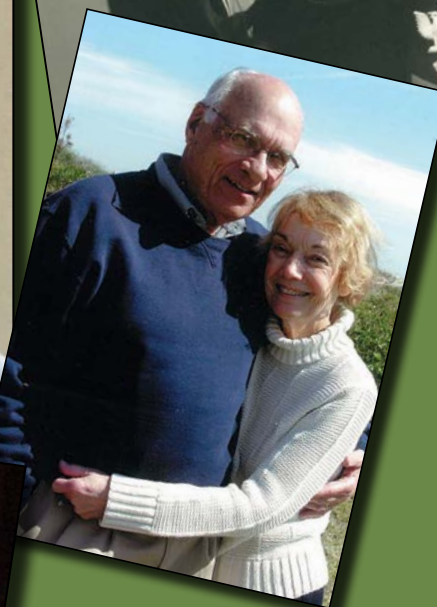
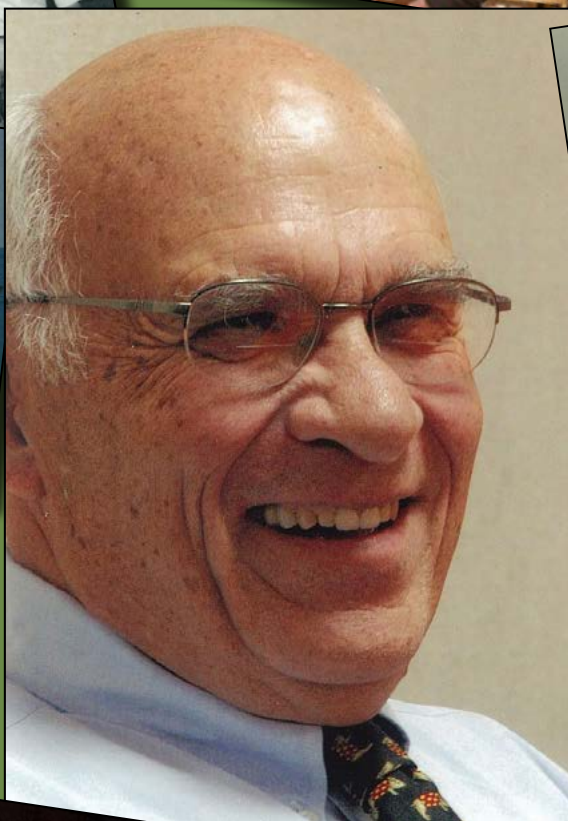


Spring 2017

# Harvest

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



**Joseph R. Palmer**  
**A Life Well Lived**

# Feature Articles



## *Joseph R. Palmer: A Life Well Lived*

The company's namesake died recently at age 85. Mark and Matt and their siblings reflect on their dad's life.

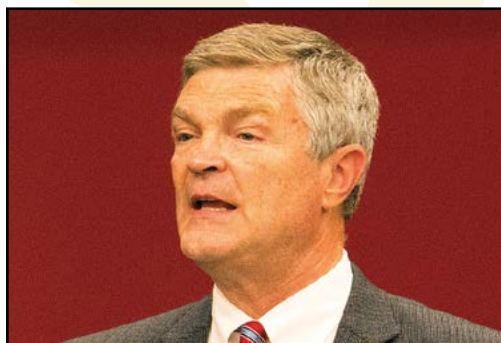
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## *Giving Back: Reeb Avenue Center*

Learn more about this amazing not-for-profit and two of the founding "forces," Jane Abell and Tanny Crane.

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## *Wealth Summit: Dr. Christopher Kaeding at The Jameson Crane Sports Medicine Institute*

100 guests enjoyed a tour and presentation on this world class institute.

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## Also

*TJG News: TJG is Growing...and Growing...and Growing*

*MARKETalk: Can Market Reality TRUMP Expectations in 2017?*

*Savvy CFP: Rising Interest Rates and Your Financial Plan*

*From the Bookshelf: Life is Good: The Book by Bert & John Jacobs*



# Founders' Corner

## *A Life Well Lived*

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### *Dear Clients and Friends:*

As many of you know, our dad, Joseph Palmer, died on March 10th, just shy of his 86th birthday. We thank God for dad's long and good life. A Depression baby (born in 1931 and raised on a small farm in Licking County), through God's grace and dad's hard work, he accomplished much: served in the military; completed college and graduate school; married our mom (Patricia); raised the four of us in a loving Christian home; had a notable career in public service; and lived to enjoy his grandchildren and even a great grandchild. Most importantly, dad loved. We've shared often these last few weeks that if we can love the way our dad did as a husband, father, grandfather and friend, we will have lived very well indeed.

We named this company after dad. We knew we wanted this business to reflect values that he had demonstrated so well throughout his life: excellence, integrity and enthusiasm. Our team does a great job of demonstrating those values every day and we're so grateful to each one of them!

In making dad the focus of this issue's cover story, we hope you'll forgive the pride of two sons who are inspired daily by his life. We also hope that you will find inspiration in our dad's story that helps you live your own life with greater joy, greater purpose and most of all, greater love. For in the end, it's only love that remains after we're gone. If all of us strive to build our lives on love, at the end of our lives people will say we lived well – our dad is testimony to that!

