Women Building Wealth
Forum

"Turning Down the Noise – What's Important to Focus On"

Pamela Diamantis, Principal

Presented – June 2017

CURBSTONE FINANCIAL
MANAGEMENT CORPORATION
Registered Investment Advisors

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IV. Focus on What Matters

V. It's All About You

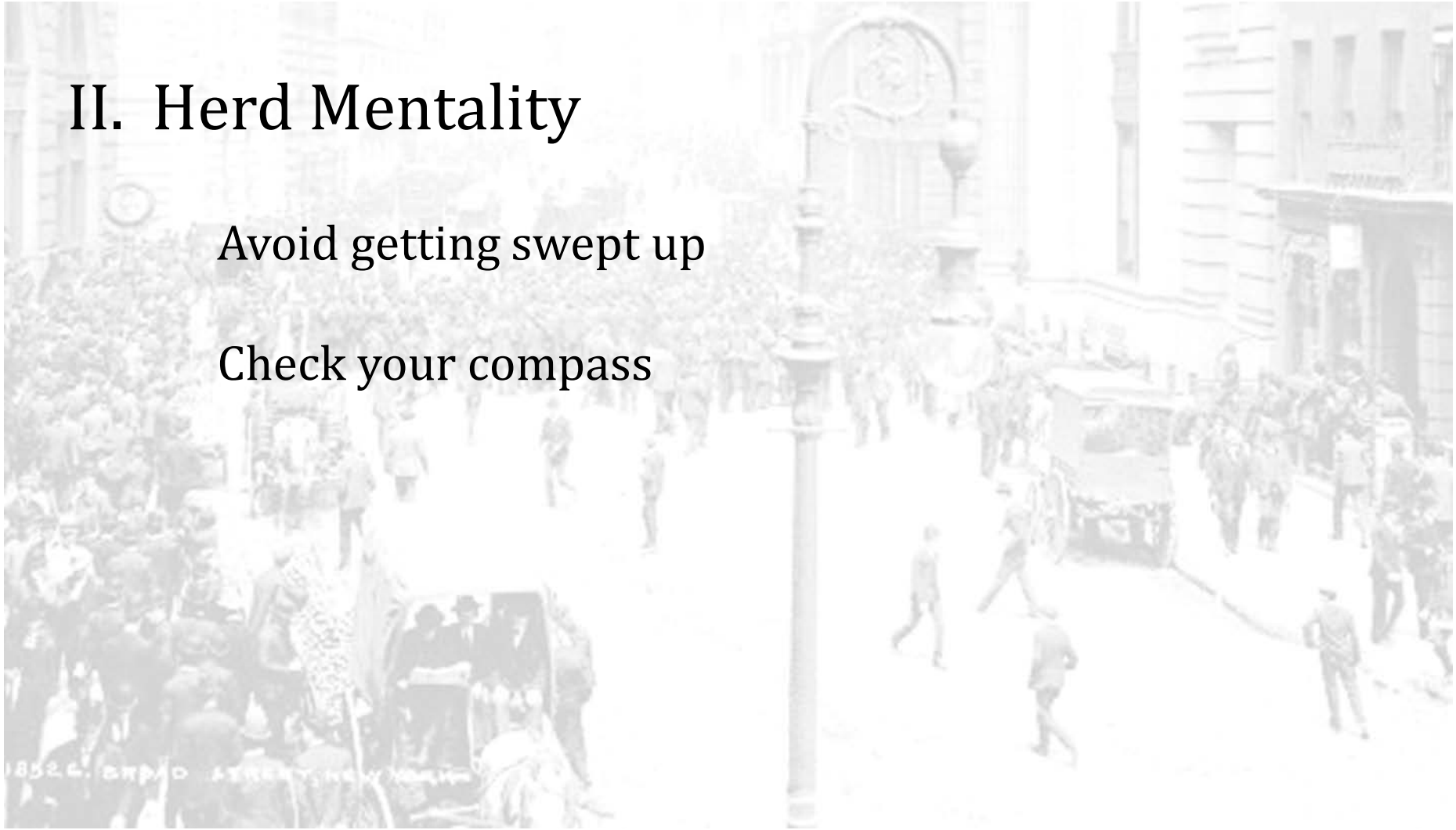
I. Information Overload

Narrowing the sources by focusing on quality;

