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A Note from the President

After a historically calm year in the market, 2018 has seen a return to volatility. While 300+ swings on the Dow make great headlines, it is worth noting that, on a percentage basis, this type of volatility is more the norm than the exception. As we have noted before, it is volatility that requires equity markets to pay higher returns.

As always, it is best to turn a blind eye to this short-term volatility. With an appropriate asset allocation, customized to meet your goals, there is no need to consider selling stocks when they are dropping. We are constantly monitoring client portfolios, ensuring they are in line with your Investment Policy Statement and looking for opportunities for tax loss harvesting.

It is also worth noting that our Investment Committee is quite active in our continued quest to improve your investment experience. Our committee reviews many fund options and fund companies throughout the year. In 2017, we performed due diligence on a myriad of funds from eight separate companies. This important work, which often results in a decision not to change our current investment selections, represents our dedication to identifying the best funds for our clients.

At the end of the day, everyone at Plancorp is focused on continuous improvement for the benefit of our clients. On behalf our entire team, thank you for our relationship and we look forward to seeing you soon.

Sincerely,



J. Christopher Kerckhoff, CFP[®], AIF[®]
President

Q1 Market Update: Ups, Downs and Upsets

Stacie Carrabine, AIF[®], Investment and Research Manager

The first quarter of 2018 was unpredictable, from the markets, to the NCAA tournament, to the weather.

For the markets, this quarter was the first time since 2008 where the S&P 500¹ and Barclays US Aggregate Bond Index² both had negative total returns. This is a rare occurrence, but it's also something that happens. Since 1976, which was the inception of the Barclays US Aggregate Bond Index, a good proxy for the total bond market, 9% of the time or 15 times out of the 169 instances these two have been down in the same quarter.

In March Madness, we witnessed the first occurrence of a 16-seed team beating a 1-seed. And that was only the start of the upsets within the NCAA tournament—another lesson applicable to the markets that past performance is not indicative of future results.

As for the weather, we seem to be stuck in an identity crisis between winter and spring. Eventually, we know spring will arrive with warmer temperatures to enjoy. The same goes for our investment strategy: we take a long-term focus and ignore the daily noise of the news headlines.

The return of market volatility brings a sense of normalcy back to the markets after the easy-going days of 2017. Stocks broke their winning streak that investors experienced in 2017, where the S&P 500 recorded positive total returns each month and an absence of a move of 2% or more in absolute terms. The S&P 500 had six such moves in the first three months of 2018, and the first 10% market correction since early 2016. The S&P finished the quarter down less than 1% to start the year after stocks rebounded.

According to a study³ from Fidelity going back to 1962, 60% of calendar years have included peak-to-trough corrections from 5% to 15%.

Outside the US, developed markets (MSCI World Ex US⁴) were in the red to finish the quarter down just over 2%. The lone bright spot was emerging markets⁵ stocks gaining 1.42% continuing its outperformance from 2017 after being a relative laggard for several years.

Fixed income markets were split between the U.S. and global bonds. The U.S. bond market (Barclays US Aggregate Bond Index) was

down 1.46% for the quarter while the global bond market (Bloomberg Barclays Global Aggregate Bond Index[®]) experienced a positive 0.94%.

While negative returns are sure to stir up news headlines, they should be expected as part of your investment portfolio. If you are measuring your performance over a quarterly period, every once and a while you are going to be disappointed. That is why it is important to keep your focus on the long-term horizon.

We cannot predict when the next downturn or correction will occur, but we know they will show up from time to time and in varying levels. Through our Financial Independence Analysis, first quarter 2018 type of performance is included in the 1,000 simulations we run to measure your probability of meeting your financial life goals. This allows you to focus on things that are in your control like your savings rate, asset allocation, taxes, and investment costs.

Lessons in Financial Literacy



Educating our clients—and their families—on financial matters is a core element of Plancorp's culture. Last month, several team members took that passion for educating the next generation outside of our walls, spending the day teaching at Little Flower Catholic School & Parish through Junior Achievement of Greater St. Louis, Inc.'s "JA in a Day" program.

It's never too early to help kids make connections between their lessons and other life skills, particularly as they relate to personal finance. We were thankful for the opportunity to share.

Chris Kerckhoff Named a Forbes "Best-In-State Wealth Advisor"



We're pleased to announce that our President and CEO, Chris Kerckhoff, was recognized on the 2018 Forbes Best-In-State Advisors list⁷, released last month. The full list can be found at forbes.com/best-in-state-wealth-advisors.