Please enjoy the other articles in this issue as well. We shine a spotlight on Reeb Avenue Center, an

incredible not for profit doing great work on the south side of town, the result of two families inspired to help that area: the Cranes and the Grotes. Make sure to also check out our growing team (page 10) and enjoy our MARKETalk and Savvy CFP articles and our book review on *Life is Good: The Book*, an inspiring story on the power of optimism by the founders of the socially conscious clothing and lifestyle brand, Life is Good-brothers Bert and John Jacobs.

Indeed life is good and our father embodied that as well as anyone we've known. Our hope and prayer is that you are making your life good – by living a life of passion, purpose and joy. And that's our mission – to help each of you do just that!

In faith and hope,

  
Matt D. Palmer

  
Mark J. Palmer





*Joseph R. Palmer  
circa 1965*

Joseph R. Palmer PhD (“Joe”, “Dad”, “Gapa”, “Uncle Joe”) a long-time resident of Bexley, passed away March 10, 2017 at Wesley Ridge at the age of 85. Born March 22, 1931 in Wagram, Licking County, Ohio, the son of Russell R. and Mildred B. Palmer, he attended the Etna Licking County public schools where in first grade he met Patricia (then “Patty”) Weaver, who

would become his life-long love. He graduated from Etna High School in 1949 and enrolled at Muskingum College where he was a member of the Mace Club. Following his freshman year, with the war in Korea brewing, he enlisted in the U.S. Navy. Stationed in Washington D.C. with a “desk-job” he spent evenings selling Wear-Ever pots and pans, door-to-door, to the young, single, female office workers in the area. Few were the women who could resist Joe’s smile, his Navy uniform, and his steel-toed shoe, strategically wedged in the door when opened. Eventually he finagled his way to an assignment on the USS Macon and enjoyed a 6-month tour of the Mediterranean Sea and its ports-of-call. Upon discharge, Joe returned to central Ohio and his sweetheart Patty. He completed coursework at Ohio State and in 1955 received a BS degree in Social Administration from the College of Social Work. Joe and Pat (her years as “Patty” behind her) were married August 21, 1955. Two years later twin sons Mark and Matt were born. That year Joe, Pat and their boys moved to East Lansing so Joe could earn a master’s degree from Michigan State’s School of Social Work, and in 1960, son Andy was born. Joe’s career in social work began as a parole officer in Kalamazoo. In 1961, to be closer to extended family, Joe accepted a position as a case analyst with the Ohio Adult Parole Authority and the family moved to Bexley, Joe and Pat’s home for the next 53 years. In 1962, daughter Mary Beth was born, making the family six. In 1965 Joe was appointed by Governor James Rhodes to the Ohio Parole Board and in 1967 he was named Chairman of the Parole Board. In 1970, Governor John Gilligan appointed Joe Deputy Director of the Ohio Department of Rehabilitation and Correction. That year also saw Joe receive a PhD degree in Criminology from Ohio State’s College of Social Work. In 1974, Governor James Rhodes appointed Joe Deputy Director of the Ohio Department of Youth Services, where he served until 1982. He then spent a year as a Senior Fellow at the National Institute of Corrections in Washington D.C., and in 1983 was named by then U.S. Attorney General Edwin Meese to serve as President of the National Academy of Corrections

in Boulder, Colorado. Four years later, with their first grandchild in central Ohio and more on the way, Joe and Pat returned to their Bexley home and Joe completed his public service in a leadership role with the Ohio Department of Mental Health. In the early 90’s, Joe established “Mediation Services of Ohio”. He was well regarded for pioneering the role of mediating resolutions to domestic relations disputes. Joe retired from his mediation practice in 2015. Throughout his civilian career, Joe continued his military service as a member of the U.S. Air Force Reserves, retiring with the rank of Lieutenant Colonel.

Joe was an example to all as a husband, father, grandfather, great-grandfather, soldier, public servant, community leader and most of all a follower of Jesus Christ. He was a member of Bexley United Methodist Church for 56 years. He genuinely loved people and found something of interest in everyone. He enjoyed spending time on the golf course with sons and friends. Joe received numerous awards in recognition of his career accomplishments. But his four children most treasure his being named “Father of the Year” in 1967 by the Bexley United Methodist Church Men’s Club. Other recognitions include his induction into the Ohio State University College of Social Work “Hall of Fame” in 2012. In 1999, sons Matt and Mark honored their father by naming their newly established wealth management firm *The Joseph Group*.

Joe is predeceased by his wife Pat who passed in 2015, his parents, his brother David, and brothers-in-law Jim Stotler and Bob Fickle. He is survived by his children: Mark (Laurie) Palmer and sons Grant and Joe; Matt (Lisa) Palmer and daughters Layne (Patrick) Pratt, Catherine (Josh – and their son Henry) Kilmer, and Mary Grace; Andy (Lori) Palmer and daughters Ellie and Abby; and Mary Beth (Mike Duffy) and daughters Tricia and Kate, and sons Jim and Ray. Also surviving is sister-in-law Betty Stotler, brother-in-law Larry Weaver (Pat), sister-in-law Mary Fickle, and sister-in-law Beverly Palmer. He is also survived by numerous nieces, nephews, great nieces, great nephews, and friends: including his fellow “Wizards” Mike Herrel, Hugo Anderson, and Russ Clark.