Asking questions

Taking little at face value

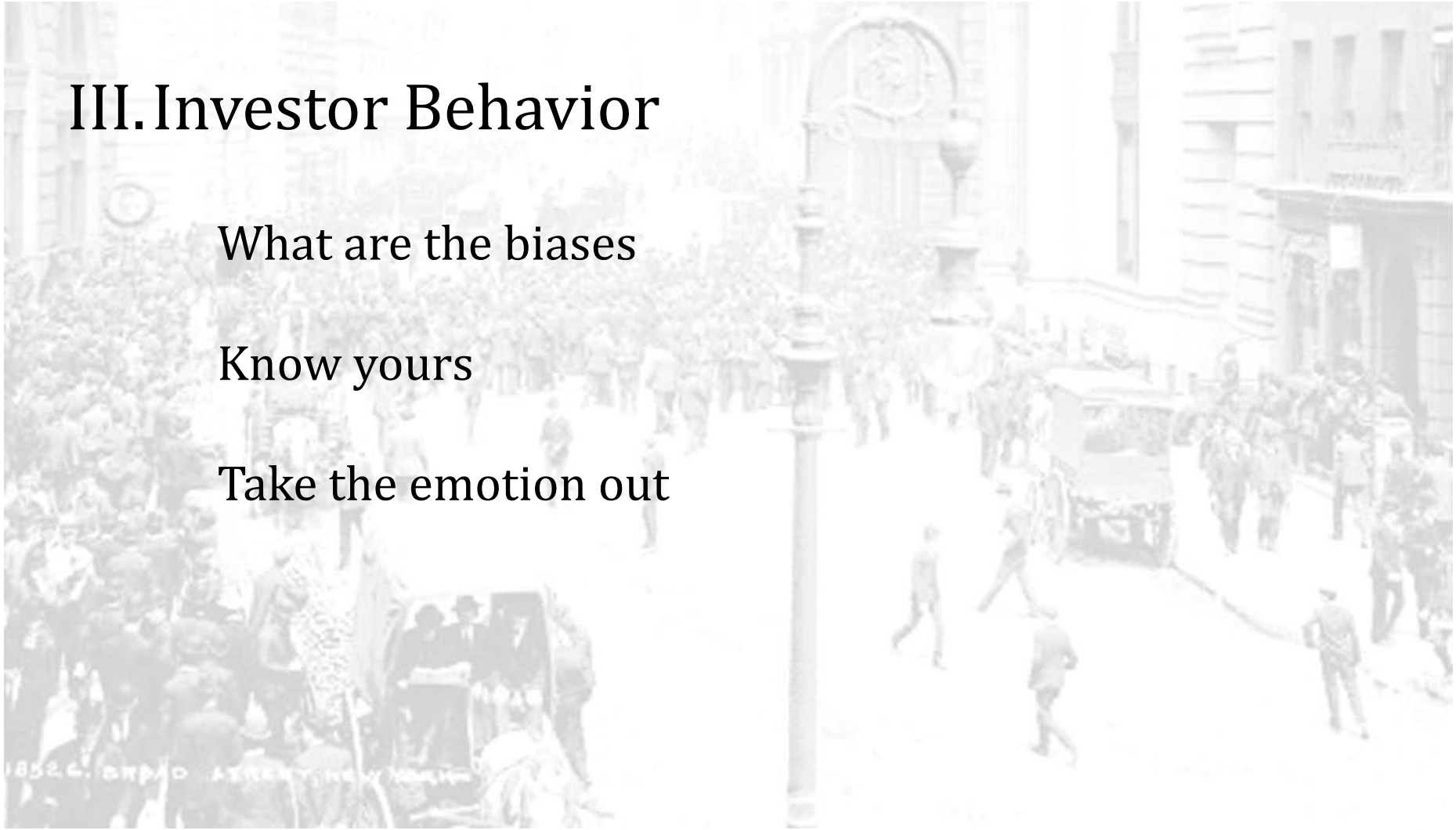
II. Herd Mentality



Avoid getting swept up

Check your compass

III. Investor Behavior



What are the biases

Know yours

Take the emotion out

IV. Focus on What Matters

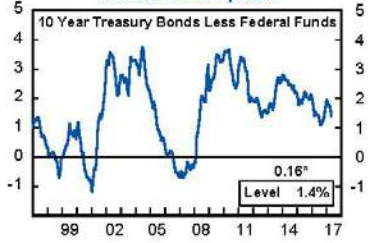
Fundamentals

Valuations

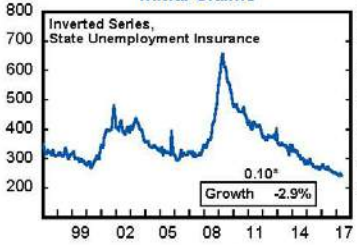
The Leading Indicators And Their Contributions

Data Released 5/18/17; April 2017

Interest Rate Spread



Initial Claims



Consumer Expectations

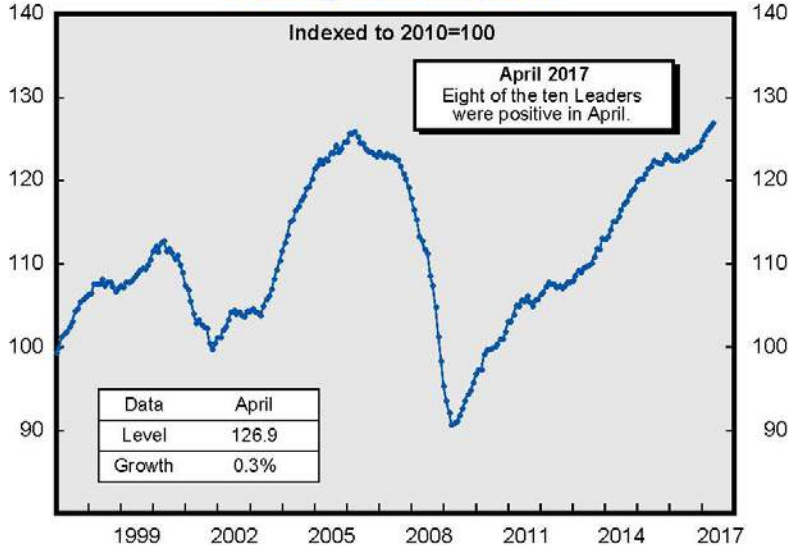
Average Work Week

Note

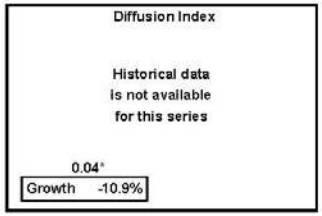
* Indicates Net Contribution of Series to Total Leading Indicators Index in April 2017.

Growth indicates percentage change from previous month.

