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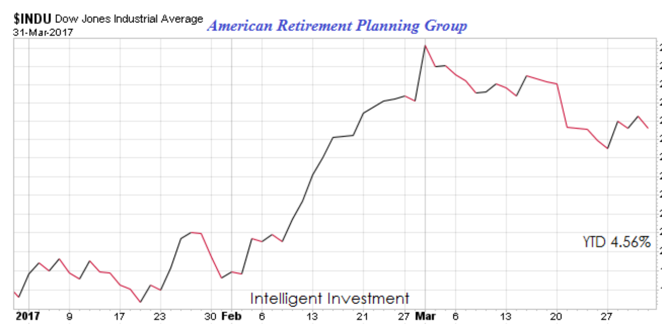
INTELLIGENT INVESTMENT

First Quarter Newsletter, 2017

S&P 500 YTD +5.55%

Dow Jones YTD +4.56%



"To Everything There Is A Season"

**"To Everything… Turn, Turn, Turn… There is a Season Turn, Turn, Turn…
A time to laugh, A laugh a time to weep… A time to lose, A time to gain"[1]**

Although the Byrds 1965 folk classic is adapted from the English language version of the biblical Book of Ecclesiastes and speaks to there being a time and place for all things. It has nothing to do with the blooming flowers, warmer days, and allergies of the new spring season. However it eloquently narrates the many seasons people pass through during their lives, not just as individuals but also what we face collectively as a society… times of war, times of peace, etc… Does it have much to do with the stock market?... actually this song does.

The markets are the collective decisions of millions of people along with trillions of dollars. It is the most well designed, efficient anticipation machine ever created. Ok so what is the market telling us? What season are we in?

When it comes to the markets we need to be less concerned with the "market season" we're in now and more concerned with the season we may be moving into. And there may be a change in the air… The Federal Reserve banking system (the Fed) who pumped trillions dollars into the economy over the course of 3 years would like to be paid back. Will this affect our economy and markets?

From the beginning of the Large Scale Asset Purchase project, affectionately known as quantitative easing or QE from November of 2008 when the Federal Reserve began purchasing mortgage backed securities and treasuries to the completion of QE(3) in October of 2014 the Federal Reserve increased its balance sheet from $900 billion to $4.5 trillion. This vast sum of money was injected into the economy by the Federal Reserve in order to boost and keep our economy out of recession, this money is now wandering aimlessly in the economy. How does the Federal Reserve reduce this astronomically high balance sheet without directly reducing those dollars in the economy and shocking the markets?

According to Forbes "The Federal Reserve is quietly tightening U.S. monetary policy—by means other than raising interest rates. Decisions made by the Fed years ago mean that the maturity of its $4 trillion-plus bond portfolio declines every day, a process that Fed Chairwoman Janet Yellen said in January has the same impact upon bond yields as two short-term interest rate increases over the course of 2017. In a footnote from a speech earlier this year, Ms. Yellen said that the maturity of the Fed's portfolio is falling. The average duration of the Fed's portfolio, excluding mortgage-backed securities, fell to just over six years in January from nearly 7.5 years at the end of 2013."[2] In a nutshell we're seeing the Fed's aggregate portfolio get closer to maturity due to the number of new issue bonds being purchased by the Fed is far lower than the number of Fed bonds getting closer to their maturity date.

Without the Fed purchasing new issue bonds to offset maturing ones, effectively removing demand from the bond markets, while simultaneously increasing rates at the Fed funds level (the interest rate the Fed lends to large Fed member banks) we believe this could be a recipe for capital contraction in the economy. There very well could be less money available in the credit markets and / or monies would be available at a much higher interest rate. When capital becomes less available and / or more expensive, the economy feels the contraction and market prices this contraction in very quickly.

Make no mistake, our firm maintains our positive outlook for this year. In fact we believe the secular bull market to be and remain intact for years to come. These long term or secular bull markets are very powerful and can surprise everyone with steadfast strength and resilience. However we are on alert these days of a short to intermediate term "economic hiccup" stemming from these capital uncertainties.

To everything there is a season… of course there is a time to laugh, a time to weep… a time to lose, a time to gain[1]. As we can see there are also seasons with the markets. A time to buy, a time to sell, a time for confidence, a time for caution. The sweltering days of summer are nearing so go outside out and enjoy the peace of this beautiful spring… I swear it's not too late! ARPG will continue to steadfastly monitor our twenty indicators and provide our tactical asset allocation methodology to help protect your assets and better capture future gains. This is what sets American Retirement Planning Group apart from the rest. As always, we thank you for your confidence and are humbled by your trust. Please feel free to contact us at any time.

INTELLIGENT INVESTMENT

Sincerely,

Dwight A. Machael
President
American Retirement Planning Group

Sincerely,

Matthew Dahl
Vice-President
American Retirement Planning Group

1.The Byrds 1965
2.Forbes