A private burial service was held Monday, March 13, 2017 at Glen Rest Cemetery. Gifts in memory of Joe may be made to: Bexley United Methodist Church, 2657 East Broad Street, Bexley, Ohio 43209; Wesley Ridge, 2225 Taylor Park Road, Reynoldsburg, Ohio 43068; the Dr. Joseph R. Palmer Scholarship Fund at the Ohio State University College of Social Work, Stillman Hall, 1947 College Road, Columbus, Ohio 43210-1162; or any charity of the donor’s choice.



# Joseph R. Palmer: Reflections On A Life Well Lived

by his children: Mark, Matt and Andy Palmer and Mary Beth Duffy

**Love is patient, love is kind; it does not envy, it does not boast, it is not proud. It is not self-seeking; it is not easily angered; it keeps no record of wrongs. It does not rejoice in evil, but rejoices in the truth. Love bears all things, hopes all things, endures all things...love never fails.**

— 1st Corinthians 13: 4-8 —

Our dad lived a life of love. Like a magnificent prism, love is shown in many ways. And we were blessed to witness dad love in many ways over the years. Here are just a few...

**Dad loved our mom.** Perhaps most poignantly was the way he loved his wife (our mom) so tenderly and selflessly during her battle with Alzheimer's. In the final 2-3 years leading up to her death in 2015, he was content to sit by her side day after day as she lay in bed, no longer able to speak or respond to his small talk and gestures of love. That bothered him not at all – he simply loved being by her side. Their 60 year marriage spoke volumes to us and our families about what real love is – it is selfless and giving and focused on the well-being of the other. Thank you dad.

**Dad loved his family.** We witnessed it in the way he loved the four of us, our spouses and our children. Dad was always interested in each of us and our various activities at each stage of our lives. He attended concerts, ball games, school



*Dad's high school graduation photo -1949*



*Family photo at Lakeside in celebration of Mom and Dad's 50th wedding anniversary, 2005*



award assemblies – if we were involved, he did his best to be there. In our adult years, he loved to be with us and our spouses and children – he loved to laugh with us and listen to us. His advice was available if asked but if not, he simply enjoyed being with us. Enjoyed being with us...what a great way to love. Thank you dad.

**Dad loved other people too.** Dad found people fascinating. We remember as young children the social time after church on Sundays – dad relished that weekly opportunity to chat with friends. He was not content to simply ask how someone was for he wasn't interested in a pat answer like "fine." His queries were, "what is the most significant thing you've done in the last 90 days?" or "what's it like to be you?" Dad wanted more from people because he loved more. Thank you dad.

**Dad loved the outdoors.** He loved to golf, primarily because golf courses are great places to view nature. He loved trees and particularly loved the years he ran a small tree farm on the farm on which he was raised. He loved the beach and the ocean, particularly at Jekyll Island, GA, where he and mom vacationed often with a group of dear friends. He loved to travel, within the US and abroad. He knew that loving the outdoors expanded his joy. Thank you dad.

**Dad loved his profession.** As a social worker in the corrections field, dad worked hard to see incarcerated men, women and youth restored fully. And later as a mediator in private practice, he worked hard to help those in conflict reconcile. Dad was full of mercy and used it to help others. And mercy is one of love's highest forms. Thank you dad.

**Dad loved God.** His Christian faith was not something he spoke of often; it was a quiet lived faith. But it was evident in the way he lived that he loved being a follower of Jesus Christ and that living a life of Christian service was for him the ultimate way to live. And serving others is love in action. Thank you dad.

**Dad loved life.** We called him Norman Vincent Joe – after the great positive thinker, Norman Vincent Peale. Dad always saw the good in others and the great opportunity in every situation. He never worried or fretted. He thought life was a grand adventure to enjoy and to take as it came: with simple trust and keen enjoyment. He lived in the present moment, the only moment that we really have. Which means he really lived. And really living is what love is all about. Thank you dad.

In the days since his passing, our family has reflected much on his life. We are so grateful to God that He gave dad to us – what a priceless gift! We four know that if we can love as dad did – as a spouse, parent, grandparent and friend, we will have lived well indeed. Thank you dad. And thank you God!



*The Palmer Family circa 1970 Mark, top left; Matt, top right)*



*Mom and Dad - June 16, 2011*



*Dad and his four children (l. to r.: Mark, Matt, Mary Beth and Andy) at the wedding of Matt and Lisa's daughter, Layne*

# Giving Back

## Reeb Avenue Center: Jane Abell and Tanny Crane

*Editor's Note: We're pleased to shine a spotlight on the Reeb Avenue Center, an amazing community development collaborative on the south side of Columbus that is transforming lives through the fourteen different not-for-profit agencies it houses. Instrumental to the Center's formation and ongoing success were Tanny Crane and Jane Grote Abell and their families. We caught up with these two for a conversation and tour of the Center. Enjoy learning more about this "hub of hope!"*

Try and imagine a neighborhood in which:

- 68% of residents live at poverty levels;
- 22% of its workforce is unemployed;
- 40% of its children change schools each year;
- 25% of its youth between 16 and 25 are unemployed or have dropped out of school;
- Infant mortality is three times the national average;
- Violent crimes are three times the national average.