Leading Indicators Index

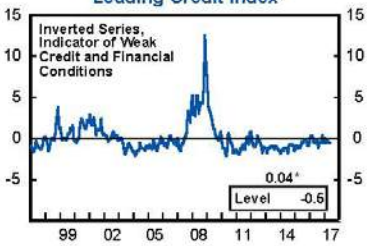


New Orders



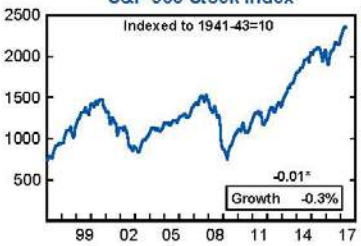
Leading Indicators Index

Leading Credit Index™



Building Permits

S&P 500 Stock Index



Nondefense Capital Goods exc. Aircraft

Consumer Goods & Materials

Sources: The Conference Board; Bureau of Economic Analysis; Bureau of Labor Statistics; Bureau of the Census; Standard & Poor's Corporation; Copyright © 2017 Crandall, Pierce & Company

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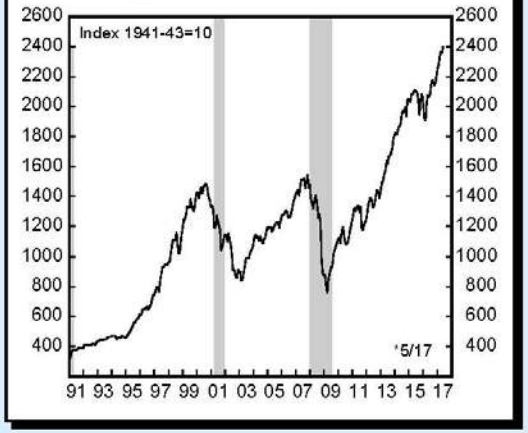
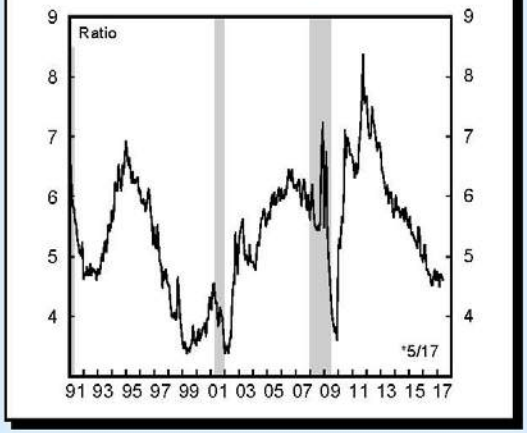
Stock Market Information

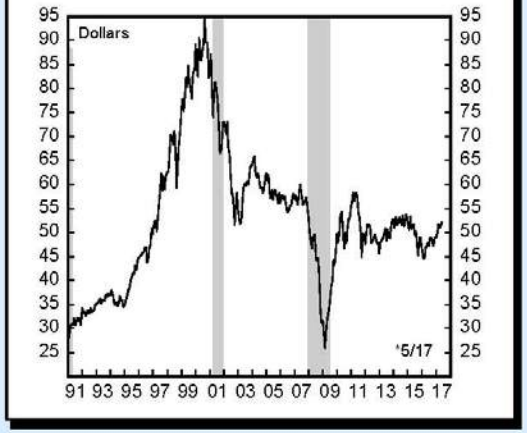
S&P 500 Stock Index



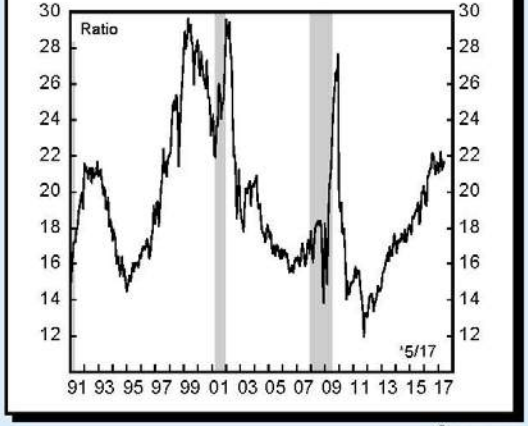
S&P 500 Earnings Yield ①



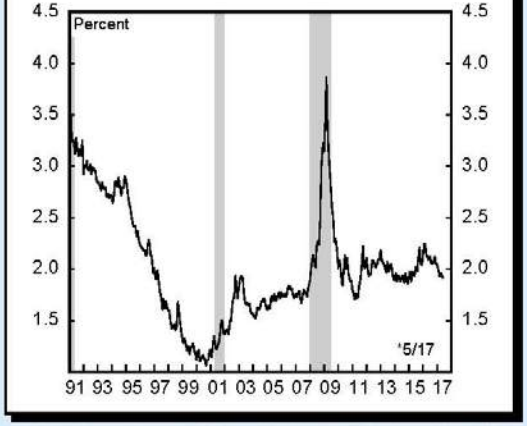
S&P 500 Price of Dividends



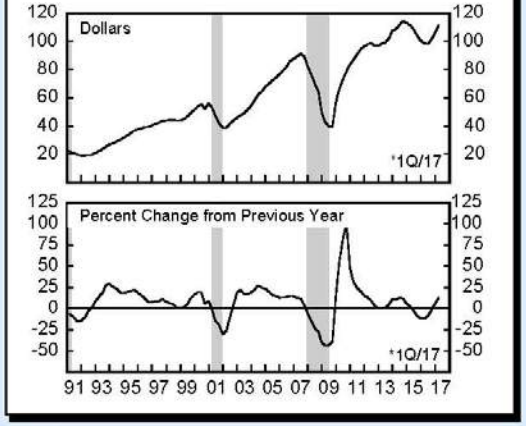
S&P 500 Price-Earnings Ratio ①



S&P 500 Stock Yields



S&P 500 Earnings Per Share ①



① Reflects Reported Earnings prior to 1988 and Operating Earnings from 1988 to the present.

Shaded areas represent recessionary periods. *Indicates Last Observation. Sources: Standard & Poor's Corporation • Copyright © 2017 Crandall, Pierce & Company.

