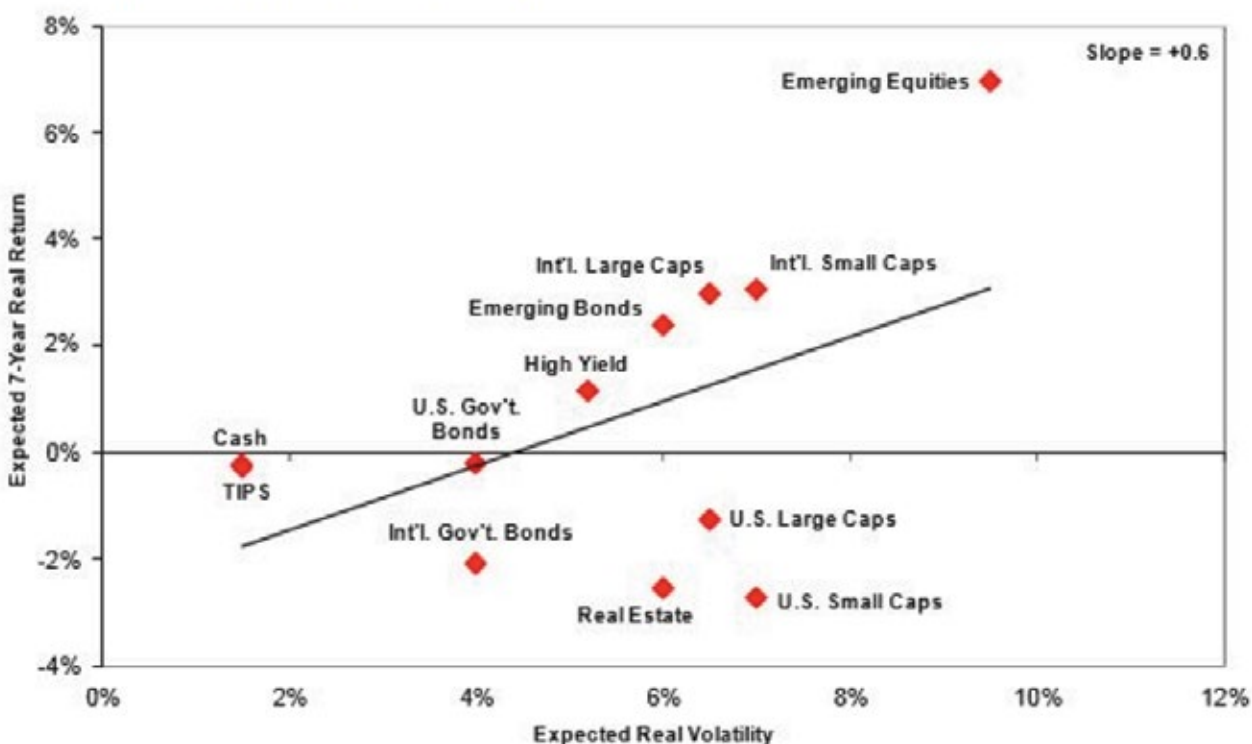
Asset Class Forecasts - "Where the Puck is (potentially) Going to Be"

A number of respected money managers and research firms make allocations by trying to forecast which asset classes are likely to have the strongest returns in the future. These researchers typically look at factors such as current valuation and growth rates to come up with forecasts of future returns for various asset classes. While there is certainly no guarantee the numbers in these forecasts will reflect reality, we study such forecasts to get a view of which asset classes have the best relative performance potential. In other words, the asset class with better valuation and growth characteristics has a greater likelihood of providing more "bang for the buck" in a portfolio.

The chart on the following page, based on research from global investment management firm GMO, plots the projected seven-year volatility and forecasted returns for various asset classes. Again, since these are forecasts, we have to take the actual numbers with a grain of salt, but the relative relationships can be meaningful. The way the chart works, expected returns run from top to bottom – the asset classes with the higher projected returns are toward the top, while the lowest projected returns are toward the bottom. Volatility (as a measure of risk) runs left to right with less volatile asset classes toward the left and more volatile asset classes toward the right.

Continued...

June 2013 Expected Return vs. Volatility



The chart represents real return forecasts for several asset classes. These forecasts are forward-looking statements subject to numerous assumptions, risks, and uncertainties and are not a guarantee of future performance.