Imagine no more for as Jane Grote Abell and Tanny Crane shared with us late last year, these were the facts associated with the south side of Columbus in and around Reeb Avenue and Parsons back in 2010. Both women, power house executives leading two of Columbus' most storied family businesses (Donatos and the Crane Companies), saw the situation as both a personal and community challenge. Personal because both of their family's businesses had a long history on the south side – it was their neighbors that were struggling. And community, because for all of their families' resources, it would take an entire community to address this kind of challenge.



*Jane Abell and Tanny Crane*



*Students enjoy working at the Roots Café*

When Mayor Coleman issued a call for action in 2011, the Grote, Crane and Kelley families (Don Kelley) heeded the call and stepped forward!

Tanny shared that the first step was to survey the residents of the community to better understand their needs. In priority order they identified: Jobs, education, health, housing and safety. Next, a public-private partnership was formed to address these issues. Central to the entire effort was a plan to transform the old Reeb Avenue Elementary School into the Reeb Avenue Center, a collaborative that would be designed to house multiple not for profit agencies that together would address the specific needs of the diverse population in this neighborhood.

The Reeb Avenue Renewal Capital Campaign raised a total of \$12.5 million in public and private funds for the renovation and construction costs and is currently seeking an additional \$4 million in endowment monies to provide ongoing operating costs. The Grote, Crane and Kelly families contributed more than \$3 million towards the project in addition to rallying widespread community support and serving on the board.

Serving as the master tenant, The Reeb Avenue Center houses the following agencies: South Side Learning & Development Center, Boys & Girls Club of Columbus, Eastway Behavioral Healthcare, COWIC/Ohio Means Jobs Franklin Country-Columbus, Digital Works/ConnectOhio, Godman Guild, St. Stephen's Community House, Mid-Ohio Foodbank, Community Development for All People, and the South Side

*Continued on page 11...*



# Wealth Summit

## Wealth Summit Features Dr. Chris Kaeding and the OSU Jameson Crane Sports Medicine Institute

On Thursday November 3rd, *The Joseph Group* hosted nearly 100 guests at the newly opened *OSU Wexner Center Jameson Crane Sports Medicine Institute*. In his presentation that evening, Dr. Chris Kaeding, OSU's top orthopedic surgeon and executive director of the institute, shared that the institute was designed for anyone that has a sports related injury – from world class athletes and aging weekend warriors to die hard “couch potatoes.” Bringing more than 15 interdisciplinary specialties, 160 sports medicine faculty and staff and four research and performance labs under one roof, Dr. Kaeding explained that the institute has elevated OSU to a national leader in sports medicine. Chris spoke on a variety of specific medical topics as well including the growing number of sports related concussions and ended by encouraging all of us to maintain an active lifestyle throughout our lives. Our guests were able to try out some of the performance equipment and enjoyed a reception time that featured an alumni group from the OSU Marching Band and

a special welcome from Crane family member Sally Crane Cox. A good time was had by all – join us for our next Wealth Summit – to be announced soon!



*Mark Palmer, Dr. Chris Kaeding, Jay Richardson and Matt Palmer*



*Dr. Chris Kaeding gave a great presentation on the Crane Sports Medicine Complex*



*Sally Crane Cox welcomed guests on behalf of her family*





*John and Barb Barta*



*Jeff & Kim Schellhaas*



*Diane Bennett Schoedinger and Alicia Lein*



*Debra & Ivery Foreman*



*Marion Meyer & Lynn Boston*



# TJG News

## TJG is Growing...

The Joseph Group family is growing and we're pleased to introduce our newest teammates!

Earlier this year we welcomed **Bridget Haggerty** as our *Investment Operations Associate*. In that role Bridget is a member of our investment strategy team and has primary responsibility for trading in client accounts. Bridget is a graduate of the Ohio State University Fisher College of Business and prior to joining us worked for BNY Mellon Wealth Management. Bridget enjoys singing and playing the guitar and the piano and rooting on the Buckeyes and she and her boyfriend Will also are raising a new puppy! Welcome Bridget!

**Jeff Tudor** joins us as a *Financial Advisor*. In that role Jeff will work with a group of our clients – preparing their financial plans and meeting with them regularly to monitor their plans and provide ongoing planning advice. Most recently Jeff was a Financial Advisor at JPMorgan Private Bank and earlier in his career worked for Morgan Stanley and Smith Barney. Jeff received his undergraduate degree from the Ohio State University and his MBA from Ashland University. Jeff and his wife Hillary live in Westerville and enjoy golf, biking, tennis, swimming and chasing their four year old daughter Natalie around any park they can find! Welcome Jeff!