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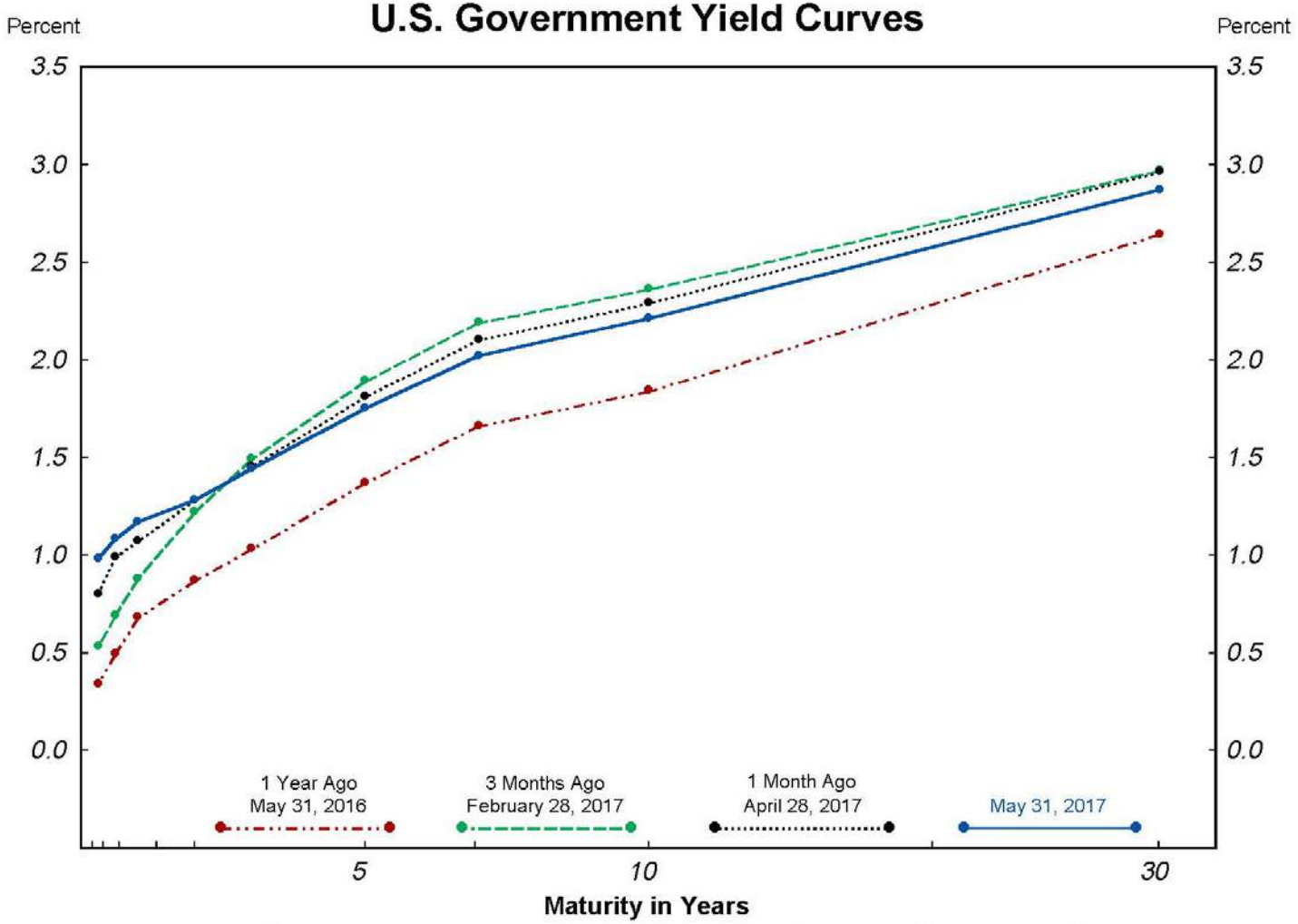
U.S. Government Yield Curves



Month end observations: 3 months, 6 months, 1 year, 2 year, 3 year, 5 year, 7 year, 10 year, 30 year

Yield Curves Represent the last Business Day of the Month

Source: Federal Reserve Board • Copyright © 2017 Crandall, Pierce & Company • All rights reserved.