Here are some conclusions we draw from the chart above:

- *Emerging market stocks have the highest forecasted returns on the page (but also the highest volatility).* Emerging market countries like China and India are not only expected to exhibit higher growth rates, but their valuations are comparatively low. According to data from Factset as of June 30, the forward Price to Earnings (P/E) ratio for emerging market stocks was 9.9 compared to 13.9 for the S&P 500.
- *International stocks have higher projected risk adjusted returns than U.S. stocks.* Over the last few years, foreign stocks in countries like Germany and the U.K. have taken a beating. As a result, valuations for developed market foreign stocks are below their historical average and may be positioned to perform well given any stabilization in European and other economies.
- *Many U.S. stocks are projected to have negative future returns according to GMO.* U.S. small cap stocks are the lowest asset class on the chart with U.S. large cap stocks not much higher. We note that within our own valuation research, small cap U.S. stocks have a higher P/E ratio compared to many other asset classes. According to Factset as of 6/30/13, the forward P/E for the Russell 2000 (small cap stock) Index is 19.1, more than twice as expensive as the 9.9 P/E ratios for the MSCI Emerging Market Index. These higher valuations, along with projected slow U.S. economic growth present a challenging fundamental backdrop for U.S. stocks.
- *U.S. bond returns are projected to have generally flat returns.* Perhaps one of the most surprising aspects to GMO's chart is that U.S. government bonds have a higher projected return ranking than U.S. stocks. As interest rates have jumped this year, many investors are concerned about a bond bear market. However, with slow economic growth and low inflation, fundamentals may not be positioned for sharply rising interest rates for some time. As a result, bonds could continue to drag out low positive returns.

“Current Performance – Where the Puck is Now”

So, if we were looking the future based on the projections above, portfolios should be tilted toward emerging market stocks given their favorable growth and valuation characteristics and away from U.S. stocks, right? Based on performance so far in 2013, a better adage than “skating where the puck is going to be” might be “the market can remain irrational longer than an investor can remain solvent.” For the first seven months of the year, there has been a whopping 30% difference in U.S. stock versus emerging market equity returns. The Morningstar World Allocation group of globally diversified mutual funds has not had this big of a gap in performance relative to the S&P 500 since 1998. “Where the puck is,” is clearly U.S. stocks.

Why are U.S. stocks doing so well while other asset classes are not? Here are some of our thoughts:

- Markets getting Central Bank stimulus (like the Federal Reserve in the U.S.) are performing better than those that are not. To use an analogy, sick patients getting drugs are acting better than fundamentally healthier patients.
- China’s economy is slowing from a projected 8-9% growth rate to a 6-7% growth rate. A 6-7% growth rate is still significantly higher than the 1-2% economic growth seen in the U.S., but the direction (down) has been a negative factor for emerging markets.
- New energy sources, such as shale gas, have fueled expectations of stronger future U.S. growth and less dependence on foreign oil. As infrastructure for transporting gas is developed, we think there are strong potential benefits for the U.S. economy. It is worth noting though that the best performing sectors for U.S. stocks have been health care and financials, while energy and technology stocks have lagged the S&P 500.
- The U.S. dollar is one of the best performing currencies in the world. A stronger dollar generally has a negative impact on international stock returns and commodity prices.

Implications for Current Portfolio Allocations

Despite huge leadership from U.S. stocks for the first seven months of the year, we still believe globally

diversified portfolios provide the best opportunities for risk-managed growth over the long-term. The global stock portion of T/JG client portfolios generally has a U.S. stock bias, but we are focusing our research on foreign stock opportunities given their favorable valuation characteristics. Emerging market stocks are definitely attractive, but we are looking for a decided upturn in performance before we start increasing client allocations. In most client accounts, we are generally underweight bonds and expect that underweight position to continue. Commodities have been a challenging area this year, but we have sold our gold position in favor of a diversified commodity mix which can act as a hedge against unexpected inflation. Finally, despite the recent move in interest rates, we are not too worried about a “bond bear market” given continued low inflation and Fed intervention, but 2-3% interest rates are still not enough to drive clients toward their long-term return goals.

We look forward to discussing with clients their wealth allocations and how those allocations align with their long-term goals. We recognize the first half of 2013 has been challenging for globally diversified portfolios when only one cylinder of the engine, U.S. stocks, has been driving performance. Long-term history, along with fundamental analysis by firms like GMO, remind us that performance like what we have seen over the last seven months is not the best criterion for making long-term investment decisions.

In terms of our objective-based portfolios, asset class performance has meant that our more stock-focused Abundance portfolio has outperformed our broadly diversified Harvest portfolio by more than normally expected. Despite the YTD numbers, we continue to apply a consistent process when managing each of our core objective-based portfolios: each plays a potential role in a client’s overall wealth allocation. By focusing on managing toward the objective of each portfolio, and then by making sure each portfolio is used appropriately within a client’s overall strategy, we seek to set our clients up for long-term success in achieving their dreams and goals.

