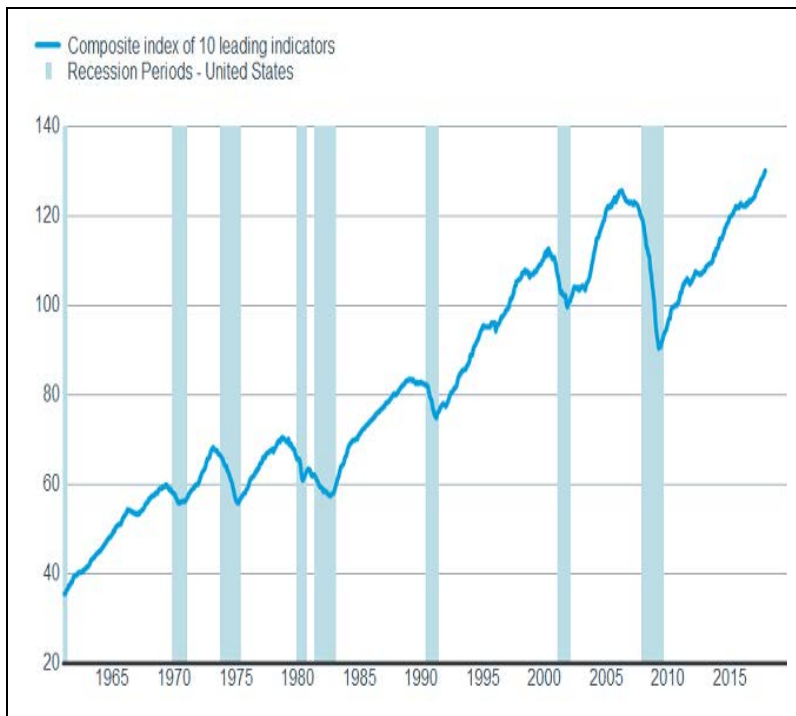


## 2017 In Review

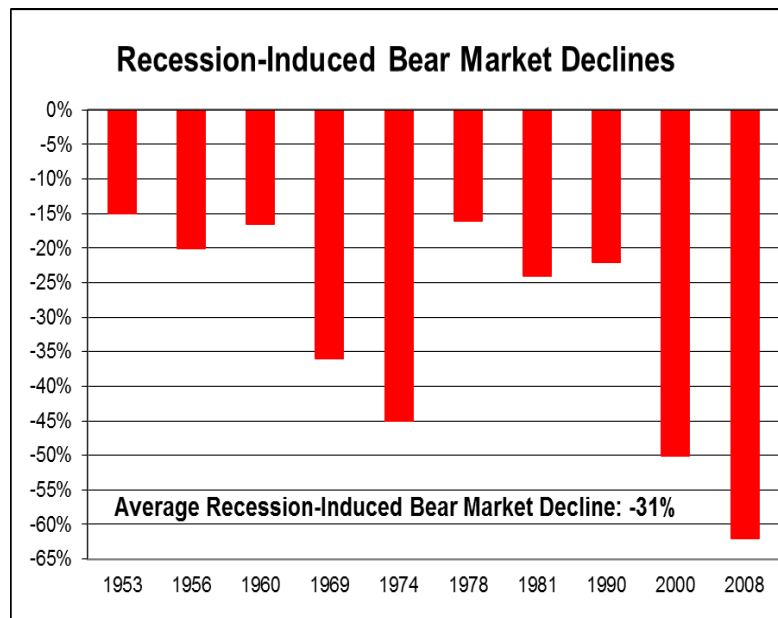
2017 - What a remarkable year! Few investors expected the S&P 500 to post the steady gains that it did (along with record low volatility) while enduring geopolitical tensions, massive natural disasters, political infighting in Washington, and a hawkish FED with a tighter monetary policy. Not since 1970 (48 years) has the stock market enjoyed such a performance - 12 consecutive monthly gains.



So, what is driving all of this? *Global Economic Growth.* The world's major economies are all in a synchronized upswing. It is the first time since the financial crisis of 2008 that this has been the case. Moreover, in many countries that growth is still accelerating. In the U.S., employment rates are healthy, and business and consumer confidence is booming. The Index of Leading Economic Indicators (chart on the left) continues to rise. All of this continues to bode well for... well, pretty much everything.

That is not to say the road forward will be as smooth as the last 12 months. After a year of uninterrupted monthly price gains, it seems likely that 2018 might (probably) usher in a bit more volatility in stocks. Assuming that does happen (a market correction can always happen at any time for no particular reason), it appears that a full-blown, protracted bear market is unlikely as long as the economy stays out of recession. The end of that last sentence cannot be emphasized strongly enough, so let us repeat it:

**AS LONG AS THE ECONOMY STAYS OUT OF RECESSION.**



In 2018, global central banks are likely to gradually continue reversing the low interest rate policies of the last several years. Let's just hope they do not move too quickly or too aggressively. As we have written before, at current levels of valuation, a recession resulting from overly-aggressive FED tightening has the potential to be every bit as devastating as the last two recession-induced bears of 2000 and 2008.

The basis for the above statement lies simply in valuation. While there are many ways to value the stock market, they all point to one conclusion – stocks are anything but cheap. Using the simple logic of a stepladder, falling from the bottom step may not be a big deal. Falling from the top step can really hurt. In 2000 and 2008, stocks fell from the top step when recessions hit. Those drops hurt. Today, once again, stocks would seem to be on the top step.