Congratulations, Chris. The recognition is well-deserved!

New Client Agreements

Plancorp has made minor updates to our client agreements 1) to align with the new Department of Labor fiduciary rule and 2) to update language regarding divorce or incapacity.

If you've already been in for a meeting this year, you may have already signed the new agreement, and we'll continue to work them into quarterly review meetings. For those who aren't able to sign in person, we'll send out a communication at the end of the quarter with an option to sign remotely. Thank you for your help in this matter.

SSM Health's Newest Board Chair: Larry LeGrand

Please join us in congratulating Larry LeGrand, our Vice Chairman and CFO, on being named SSM Health's newest Board Chair.

Larry is a member of SSM Health Ministries and has been involved with the board for a number of years.

"Larry's impressive financial background and expertise paired with his passion for SSM Health's healing ministries make him a natural fit for this leadership role," Laura Kaiser, president and CEO of SSM Health, said in a statement. We couldn't agree more.



Introducing *inspireHer*

PLANCORP WOMEN'S INITIATIVE

Sara Gelsheimer, CFP®, AIF®, Wealth Manager

In less than 15 years, it is estimated women will control over two thirds of the nation's wealth. That's pretty amazing! However, less than half of women say they feel confident talking about money and investments.

That's why, in 2016, Plancorp decided to take a more focused approach to connecting with our female clients and women of the community. We started the Plancorp Women's Initiative with the goal to inspire financial confidence in women through education and impactful support. But while we've been trying to inspire others we've also found ourselves extremely inspired by these women—from their enthusiasm to their feedback and insights.

That two-way inspiration led us to create a fresh look and feel for our initiative, called InspireHer. We have a new logo, are working on a new website and continue to seek feedback on ways we can best bring you value.

Stay tuned for these changes and more, and, as always, feel free to share your feedback on our website: plancorp.com/inspire-her or by emailing inspireher@plancorp.com. We look forward to hearing from you!



Cover Story: An Alliance of Mavericks



You may notice a few familiar faces on Financial Advisor Magazine's March cover. Plancorp was the publication's cover story, featured for our "alliance of mavericks" and BrightPlan partnership.

A digital version can be found at fa-mag.com (search "Plancorp"), or we're happy to get you a hard copy. Please just reach out to your Client Service Representative if you would like one.

FOOTNOTES & DISCLOSURES

- 1 The S&P 500® Index is an unmanaged index comprised of the stock prices of the 500 stocks with the largest market capitalizations traded in the United States.
- 2 The Barclays U.S. Aggregate Bond Index® covers the USD denominated, investment-grade, fixed-rate, and taxable areas of the bond market. This is the broadest measure of the taxable U.S. bond market, including most Treasury, agency, corporate, mortgage-backed, asset-backed, and international dollar-denominated issues, all with maturities of 1 year or more.
- 3 https://institutional.fidelity.com/app/item/RD_9883227.html
- 4 MSCI All Country World ex-U.S. Index® captures large, mid and small cap representation across 22 of 23 Developed Markets countries (excluding the United States) and 23 Emerging Markets countries. With 6,161 constituents, the index covers approximately 99% of the global equity opportunity set outside the U.S.
- 5 The MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets (EM) countries. With 846 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.
- 6 The Bloomberg Barclays Global Aggregate Bond Index (hedged to USD) is a measure of global investment grade debt from 24 local currency markets. This

multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

7 The methodology Forbes uses to grade advisors can be found at <https://www.forbes.com/sites/rjshook/2018/02/15/forbes-best-in-state-wealth-advisors-methodology/#34da216415dd>.

Awards are not indicative of future performance. Awards should not be interpreted as a guarantee or suggestion that a client or prospective client will experience a certain level of results if our firm is engaged, or continues to be engaged, to provide investment advisory services, or as an endorsement of our firm by any past or present client. None of the sponsoring publications or organizations are affiliated with our firm, none of the Awards are based on client evaluations of our firm, and we have not made any payments for or in anticipation of any award. We encourage you to contact the sponsoring publications or organizations if you would like additional information regarding their processes or methodologies.

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

Investing involves risk. It should not be assumed that recommendations made in the future will be profitable or will equal the performance shown. Investment returns and principal value of an investment will fluctuate and losses may occur. Diversification does not ensure a profit or guarantee against a loss.