***“A joyful heart is good
medicine.”***

— Proverbs 17:22

A New Era of Estate Planning

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



between spouses. Let's review the impact of these two items.

Federal Estate Tax Exclusion:

A person's Federal estate tax exclusion amount is essentially the amount that person can leave to heirs estate tax free at death. This exclusion amount was first increased to \$5 million in 2010 and has been indexed for inflation since. It was to reset to \$1,000,000 at the beginning of 2013, but ATRA made the \$5,000,000 amount permanent and also permanently extended the inflationary adjustments, which makes this year's exclusion \$5,250,000 per person.

So, the first question to ask is: "do I (or "we" if married) anticipate having an estate larger than \$5.25 million?" If the answer to the question is "no", then you probably don't need to be concerned about Federal estate taxes. If the answer is "yes" then you need to keep planning to reduce or avoid those taxes. Remember, your estate includes all your assets at the date of your death, including (but not limited to): investments, retirement assets, real estate, trusts, life insurance and annuities.

Portability:

For married couples, ATRA also extended portability of the exclusion amount. What's portability? Portability means the unused exclusion amount of the first spouse to die can be shared with the surviving spouse. Let's look at an example to illustrate the benefits of portability.

Mike and Susie are married and have combined assets of \$10 million. Mike dies first with \$1 million in his name. The executor of his estate decides to use \$1 million of Mike's Federal estate tax exclusion by funding what is known as Mike's "Credit Trust". The executor also elects portability on Mike's estate tax return. If Susie dies with \$9 million in her name, absent portability, she would only be able to leave \$5.25 million herself without estate tax consequences.

Thankfully, Mike's executor elected portability and Susie has access to Mike's \$4.25 million unused estate tax exclusion. Thus, she can leave the full \$9 million to her heirs Federal estate tax free. Without portability, Susie would have had to pay estate tax on \$4.25 million.

Prior to ATRA, the credit trust was used to preserve the estate tax exclusion of the first spouse to die. With portability, the credit trust will most likely not be used as much, but it still plays an important role for a couple key reasons:

- Earnings on Credit Trust assets escape estate tax. If Mike and Susie had instead equalized their estates, Mike could have funded his credit trust for \$5 million and all the future growth on that \$5 million would have escaped future estate tax as well. Instead, Susie was left with \$9 million which could appreciate significantly over time and cause her estate to be taxable.
- Remarriage could impact the unused exclusion. In the above example if Susie remarried and Susie's new husband died before Susie, then Mike's \$4.25 unused exclusion would be lost because Susie's second husband's unused exclusion is passed to her instead of Mike's. So, if the second husband has sizable assets or uses all his exclusion with gifts to his other heirs, Susie might have estate tax issues. How could this have been avoided? Susie and Mike should have equalized their estate assets.

ATRA changed estate tax planning for many people and clarified several items for estate planners. Though your estate tax situation may have changed, your need for a well thought out estate plan has not. ATRA underscores the need to effectively and efficiently plan for the transfer of assets to your heirs.

We can help you formulate those plans and connect you with just the right attorney to help you document your plans. Don't hesitate to call.

"My friends are my estate."

— Emily Dickinson

The Future for Retirement Plans

by Ben Borich, Manager, Retirement Plan Services



It's that time of year—financial-services companies are releasing their 2012 statistics on everything from retirement-plan trends to employee behavior. As I've looked over many of these reports, I've noticed several things that our plan sponsors and participants should know.

For Plan Sponsors

A recent survey of nearly 1,000 plan sponsors showed that:

- Average employee-participation rates hover at 70 percent;
- 57 percent of plan sponsors don't think participants are saving enough due to:
 - Higher living expenses
 - Increased healthcare costs
 - Mistrust of financial markets

Businesses sponsor retirement plans as an incentive for good employees to stay with the company and help them achieve personal financial security. Here are three strategies plan sponsors can use to motivate employees and to increase the effectiveness of their retirement plans:

- Adding automatic enrollment increases plan participation rates to an average of 88 percent and encourages employees to contribute as soon as they are eligible. The auto-enrollment feature forces a person to consciously opt out of a plan, something they rarely do.
- Talking about the 401(k) plan also increases involvement. Plan sponsors can do this at any regular company meeting and The Joseph Group can assist by visiting your business to speak on plan-related topics or to meet with your employees one-on-one.
- Identify where your retirement plan may be deficient and addressing those deficiencies will encourage greater participation. Adding something as simple as a Roth (after-tax) employee contribution option is just one example – there are many.