That is not to suggest immediate action or allocation changes are needed, but this is no time to get complacent. We here at BCM are monitoring the economic and financial climates quite closely. In addition to the guidance offered by our Market Risk Model, other asset classes held - such as our government bonds and gold – have historically buffered us nicely during times of economic and financial market duress. That is exactly why we design our portfolios as we do. We hope to be ready for a multitude of economic and market outcomes.

## CURRENT OUTLOOK

As has been the case for some time now, and as we mentioned above, the economic outlook continues to look stable. *Our Market Risk Model continues to suggest a benign risk environment and constructive outlook for financial assets, which leads us to maintain a fully-invested position across all asset classes within our portfolios.* As always, balance and diversification remain essential.



## Retirement Planning – Robo vs. Robust

Planning for retirement can be a daunting task. While online calculators (Robos) and rules of thumb can help, when you think of all the factors, it quickly becomes apparent that a more robust approach to retirement planning is not only necessary, but over time it will produce a higher probability of success.

The first step is identifying your goals and objectives. By establishing what is important to you, you will have a framework for developing your plan that has purpose and focus.

After identifying what is important to you, cataloging all your available resources is the next step. By considering all the tools in your chest, you can better identify the best strategies for reaching your goals.

Next comes the vital part of making assumptions on things like inflation, taxes, and investment rates of return. These elements play a pivotal role in helping assess not only what is possible, but also the probability of successfully reaching your goals over a long period of time.

After gathering all necessary information, it is equally as important to consider the best strategies for retirement savings, claiming Social Security, planning for the potential costs of Long-Term Care, tax-efficient withdrawal strategies during retirement, and Estate Planning issues.

Once these items have been considered, there is the process of fine-tuning everything and looking at different scenarios until you arrive at a plan that makes sense in helping you work towards meeting your goals and objectives. Lastly, because life is not static, your plan should be updated regularly. This way you will always be prepared and able to adjust as life throws a wrench or two in your direction.

Whew! That is a lot, but it can be done, and the results are meaningful. Robo, let's see you do that!

If we can help you plan your retirement, please do not hesitate to contact us.



### YEAR-END HOUSEKEEPING

For clients for whom we manage company retirement plans, we have included a copy of BCM's Service Provider Disclosure as required under ERISA Section 408(b)(2).

All our client accounts are held either at Charles Schwab & Co. or TD Ameritrade, both of which are required to send monthly account statements. If for any reason you are not receiving your monthly account statements, please let us know.

Finally, please let us know if any personal circumstances have changed that might necessitate a change in your investment strategy, or if you have any specific questions about how your account is managed.

# BCM Advisor Insights



Our first Insight event in November was a great success. Many thanks to all who attended and to Steve Jankower for his sage advice covering of the topic of Estate Planning: Planning for Long-Term Care. We are excited to announce our next event...

## Tax Reform: What it Means for Individuals, Businesses, and the Economy

Tuesday, January 30, 2018

City Club Evangeline Room

6:30-7:00pm - Heavy hors d'oeuvres and drinks

7:00-8:00pm – Presentation

8:00 – Q&A

**Presenter: Mr. David C. Edmond, CPA**  
Tax Director



*Entertainment provided by the Acadiana Symphony Orchestra*

While this event is primarily for clients, we would gladly have clients bring friends or family members who may have an interest in this topic.

Seating is limited, so please **RSVP no later than the Friday prior, January 26<sup>th</sup>**, to Madison Berrio at [madison@billeaudcapital.com](mailto:madison@billeaudcapital.com), or by calling her at 337-233-7758. We will send out email reminders as we get closer to the event.

The facts and statements herein have been obtained or derived from original or recognized statistical sources which we believe to be reliable. Past performance does not guarantee future results. This letter is intended as an informational update for BCM clients. It is not intended to offer specific investment advice to anyone. Current BCM opinions as stated in the above text are subject to change at any time. Information included herein should not be construed as the receipt of, or a substitute for, personalized investment advice. A copy of our current written disclosure statement discussing our business operations, services, and fees is available upon written request.

# Billeaud Capital's Investment Strategies

**Thirty-two years of experience and research** have led to the development of Billeaud Capital's two premier investment strategies. Unless directed otherwise, BCM will place managed client accounts into one (or both) of the two diversified portfolios below.

## BCM Tactical All-Weather

---

The strategy objective of the BCM Tactical All-Weather strategy is to achieve equity-like returns over full market cycles but with a lower level of risk and volatility than a fully invested stock portfolio. The portfolio is designed as a moderate and balanced investment strategy to benefit from economic prosperity, while simultaneously maintaining a primary focus on risk management against a variety of potential economic scenarios including recession, deflation, credit contraction, inflation, and geopolitical uncertainties.

## BCM Tactical Growth

---

The strategy objective of the BCM Tactical Growth Portfolio is to outperform the returns of the S&P 500 stock index over full market cycles but with a lower level of risk and volatility than a fully invested stock portfolio. When our investment outlook is favorable for stocks, this portfolio will have a baseline asset allocation that is predominantly stocks. When our investment outlook for stocks is unfavorable, the allocation to stocks will be significantly reduced and the allocation to bonds will be increased. The portfolio is designed as a growth investment strategy.

**If you have any questions on either of the two above portfolios, or would like to discuss details regarding your account, please let us know.**



1018 Harding St., Suite 104, Lafayette, LA 70505

337-233-7758, [info@billeaudcapital.com](mailto:info@billeaudcapital.com)