

INVESTMENT SERVICE CENTER

LOCATED AT: GOTHENBURG STATE BANK

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WEEKLY MARKET COMMENTARY

Our Goal: To help create and maintain YOUR wealth

Week of September 19, 2016

The Markets - Wall Street fell Friday after the U.S. Department of Justice proposed Deutsche Bank pay a \$14 billion fine due to claims the German bank mis-sold mortgage-backed securities. Sliding oil prices hit energy stocks, and a report showing a rise in August's consumer prices increased speculation of a rate hike later this year. For the week, the Dow rose 0.25 percent to close at 18,123.80. The S&P gained 0.59 percent to finish at 2,139.16, and the NASDAQ climbed 2.31 percent to end the week at 5,244.57.

| Returns Through 09/16/16 | 1 Week | YTD | 1 Year | 3 Year | 5 Year |
|----------------------------|--------|-------|--------|--------|--------|
| Dow Jones Industrials (TR) | 0.25 | 6.13 | 11.20 | 8.00 | 12.34 |
| NASDAQ Composite (PR) | 2.31 | 4.74 | 7.27 | 12.15 | 14.87 |
| S&P 500 (TR) | 0.59 | 6.34 | 9.61 | 10.32 | 14.40 |
| Barclays US Agg Bond (TR) | -0.11 | 5.18 | 5.63 | 4.28 | 3.02 |
| MSCI EAFE (TR) | -2.48 | -0.70 | -0.90 | -0.09 | 5.97 |

Source: Morningstar.com. *Past performance is no guarantee of future results. Indexes are unmanaged and cannot be invested into directly. Three- and five-year returns are annualized. The Dow Jones Industrials, MSCI EAFE, Barclays US Agg Bond and S&P, excluding "1 Week" returns, are based on total return, which is a reflection of return to an investor by reinvesting dividends after the deduction of withholding tax. The NASDAQ is based on price return, which is the capital appreciation of the portfolio, excluding income generated by the assets in the portfolio in the form of interest and dividends. (TR) indicates total return. (PR) indicates price return. MSCI EAFE returns stated in U.S. dollars.

A Single Percent — Total foreign aid spending by the United States in fiscal year 2016 (i.e., the 12 months that will end Sept. 30) is projected to be \$38.8 billion or 1 percent of our government's projected spending of \$3.951 trillion (source: Office of Management and Budget, BTN Research).

On Your Own — More than one in three employed Americans (36 percent) work for companies that do not offer an employer-sponsored retirement plan. That's a total of 55 million workers lacking access to a plan (source: AARP, DOL, BTN Research).

High and Low — Of the tax returns filed in tax year 2014, 45 percent reported adjusted gross income (AGI) less than \$30,000. Four percent of the tax returns filed reported AGI of at least \$200,000 (source: Internal Revenue Service, BTN Research).

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WEEKLY FOCUS – Unexpected Similarities of High-Net-Worth Americans

According to the “2016 U.S. Trust Insights on Wealth and Worth®,” the U.S. currently has over 2 million households with \$3 million or more in assets. The report, based on a national survey of 684 individuals from this group, revealed unexpected but similar characteristics among high-net-worth and ultra-high-net-worth Americans.

Most of those surveyed did not come from wealthy families. Fifty-eight percent came from middle-class backgrounds; 19 percent came from low-income homes. Corporate careers and entrepreneurial success accounted for over half of the wealth earned.

On average, only 10 percent of the participants’ wealth was inherited. Nonetheless, family life appears to have played an instrumental role in building it. Eight in 10 individuals described their parents as firm disciplinarians who encouraged their children’s interests and talents. Their parents typically stressed academics, financial discipline and work participation. They began saving money at the average age of 14 and earning money outside the home by the time they were 15. Three-fourths of the men and women surveyed married and never divorced.

Overall, group members didn’t achieve their biggest returns by taking major risks. Instead, 89 percent of respondents reported their greatest investment gains came from traditional stocks and bonds, and buy-and-hold was the most prevalent strategy among 86 percent of them. Nearly half also own tangible assets, such as real estate, farmland and timber properties. One-fifth own private equity or venture capital.

The high-net-worth individuals appear largely optimistic about the markets. One in five maintains more than 25 percent of their portfolio in cash in large part to allow them to move quickly on investment opportunities. Nearly two-thirds use credit to build their wealth.

Giving back is also a shared priority. Almost two-thirds volunteer their time; nearly half serve on a non-profit board; and three-fourths believe they can make their greatest contributions through financial donations.

Regardless of your level of assets, there may be opportunities to save more for retirement and protect what you have saved. Contact our office to review your goals and your current plan.

* The Standard & Poor’s 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Morgan Stanley Capital International Europe, Australia and Far East Index (MSCI EAFE Index) is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 20 European and Pacific Basin countries and includes reinvestment of all dividends. Barclays Capital Aggregate Bond Index is an unmanaged index comprised of U.S. investment-grade, fixed-rate bond market securities, including government, government agency, corporate and mortgage-backed securities between one and 10 years. Written by Securities America. SAI# [1596825.1](#)