

KWAG December Update

I hope everyone had a great Thanksgiving weekend. I have always loved Thanksgiving because it's a day that encourages all of us to take a moment to appreciate everything we have and think about and appreciate the family and friends that enrich our lives. I personally look forward to the coming year with great anticipation and am looking forward to a holiday season that offers us time to enjoy the intangible gifts of love, faith, and personal relationships.

From my perspective, I am thankful to know so many wonderful people through my work, many of whom I also count on as friends. I have enjoyed getting to know all of you by learning about your lives and your dreams, and helping you plan for all of your lifelong goals. I am thankful for the trust you have placed in me over the years.

So as we celebrate this holiday season, I would like to take a moment to thank all of you for enriching my life. I truly appreciate the friendships and relationships we have built over the last 20+ years, and I appreciate the chance to provide additional guidance and insight as you pursue your future goals over the next 20+ years.

I wish all of you a wonderful holiday season and I thank you from the bottom of my heart! I feel blessed and thankful to know each and every one of you!

The Markets

After experiencing the long anticipated 10%+ dip during the latter half of September, the stock market has been on one heck of a roll over the last two months. Since the bottom on September 29th, 2015 the S&P 500 (an index of large cap stocks) and the Russell 2000 (an index of small cap stocks) have both rebounded more than 10%. In fact, eight of the last nine weeks have been positive, with a typical short-term pullback during one week in the middle of November. As of the close on Monday, November 30th, each of the broader market indexes was in positive territory for the year.

As we have mentioned many times before, short-term market corrections like we saw in September are an important, necessary, and healthy part of long term investing. How so? First, these dips provide us at KWAG with a nice opportunity to rebalance our portfolios into underweighted areas of the broader markets. Check. Second, they allow our experienced managers to rebalance their holdings into to undervalued stocks. Check. Third, the bounce-backs tend to be quick, which makes them impossible to time. Check. This is why we NEVER try to time them. Finally, the short-term pullbacks always usher in new all-time highs.

To us, the most challenging aspect of the financial markets is the fixed income side of the equation...not stocks. Over longer periods of time, we believe the stock market will significantly outperform fixed income by a wide margin. As we said in our recent quarterly newsletter, over

longer periods of time, stocks beat bonds, value beats growth, and small caps beat large caps. And patient investors who hold well-diversified portfolios and use topnotch professional managers are always rewarded. In our year-end newsletter, we'll go over the continued strength of the U.S. economy and we'll make a strong case for stocks over the long run.

In the meantime, as we go forward, the biggest challenge for all investors will be increasing interest rates. We all know interest rates are going to eventually rise. However, none of us know exactly when this will occur, how fast they will rise, or how long it will take for interest rates to reach "normal" levels again. Over time, we feel very confident in our overall fixed income diversification strategies, since we have an excellent team of managers who have experience managing money in rising-rate environments. However, given the uncertainties expressed above, we also know there will be periods when pieces of our fixed income portfolio will underperform over the short term. We would encourage our investors to be patient and resist the urge to focus too much on the short-term performance on any one fund, since we've built a well-diversified portfolio of fixed income managers who we know will thrive in different environments over time. In our year-end newsletter, we'll discuss the specific approach we are taking in fixed income as we look out into the future.

A Time for Giving

As we enter the Christmas season, some of you may be interested in a creative gift that will “pay itself forward”. I have a few recommendations for you. First, you can give (or invest in) a **529 college savings account** for a loved one. This is great gift idea for anyone, but particularly for grandparents who want to give back to their grandchildren. This generous gift helps parents fund their child’s education and helps grandchildren graduate debt free, which is a big issue these days.

Another option is a **Kiva gift card**, which exposes children to other cultures/countries and the field of micro-finance lending. It not only encourages children to be generous with their own finances, but it exposes them to entrepreneurial values around the world. With as little as \$25, you can begin loaning money to developing world entrepreneurs, which is really “paying it forward” since more than \$99 of each \$100 are returned to the lender!!

For younger people, a great “pay it forward” gift comes in the form of a **Roth IRA**. Young people need experience working, saving and investing. There is no better way to encourage those experiences than to help young person get a job, teach them how to save, and then invest, by helping them fund their Roth IRA. I have number of clients who employ their children, pay them a fair hourly fee, and then help them fund their Roth IRA. Studies show, the earlier you start the investment process, the sooner your children will learn the value of saving (and investing) for their future.

For those of you who are animal lovers, and want to “pay it forward”, the Pet Food Pantry of Eastern NC is a wonderful non-profit, all volunteer, 501c3 organization who helps families facing financial hardships feed their pets. The Pantry is currently feeding over 450 family pets each month whose owners have lost jobs, are battling illness, veterans living on fixed incomes, and/or low income senior citizens who receive pet food sent out with Meals on Wheels programs. No one should have to choose between feeding their pet and feeding themselves. www.petfoodpantryenc.org

Finally, every year, I am asked to provide a list of **inspiring books**. For those of you who are younger (or retired) and trying to figure out what to do with your current (or second) career, I recommend Barbara Sher’s book “I Could Do Anything If I Only Knew What It Was”. This is a great book that helps people discover what they really want and how to get it. If you like mystery’s that educate, Ken Elzinga has a few interesting financial books, the best of which is the “Mystery of the Invisible Hand”. Finally, for 60-something retirees who are now living into their 90’s and beyond, a good book that covers the second half of your life is “Encore: Finding work that matters in the second half of life”.

In Closing

As always, please be in touch whenever we can be of service to you and your family. If you have any questions about this update, our views, your accounts, or our managers, please feel free to call or e-mail any

time. The recent referrals are much appreciated and we thank you for your continued confidence in our firm and our services. If you need anything or your goals or time horizons have changed, please do not hesitate to call or drop an e-mail to set up an appointment. We are here to serve your financial needs, whatever they may be.

- Joe & The Gang at KWAG

Katie Burr

Kiely Wealth Advisory Group, Inc.
Operations & Client Services Director
Chief Compliance Officer
P.O. Box 756
Oak Ridge, NC 27310
877-366-5623

This e-mail is confidential and may well be legally privileged. If you have received it in error, you are on notice of its status. Please notify us immediately by reply e-mail and then delete this message from your system. Please do not copy it or use it for any purposes, or disclose its contents to any other person. To do so could violate state and Federal privacy laws. Thank you for your cooperation. Please contact Kathryn Burr at 877-366-5623 or e-mail katie@thekielygroup.com if you need assistance.

Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will be profitable. Past performance may not be indicative of future results. Please remember to contact Kiely Wealth Advisory Group, Inc. if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services. Please also advise us if you would like to impose add. or modify any reasonable restrictions to our investment advisory services. A copy of our current written disclosure statement discussing our advisory services and fees continues to remain available for your review upon request.