It doesn't require a formal survey to know that workers

who see value in their retirement plan are happier, work harder, and are less likely to seek employment elsewhere. This retention ultimately benefits the business with a more experienced team and increased productivity.

For Plan Participants

Another survey shared these findings:

- The average employee-contribution rate is 5 percent.
- Only half of all participants take full advantage of the employer match, essentially leaving "free money" on the table.
- The number of workers expected to retire after 65 has increased from 11 % to 37 %.

Common reasons for not participating include not having any money to save (living paycheck to paycheck); feeling distrustful of the economy or markets; being reluctant to the expenses associated with the plan; having difficulty understanding the plan itself; and not placing a high enough priority on retirement planning. Let me suggest 5 ways to help you achieve your financial goals with your 401(k):

1. If you don't participate in your 401(k) plan, start today. If you do participate, try to increase your deferral percentage by 1% every January or any time you get a pay increase.
2. Take full advantage of the "free money" incentive your employer is giving you in the match. Leaving money on the table is worse than a market with poor returns.
3. Set goals for future. The Joseph Group can provide you with tools and education to help you create a plan to achieve your goals for retirement.
4. So you feel like it's too late to save? Don't fret. It's important to focus on your future instead of concentrating on the past.
5. Adhere to a monthly budget to free up money you then can add to your 401(k) account

Whether you're a plan sponsor or participant, it's important to invest in the future. Feel free to contact us to help you make the most of your company retirement savings plan.

Dialogue with Diamond Hill Portfolio Manager Bill Zox

by Matt Marrison, Portfolio Trader & Investment Analyst



Bill, please tell us about you, your family, and your hobbies.

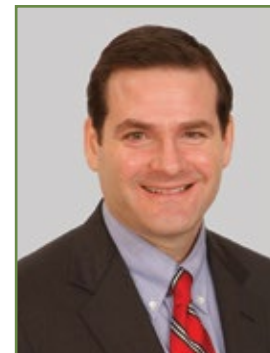
Except for college and graduate education, I have lived in Bexley my whole life. My wife, Jeannie, has many talents - interior design, gardening, cooking, sewing, yoga- to name a few. We have two daughters in Bexley schools. Izzy is a Junior who loves horseback riding and travel. Josie is a 7th grader who loves volleyball and softball. They are both good students and hard workers. After a 25-year obsession with golf, I gave it up cold turkey and have not touched a club in over five years. That has freed up a lot of time for reading, walking, hiking, travel, and obsessing over my next meal most of which I do with my wife and kids.

Can you share a bit about your education, what led you to the investment business and your investment background? I hear you made your first investment before you were able to vote.

I made my first personal investments in August of 1987 shortly after my 20th birthday. Two months later, when I wasn't on the golf course, I watched the television coverage of the Crash of '87 in my dorm at Williams College. After college, I earned my law degree at Ohio State and a masters of tax law at the University of Florida. I practiced tax law for seven years at Schottenstein, Zox & Dunn which I enjoyed but I became increasingly passionate about investing. For the first half of the 1990s, I was a proponent of low cost stock index funds having read *A Random Walk Down Wall Street* by Burton Malkiel and meeting several times with Tad Jeffrey (a Bexley resident and Williams alumnus) and discussing his seminal article with Rob Arnott, "Is Your Alpha Big Enough To Cover Its Taxes?" Then, in December of 1995, I read Benjamin Graham's *The Intelligent Investor* which included in the appendix Warren Buffett's "The Superinvestors of Graham and Doddsville" which I consider the single best piece on investing I have ever read. US stocks were up over 37% in 1995 and I was concerned that they were overvalued. (I was only four plus years early on that market call.) Graham and Buffett convinced me that "intrinsic value" investors could beat the market over the long run and could generate reasonable long-term returns even when the market was doing poorly. Intrinsic value investors treat a stock

as a partial ownership interest in a business, value the business as if they were going to pay cash for the whole business, and then invest in the stock when it is priced at a meaningful discount to a proportionate share of that business value.

Around this time I met Ric Dillon, Diamond Hill's CEO, who was running his own firm, Dillon Capital Management.



Bill Zox, Diamond Hill Portfolio Manager

Ric sold that business to Loomis Sayles and worked for Loomis for several years. Then he came back to Columbus in 2000 to start Diamond Hill's investment management business. Ric arranged a meeting with my father and I joined them. We had similar views on the overvaluation of the stock market and Ric saw my passion for intrinsic value investing and intrinsic value investment management firms. Initially, I agreed to be an outside trustee of the Diamond Hill mutual funds but soon thereafter Ric offered me a full time position and I was an insider before I attended my first trustees' meeting. I was the third investment person at Diamond Hill after Ric and Tom Schindler. I would say it was about 80% luck and 20% years of preparation.