**Sarah Tournoux** is our new *Marketing Coordinator*. In that role Sarah will serve as editor of *Harvest Magazine* and *Wealth Notes*; will coordinate all company events and seminars (including *Portfolios at Panera*, *Markets on Marconi* and *Wealth Summits*) and will oversee our website and all other external communications with clients and prospective clients. Most recently a freelance marketing consultant, Sarah served earlier in her career in a variety of marketing roles for Certified Oil Company. She grew up in Reynoldsburg and is a graduate of the Ohio University Scripps School. Sarah loves interior decorating and shopping and she and her husband Scott love to travel and root on the Buckeyes with family and friends. Sarah – we're so glad you're part of our team!

And **Jodi Picetti** is our new *Client Service Specialist*. In that role she will help new and existing clients with a variety of account servicing duties. Prior to joining us Jodi held a number of positions with JP Morgan Chase and earlier in her career Jodi was a job coach, training persons with disabilities at community job sites. Jodi and her husband R.J. live in Lewis Center with their three children: Claire (5); and twins Lauren and Christopher (3). She enjoys reading and outdoor activities and soon will become a soccer mom for Claire.

Glad you're here Jodi!

These four new team members reflect our company's growth and our desire to serve our clients with an outstanding team of caring professionals. They look forward to meeting our clients and we're so happy to have each one of them!



*Jodi Picetti, Bridget Haggerty, Jeff Tudor and Sarah Tournoux*

## ...and Growing

Our team members' families also are growing. Financial Advisor Jake Martin and his wife Chris Donahue welcomed their first child, Vivian Therese into the world on December 29th. Client Service Representative Nick Boyden and his wife Lindsey welcomed their third child, Theodore Robert on February 9th. And CEO Matt Palmer and his wife Lisa welcomed their first grandchild, Henry Benedict Kilmer (born to their daughter Catherine and her husband Josh), on October 28th. Vivian, Theo and Henry – we're so glad you're part of the extended TJG family!!



*Jake Martin and daughter, Vivian*





*Nick Boyden and son, Theodore*



*Matt Palmer and grandson, Henry*

## ...and Growing

We're also growing in terms of space. With our growth in clients and team members, we are in the midst of renovating additional space (immediately adjacent to our current offices) here at 300 Marconi. The new offices will integrate seamlessly with our current offices to provide comfortable space for our team and our clients and to facilitate future growth of our company. We'll be in the new space by July – until then, be prepared for a little noise and dust when you come to our offices (!).

## *Reeb Avenue Center continued...*

Neighborhood Pride Center.

Jane and Tanny gave us a tour of the new building and we were blown away by the vibrancy and activity going on inside. Tanny shared the vision of the Reeb Avenue Center this way:

“Picture a mom coming to the Center in the morning and dropping her infant off at the South Side Learning & Development Center, then walking over to Roots Café for breakfast before she goes to COWOC for job training or to Godman Guild for her GED, or to a new job she attained through the help of our tenants and partners. Her first grader will then go to the Boys & Girls Club after school, allowing her to pick up both children at the end of the day and then, before going home, head downstairs to the beautifully refurbished lower level to pick up produce in the food market run by the Mid-Ohio Foodbank and Community Development for All People. Should she need more support, St. Stephen's Community House, Eastway Behavioral Health and others agencies are right there in the building to meet her needs and help her and her family achieve the independence and prosperity they dream of.”

The building's design and feel speaks of hope. The uppermost floor contains the agencies that serve children and youth; the main floor houses the agencies focused on adult learning and job training; and the lower garden level is for community connecting and health with the Roots Café and Market – including a Community Dinner (free of charge) each Tuesday night that draws local residents and volunteers together for casual dining and conversation. Jane and Tanny spent some time with us in the Roots Café and Market – it was so exciting to see local residents learning about healthy eating – including the preparation of meals made exclusively of fresh produce from the Market. The kitchen that is part of the market and the cafe have volunteers working in them from local companies as well as from a nearby juvenile corrections facility. Synergy. Connections. Community. Health. Prosperity. WOW.

For Tanny and Jane, this has been a labor of love, an opportunity to work together to address issues threatening families living on the south side. For those families, the Reeb Avenue Center is a true hub of hope. Together, Tanny, Jane, their families and the entire Columbus community are helping to lift up the south side. Stop by and check it out – you'll be amazed... grateful...and inspired.

# MARKETalk

## Can Market Reality TRUMP Expectations in 2017?

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

The economic backdrop for financial markets in 2017 has been fantastic. Job growth and manufacturing is at multi-year highs, and, consumer confidence soared to its best reading in 16 years. Since the election of President Donald Trump, consumers and businesses have responded positively to the prospect of lower taxes and increased spending on infrastructure, both of which are expected to stimulate the economy.

The market's response to the strong economy has also been terrific. Virtually every major asset category has positive performance year to date (through March). The only exceptions with negative YTD performance are small company U.S. stocks, and oil/commodities.