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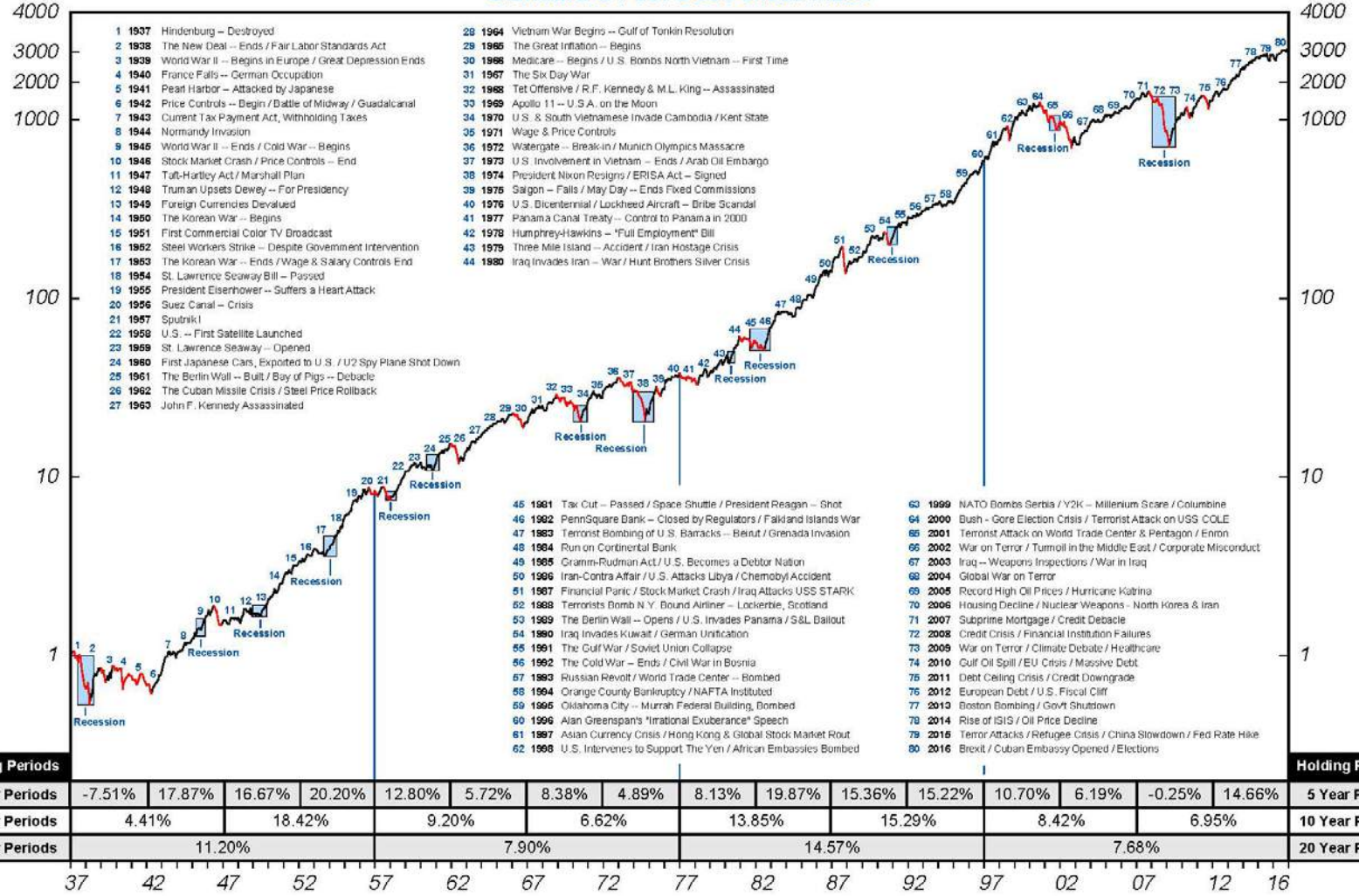
Investment Success in Volatile Markets

Standard & Poor's 500 Stock Index



Holding Periods																Holding Periods
5 Year Periods	-7.51%	17.87%	16.67%	20.20%	12.80%	5.72%	8.38%	4.89%	8.13%	19.87%	15.36%	15.22%	10.70%	6.19%	-0.25%	14.66%	5 Year Periods
10 Year Periods	4.41%		18.42%		9.20%		6.62%		13.85%		15.29%		8.42%		6.95%		10 Year Periods
20 Year Periods	11.20%				7.90%				14.57%				7.68%				20 Year Periods

Data: Standard & Poor's 500 Total Return Index • Red line segments indicate declines of 10% or greater. • Holding period data is expressed as compound annual rates.
Recessions are as defined by The National Bureau of Economic Research.