How do you sift through the noise of what the Fed's doing and the prospect of a rising rate environment?

At Diamond Hill, we have at least a 5-year time horizon in everything that we do - investing, evaluating investment personnel, planning for our business. For over three years, the Strategic Income Fund has been positioning for rising interest rates. Because my performance incentives are based entirely on rolling 5-year periods, I did not have to be that precise in my timing. Also, there have been plenty of opportunities to make money in corporate bonds without bearing too much risk of rising interest rates (which means falling bond prices). With inflationary pressures muted and unemployment still high, I do not believe the Fed will do anything that is too disruptive to the shorter-term corporate bonds that we own in the Strategic Income Fund.

Please tell us which areas of the bond market you find the most interesting right now and why.

At Diamond Hill, we have 23 Research Analysts and

Associates who are each focused on an industry or sector and another seven Portfolio Managers. As part of this team, I work closely with my colleagues to find attractive corporate bonds issued by the companies that we follow. So our focus is always on corporate bonds. Because we want to minimize the risk of rising interest rates, we are concentrated in shorter-term corporate bonds. Finally, we still want to generate a reasonable level of income in a low interest rate environment so we invest in higher yielding, shorter-term corporate bonds. This is where we find that our intensive industry research gives us the best edge in finding corporate bonds that we believe will produce an attractive return compared to the risk that we are taking.

We are aware that Morningstar changed its assigned category for the Diamond Hill Strategic Income Fund. Our own analysis shows your fund to have stronger risk-adjusted metrics than a number of your peers, despite a low star rating. What is your take on the effectiveness of choosing managers based on Morningstar's star rating system?

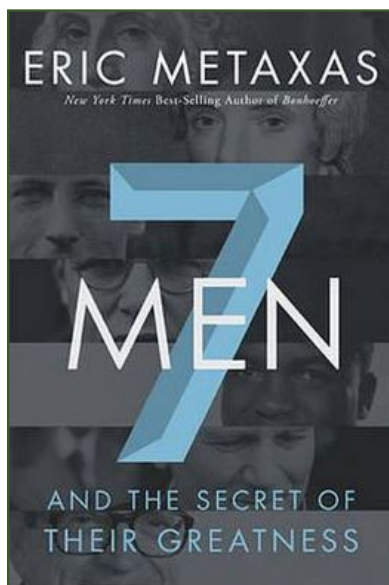
For certain mutual funds, Morningstar categories are a good fit for the objectives of the fund and the Morningstar star rating is a good measure of the risk-adjusted historical performance of the fund. However, there are two problems. First, for other mutual funds, no Morningstar category is a good fit. Second, investors

should be concerned with future performance not historical performance and there all sorts of reasons why past performance may not be a good indicator of future performance. The two performance objectives for the Strategic Income Fund that are most heavily weighted in my incentive compensation are (1) inflation plus 3% annualized total return and (2) 7% annualized total return, each measured over rolling 5-year periods. That is what I am focused on when I manage the Strategic Income Fund. There is no Morningstar category that corresponds to these objectives so the Morningstar star rating is never going to be a good measure of our historical performance. Morningstar does publish several metrics for risk-adjusted historical performance for the Strategic Income Fund. While these metrics have some important limitations, they are probably the best way to measure risk-adjusted performance and we are we pleased with how we have done on these metrics.

What important investment lesson would you like to share with our clients?

Whether you are evaluating an investment advisor, a mutual fund manager, the management of a business, or anyone else, it is essential to make the right judgment on character. Energy and intellect will work to your benefit only if those qualities are combined with character. If they are not, the energy and intellect will ultimately hurt not help you.

Book Review



7 Men and the Secret of Their Greatness by Eric Metaxas

What makes a great man (person) great? *7 Men* offers answers in the captivating stories of seven of the greatest men who have ever lived: George Washington, William Wilberforce, Eric Liddell, Dietrich Bonhoeffer, Jackie Robinson, Pope John Paul II and Charles Colson.

In this gallery of greatness, these seven historical figures come to life as real people who experienced struggles and challenges that probably would have destroyed the resolve of most other men. What was their secret?

With vitality and warmth, best sell author Eric Metaxas shares the life stories of these men and helps restore a sense of the heroic – the idea that certain lives are worthy of emulation. Get to know these seven men and your life will be immeasurably richer.



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