Now the question is whether the strong market performance can continue. We believe the answer lies in how reality measures up to the high expectations which are baked into the current market environment. President Trump has made some big promises – can our government follow through? Already we have seen questions arise as President Trump and Speaker Ryan were unable to rally Congressional support for health care reform. Does the failure of the health care bill mean proposed tax reforms and infrastructure spending are also in trouble? We believe congressional roadblocks to the Trump Administration enacting its policies potentially sets up the market up for disappointment. On the other hand, the mere prospect of policy stimulus is having a positive impact on increased capital spending and job creation. With the economic engine already running strong, reality matching up with expectations could provide a further lift to the markets.

### Changes in Leadership

Interestingly, the areas which led the market higher immediately following the election are NOT the areas which are leading in 2017. In fact, leaders and laggards have done a complete flip flop between the final months of 2016 and the beginning months of 2017. For example, small cap US stocks, which surged in the weeks following the election are negative YTD through the end of March while technology and health care stocks, which were flat to negative in 2016, have been the leading sectors in 2017.

With shifts in market leadership and the unknown gap between economic reality and policy expectations, what

are we doing in client portfolios? In the following discussion, we look at each of our five major asset categories and share what we are doing in each.

### High Quality Bonds – Reducing our Underweight

In March, the Federal Reserve increased interest rates for the third time since the global financial crisis. Rising interest rates are bad for bond prices because investors won't pay full market price for a 2% bond when market rates are 2.5%. However, when the Fed increased short term rates, they indicated future rate hikes were likely to come at a slower pace than expected. The result: longer-term interest rates headed down and bond prices up.

With interest rates still low, we expect to “underweight” high quality bonds for some time; however, we are tactically adding to bonds to be “less underweight” for two key reasons. First, we believe bonds can appreciate in price if we have a correction in the stock market as stock market corrections often result in a “flight to quality”. Second, we believe high quality bonds will outperform cash, even if rates rise and bond prices decline. The bottom line is that high quality bonds may not be the most attractive asset class for long-term returns, but they represent one of the best tools for managing risk within a portfolio.

### Credit (High Yield Bonds) – Moving from Neutral to Underweight

At the beginning of 2016, fears of an economic recession pushed the interest rate investors could earn as compensation for “default risk” in High Yield Bonds to over 8%. As the year progressed, it was clear recession fears were unfounded and investors required less compensation for the risk companies issuing junk bonds would go bankrupt. As a result, in 2016, high yield bonds was the best performing major asset class in client portfolios as investors earned a combination of high rates of interest and price appreciation on their bonds.







Source: Strategas Research Partners

Today, high yield bonds are only paying 4% to investors as compensation for default risk, which as the chart above shows, is close to the lowest levels in the past six years. In the spirit of “buying low and selling high,” we have reduced our position in high yield bonds from “overweight” last year to “underweight” today.

## Global Stocks – Maintaining Overweight and Paying Attention to Foreign Stock Leadership

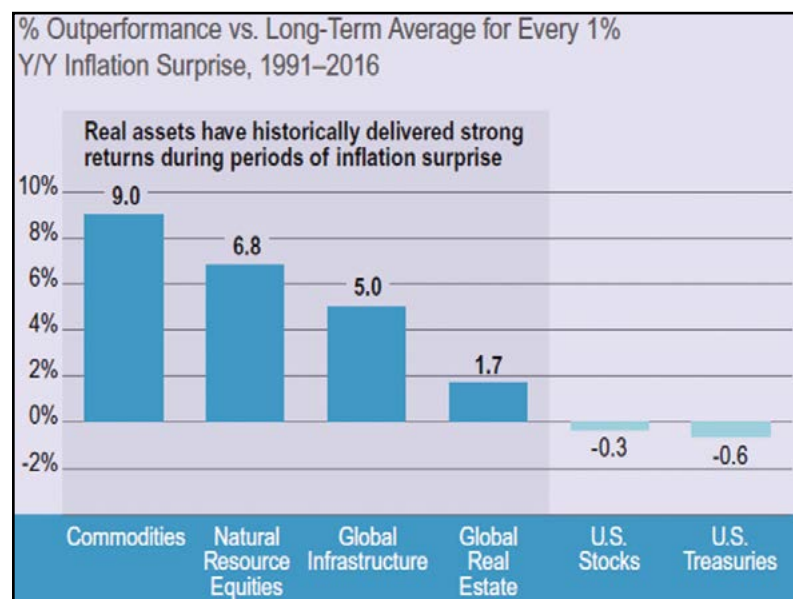
YTD through March 27, both the MSCI EAFE index of developed market foreign stocks (think Europe and Japan) and the MSCI Emerging Markets index (think China and Brazil) are outperforming the S&P 500. Leadership in the global stock market is coming from outside of the U.S. and we believe this trend can continue for three key reasons. First, foreign stocks are cheaper than U.S. stocks. According to research from JP Morgan, the valuation ratio between foreign and U.S. stocks is lower now than it was in 2002, a time which marked the start of 5 straight years of international outperformance (from 2002 -2007) as the valuation gap closed. Second, corporate earnings are increasing faster outside of the U.S. than they are in the U.S. According to research from Blackrock, corporate earnings estimates are accelerating in Europe, Japan, and emerging markets faster than they are here in the U.S. Third, the U.S. dollar is no longer a headwind. At the end of 2016, foreign stocks in local currencies actually outperformed U.S. stocks, but a spike in the U.S. dollar offset returns for U.S. investors. This year, the dollar is declining in value, providing a boost in returns for U.S. investors. We believe stocks represent the best opportunity to participate in economic growth, but with growth happening around the world, we think it makes sense to take a global approach and include both U.S. and foreign stocks within an allocation.