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V. It's All About You

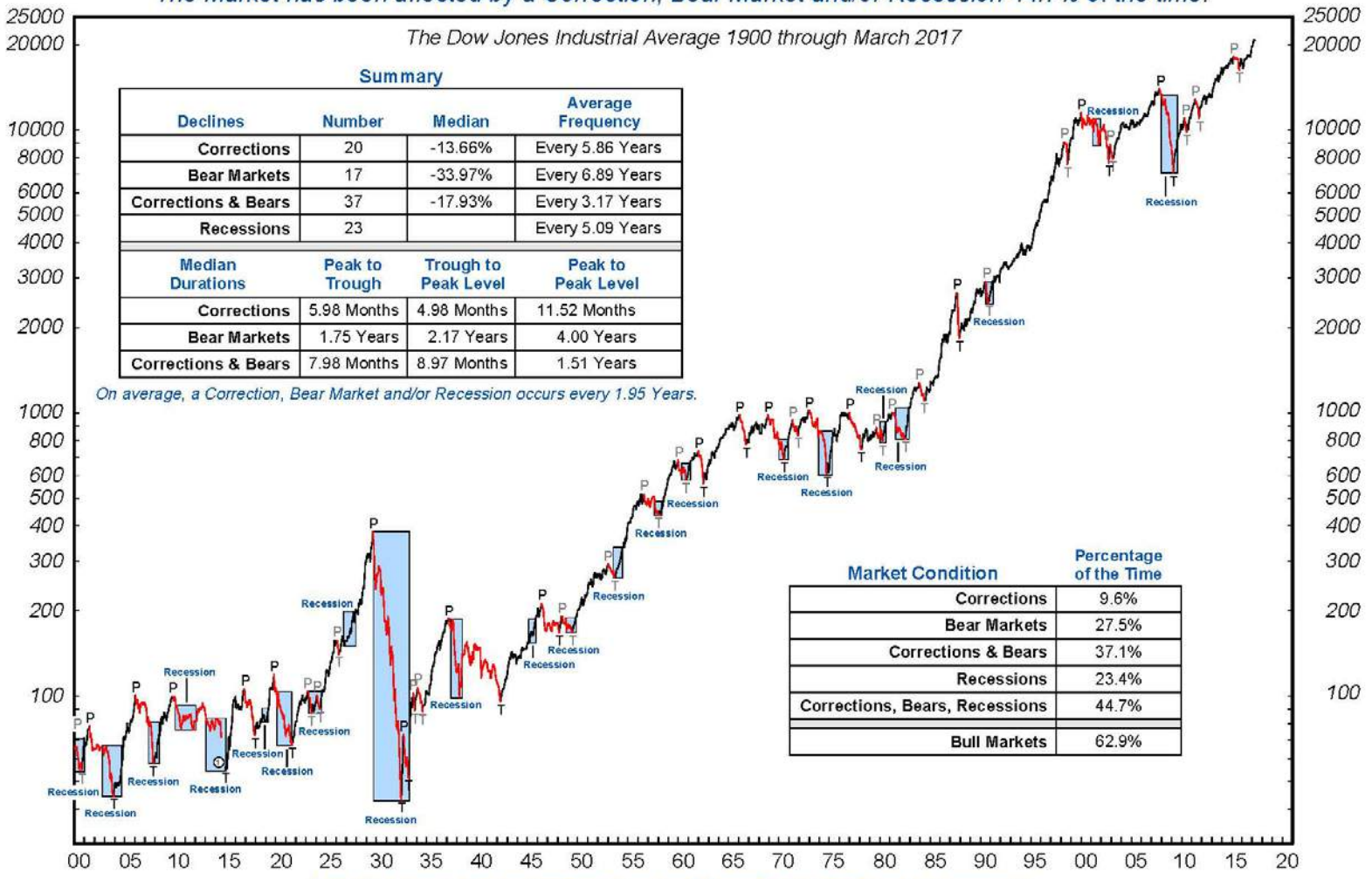
Commitments

Your plan

Asset Allocation

Why Have a Disciplined Investment Approach?

The Market has been affected by a Correction, Bear Market and/or Recession 44.7% of the time.



Summary

Declines	Number	Median	Average Frequency
Corrections	20	-13.66%	Every 5.86 Years
Bear Markets	17	-33.97%	Every 6.89 Years
Corrections & Bears	37	-17.93%	Every 3.17 Years
Recessions	23		Every 5.09 Years

Median Durations	Peak to Trough	Trough to Peak Level	Peak to Peak Level
Corrections	5.98 Months	4.98 Months	11.52 Months
Bear Markets	1.75 Years	2.17 Years	4.00 Years
Corrections & Bears	7.98 Months	8.97 Months	1.51 Years

On average, a Correction, Bear Market and/or Recession occurs every 1.95 Years.

Market Condition	Percentage of the Time
Corrections	9.6%
Bear Markets	27.5%
Corrections & Bears	37.1%
Recessions	23.4%
Corrections, Bears, Recessions	44.7%
Bull Markets	62.9%

Note: On average, the market's trough occurs 5.3 months prior to the end of a recession.

Red Line Segments: Corrections (P,T) - Minimum 10% decline but less than 20% & Bear Markets (P,T) - Minimum 20% decline. Data: Dow Jones Industrial Average (end of month)
Recessions are as defined by The National Bureau of Economic Research. ©The Stock Exchange was closed due to World War I.
Sources: Dow Jones & Company; National Bureau of Economic Research • Copyright © 2017 Crandall, Pierce & Company • All rights reserved.

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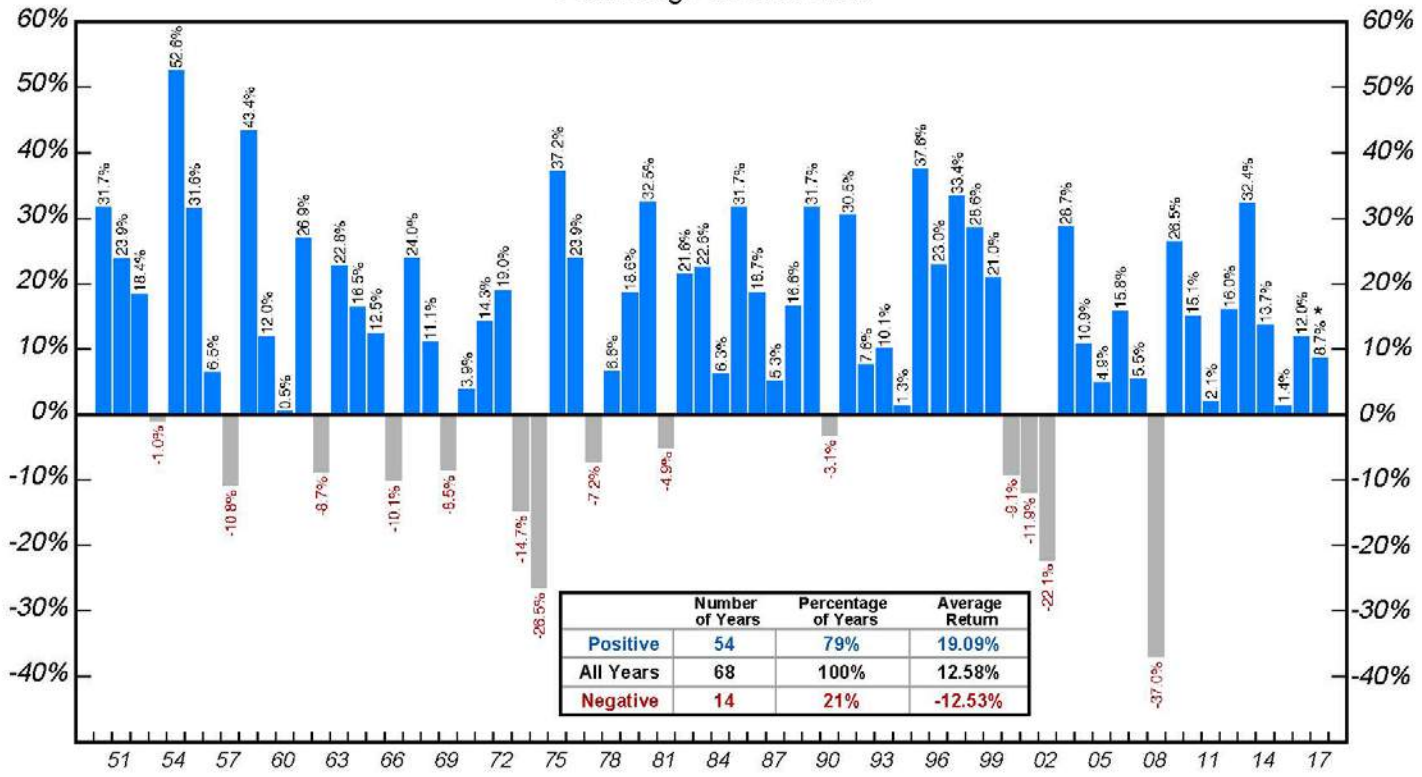
Standard & Poor's 500 Stock Index