## Real Assets – Reducing our Underweight

As the economy is growing, so is inflation. We are seeing

market expectations of future inflation rise, although the increase from last year’s low level of 1.5% last year to 2.2% today is still low compared to the last five years. Nonetheless, we want to pay attention to the risk of rising inflation.

The chart below shows that in times of “inflation surprises,” traditional stocks and bonds tend to struggle. However, natural resource stocks, global infrastructure and global real estate have tended to outperform when inflation is rising.



Source: Cohen and Steers, Bloomberg

The real assets allocation in our Harvest and Provision portfolios contains a diversified mix of these “inflation-sensitive” categories and we intend to increase our exposure if we see further inflation pressures.

## Dynamic – Maintain Neutral

In the Dynamic portion of client portfolios, we emphasize managers who have the flexibility to “zig when the market zags.” It is worth noting we are broadly seeing our Dynamic managers currently focusing on stocks. According to JP Morgan’s Global Multi-Asset Group, “stocks in general should perform well, and we favor diversifying across regions.”

The economy and financial markets alike have gotten off to a strong start in 2017. Expectations are high for President Trump and global economic growth as a whole. Going forward, we believe the perception of whether markets are “risky” or an “opportunity” depends on how reality matches up with expectations. As always, we seek to strike the right balance between managing risk and opportunity. As the year unfolds we plan to continue making proactive/reactive changes in portfolios to help our clients align their wealth with their objectives.



# Core Portfolio Allocations

as of March 31, 2017



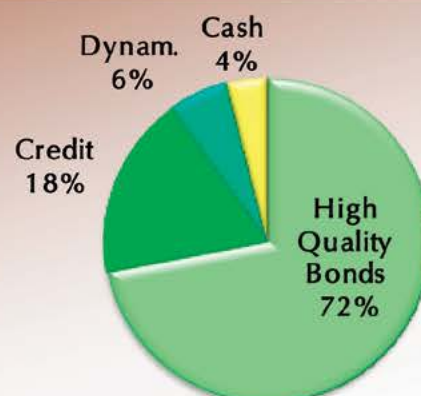
## Conservation

**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:	4%	Liquidity
HQ Bonds:	72%	Short duration bonds
Credit:	18%	Corporate, ABS
Dynamic:	6%	Absolute return



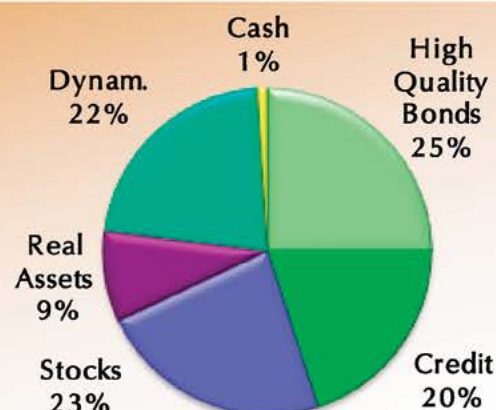
## Provision

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

**Volatility\*:** 3 to 8%

**Sector Allocation:**

Cash:	1%	Liquidity
HQ Bonds:	25%	Corporate, mortgages
Credit:	20%	High yield, 6% rates
Global Stocks:	23%	Blue chip dividends
Real Assets:	9%	REI Ts, commodities
Dynamic:	22%	Tactical income...



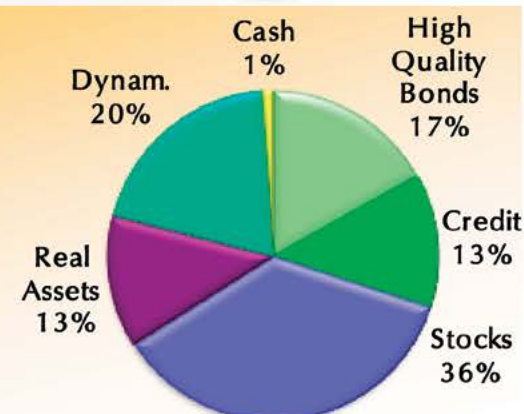
## Harvest

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

**Volatility\*:** 8 to 15%

**Sector Allocation:**

Cash:	1%	Liquidity
HQ Bonds:	17%	Corporate, mortgages
Credit:	13%	High yield, 6% rates
Global Stocks:	36%	Active and Index
Real Assets:	13%	REI Ts, commodities
Dynamic:	20%	Tactical allocation...



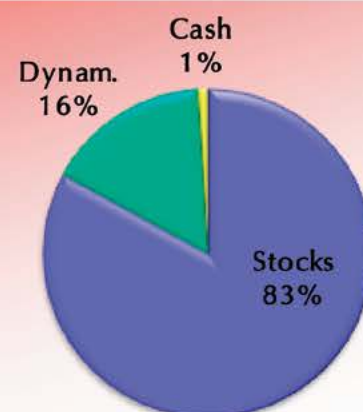
## Abundance

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

**Volatility\*:** 15 to 24%

**Sector Allocation:**

Cash:	1%	Liquidity
Global Stocks:	83%	Global, stock picking
Dynamic:	16%	Long/short stock



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



# Savvy CFP

## Rising Interest Rates and Your Financial Plan

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

Interest rates are rising and two more rate increases are expected later this year. Here are some areas of our clients' financial plans that will be impacted by higher rates:

**Bond and Stock Market Returns May Improve:** Initially, existing bond prices fall when rates rise because no one wants to pay full price for a 2.5% bond when new bonds are being issued at 3.0%. Over time though, if bonds continue to pay higher interest rates, we can increase our allocation to bonds and increase the likelihood of meeting our return targets. As *Joseph Group* Chief Investment Officer Travis Upton says "it's been hard to get 6% portfolio returns when we're investing in 2% bonds". Rising interest rates will give us a better opportunity to do so. Rising interest rates also indicate strong economic environments which can allow stocks to perform well. Bottom line, rising rates can positively impact a number of asset classes over time, including bonds and stocks.

**Loans and Mortgages:** Higher interest rates will put pressure on people needing loans or mortgages. If you've not refinanced, consider doing so to lock in at still historically low interest rates. We're often asked, "should I invest my cash or use it to pay off my loan?" If interest rates rise and your long term debt is locked in at a low interest, investing

your cash will be the better move.

### **Lifetime Income**

**Payouts:** The discount rate is the rate you need to earn now to have a specific amount in the future. We use discount rates to analyze the benefits of taking a lump sum pension distribution versus taking a lifetime annuity payout. As interest rates rise, so does the discount rate which can favor taking an annuity instead of a lump sum pension as well as taking Social Security sooner rather than later.

**Insurance:** As interest rates rise, banks and insurance companies are able to reinvest existing deposits at higher rates and increase their profits. Banks can offer higher returns to their customers, life insurance annuities will have better guarantees, life insurance policies will pay higher dividends and long-term care policies will have less pressure to increase premiums.

We relish helping our clients take advantage of the current interest rate environment with an eye toward higher future rates. Perhaps we can help you as well!



# From the Bookshelf

*Life is Good: The Book* by Bert and John Jacobs

*From the book jacket*

*From Life is Good (the t-shirt and mug company) founders and brothers Bert and John Jacobs, this inspiring book of wisdom celebrates the power of optimism: the driving force behind their beloved, socially conscious clothing and lifestyle brand, now worth more than \$100 million. Following the chronology of their personal and professional journeys, Bert and John share their unique ride, - from their scrappy upbringing outside Boston to the unlikely runaway success of their business. The brothers illuminate ten key "superpowers" accessible to us all: openness, courage, simplicity, humor, gratitude, fun, compassion, creativity,*

*authenticity and love. Their story, illustrated with the company's iconic artwork, shows how to overcome obstacles and embrace opportunities – whether it's growing stronger from rejection, letting your imagination loose, or simplifying your life to focus on what matters most. Both entertaining and profound, Life is Good: The Book is the ultimate guide for embracing and growing the good in your life.*





## Our Team

(l. to r.) **Matt Palmer**, Co-Founder and CEO; **Sarah Tournoux**, Coordinator, Marketing & Communications; **Bridget Haggerty**, Investment Operations Associate; **Jake Martin**, Support Advisor; **Jeff Tudor**, Financial Advisor; **Nick Boyden**, Client Service Representative; **Rachael Cernus**, Client Concierge; **Aaron Filbeck**, Trader & Investment Analyst; **Travis Upton**, CFA, FRM, CAIA, Chief Investment Officer; **Jodi Picetti**, Client Service Specialist; **Scott Mizer**, President; **Todd Walter**, CFP®, CPA, Client Advisor & Director; **Ben Borich**, Manager, Retirement Plan Services; **Mark Palmer**, Co-Founder and Chairman.

## 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, 2016, client assets under our discretionary management as well as additional client assets under our consultation totaled \$423,973,000. Of that total, client assets under our discretionary management were \$341,476,000 and additional client assets under our consultation were \$82,497,000 - the latter comprised of group retirement plan assets for which we serve as consultant/advisor.

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.

## Our Advisory Board

**Carl Aschinger, Jr.**, Aschinger Resource, LLC

**Ken Barton**, Blue & Company, LLC

**Victoria Bonner**, Bonner Enterprises

**Dr. John Cheek**, Private Investor

**Harvey Hook**, Relā

**Dr. Mike Jennings**, Private Investor

**Parker MacDonell**, Rev1 Ventures

**Doug Morgan**, Morgan Law Company

**Dr. Terry Slayman**, Westerville Family Physicians