Total Return: Calendar Years 1950 - 2017*

Percentage Gain or Loss



	Number of Years	Percentage of Years	Average Return
Positive	54	79%	19.09%
All Years	68	100%	12.58%
Negative	14	21%	-12.53%

*Year to date - through May 31, 2017

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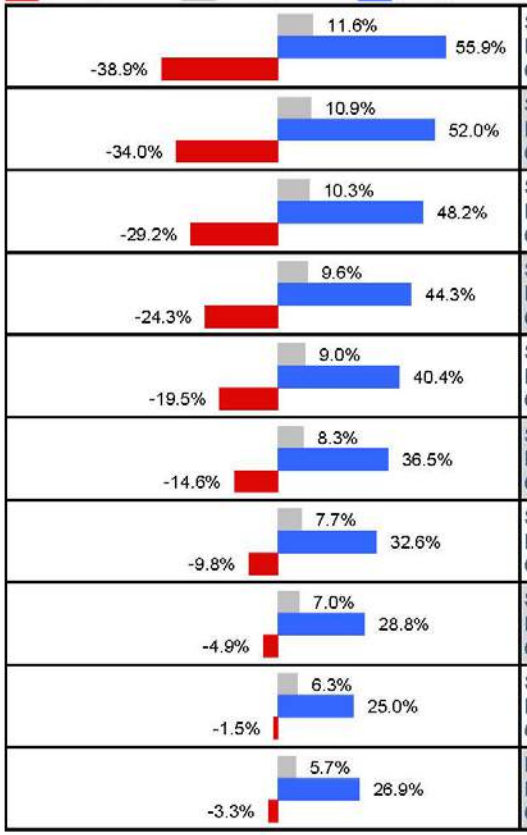
ASSET ALLOCATION - RISK & REWARD

One Year Returns

January 1950 - March 2017



Portfolio Mix:	Year Ending 3/17	Worst Return	Average Loss	Average Return	Average Gain	Best Return	Percent Negative	Percent Positive	Returns Exceeding Inflation
Stocks 90% No Bonds Cash 10%	15.5%	-38.9%	-9.6%	11.6%	17.2%	55.9%	21%	79%	73%
Stocks 80% Bonds 10% Cash 10%	13.7%	-34.0%	-8.3%	10.9%	15.7%	52.0%	20%	80%	73%
Stocks 70% Bonds 20% Cash 10%	11.9%	-29.2%	-7.3%	10.3%	14.1%	48.2%	18%	82%	73%
Stocks 60% Bonds 30% Cash 10%	10.2%	-24.3%	-6.2%	9.6%	12.5%	44.3%	15%	85%	74%
Stocks 50% Bonds 40% Cash 10%	8.4%	-19.5%	-5.0%	9.0%	11.1%	40.4%	13%	87%	73%
Stocks 40% Bonds 50% Cash 10%	6.6%	-14.6%	-3.7%	8.3%	9.8%	36.5%	11%	89%	73%
Stocks 30% Bonds 60% Cash 10%	4.8%	-9.8%	-2.3%	7.7%	8.5%	32.6%	8%	92%	73%
Stocks 20% Bonds 70% Cash 10%	3.0%	-4.9%	-1.5%	7.0%	7.3%	28.8%	3%	97%	75%
Stocks 10% Bonds 80% Cash 10%	1.3%	-1.5%	-0.6%	6.3%	6.4%	25.0%	1%	99%	75%
No Stocks Bonds 90% Cash 10%	-0.5%	-3.3%	-0.9%	5.7%	6.1%	26.9%	5%	95%	66%

The Consumer Price Index for March 2017 is preliminary.

Data: Rolling 1 year returns using monthly data (795 Observations)

Stocks: Standard & Poor's 500 Stock Index • Bonds: Intermediate Treasury Bonds • Cash: 90-Day Treasury Bills • Inflation: Consumer Price Index

Sources: Standard & Poor's Corporation; Ryan Labs, Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Bloomberg Finance L.P.; Bureau of Labor Statistics

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ASSET ALLOCATION - RISK & REWARD

Five Year Returns

January 1950 - March 2017

Worst / Average / Best Return	Portfolio Mix:	Period Ending 3/17	Worst Return	Average Loss	Average Return	Average Gain	Best Return	Percent Negative	Percent Positive	Returns Exceeding Inflation
-5.7% / 10.4% / 27.4%	Stocks 90% No Bonds Cash 10%	12.0%	-5.7%	-1.4%	10.4%	11.3%	27.4%	7%	93%	76%
-4.5% / 9.9% / 25.8%	Stocks 80% Bonds 10% Cash 10%	10.8%	-4.5%	-1.0%	9.9%	10.5%	25.8%	5%	95%	76%
-3.4% / 9.4% / 24.2%	Stocks 70% Bonds 20% Cash 10%	9.6%	-3.4%	-0.6%	9.4%	9.7%	24.2%	3%	97%	76%
-2.3% / 8.9% / 22.6%	Stocks 60% Bonds 30% Cash 10%	8.4%	-2.3%	-1.4%	8.9%	8.9%	22.6%	0%*	100%	77%
-1.1% / 8.4% / 20.9%	Stocks 50% Bonds 40% Cash 10%	7.2%	-1.1%	-0.6%	8.4%	8.4%	20.9%	0%*	100%	80%
0.0% / 7.9% / 19.3%	Stocks 40% Bonds 50% Cash 10%	6.0%	0.0%	0.0%	7.9%	7.9%	19.3%	0%*	100%	82%
1.1% / 7.4% / 17.8%	Stocks 30% Bonds 60% Cash 10%	4.8%	1.1%	----	7.4%	7.4%	17.8%	0%	100%	84%
2.3% / 6.9% / 17.3%	Stocks 20% Bonds 70% Cash 10%	3.6%	2.3%	----	6.9%	6.9%	17.3%	0%	100%	84%
2.2% / 6.4% / 17.0%	Stocks 10% Bonds 80% Cash 10%	2.4%	2.2%	----	6.4%	6.4%	17.0%	0%	100%	85%
0.9% / 5.9% / 16.6%	No Stocks Bonds 90% Cash 10%	1.2%	0.9%	----	5.9%	5.9%	16.6%	0%	100%	81%

*Less Than 0.5%

The Consumer Price Index for March 2017 is preliminary.

Data: Rolling 5 year annualized returns using monthly data (747 Observations)

Stocks: Standard & Poor's 500 Stock Index • Bonds: Intermediate Treasury Bonds • Cash: 90-Day Treasury Bills • Inflation: Consumer Price Index

Sources: Standard & Poor's Corporation; Ryan Labs, Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Bloomberg Finance L.P.; Bureau of Labor Statistics

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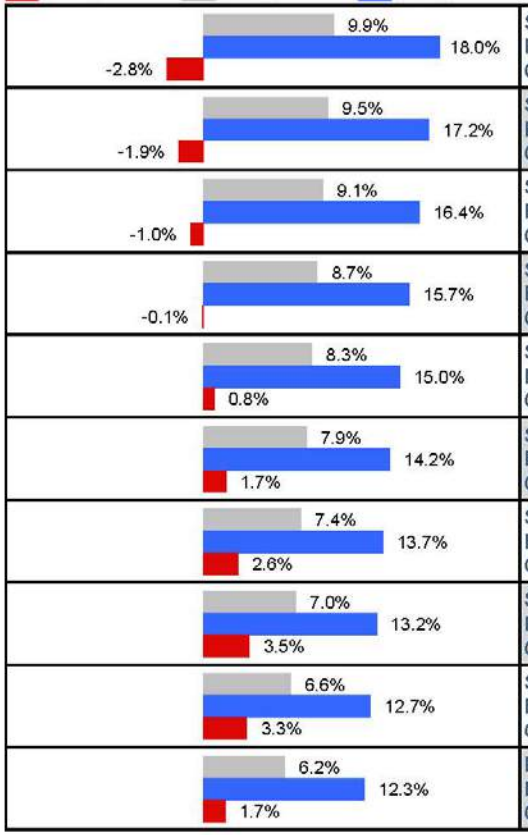
ASSET ALLOCATION - RISK & REWARD

Ten Year Returns

January 1950 - March 2017



Portfolio Mix:	Period Ending 3/17	Worst Return	Average Loss	Average Return	Average Gain	Best Return	Percent Negative	Percent Positive	Returns Exceeding Inflation
Stocks 90% No Bonds Cash 10%	6.8%	-2.8%	-1.0%	9.9%	10.3%	18.0%	3%	97%	82%
Stocks 80% Bonds 10% Cash 10%	6.4%	-1.9%	-0.9%	9.5%	9.7%	17.2%	1%	99%	82%
Stocks 70% Bonds 20% Cash 10%	6.0%	-1.0%	-0.5%	9.1%	9.2%	16.4%	1%	99%	82%
Stocks 60% Bonds 30% Cash 10%	5.6%	-0.1%	-0.1%	8.7%	8.7%	15.7%	0%*	100%	82%
Stocks 50% Bonds 40% Cash 10%	5.2%	0.8%	----	8.3%	8.3%	15.0%	0%	100%	82%
Stocks 40% Bonds 50% Cash 10%	4.8%	1.7%	----	7.9%	7.9%	14.2%	0%	100%	85%
Stocks 30% Bonds 60% Cash 10%	4.4%	2.6%	----	7.4%	7.4%	13.7%	0%	100%	86%
Stocks 20% Bonds 70% Cash 10%	4.0%	3.5%	----	7.0%	7.0%	13.2%	0%	100%	86%
Stocks 10% Bonds 80% Cash 10%	3.6%	3.3%	----	6.6%	6.6%	12.7%	0%	100%	87%
No Stocks Bonds 90% Cash 10%	3.1%	1.7%	----	6.2%	6.2%	12.3%	0%	100%	87%

*Less Than 0.5%

The Consumer Price Index for March 2017 is preliminary.

Data: Rolling 10 year annualized returns using monthly data (687 Observations)

Stocks: Standard & Poor's 500 Stock Index • Bonds: Intermediate Treasury Bonds • Cash: 90-Day Treasury Bills • Inflation: Consumer Price Index

Sources: Standard & Poor's Corporation; Ryan Labs, Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Bloomberg Finance L.P.; Bureau of Labor Statistics

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Independent Objective Thoughtful

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