Weekly Market Commentary
June 26, 2017

The Markets

It has been a very good year, so far.

Through the end of last week, the Standard & Poor's 500 Index posted 24 record highs and delivered returns in the high single digits. The MSCI World ex USA Index was up more than 11 percent, and the MSCI Emerging Markets Index gained more than 17 percent.

After reading those numbers, many people would assume bond markets are down for the year. After all, stock and bond markets tend to move in different directions. *Zacks* explained,

> "Stock and bond prices usually move in opposite directions. When the stock market is not doing well and becomes risky for investors, investors withdraw their money and put it into bonds, which they consider safer. This increased demand raises bond prices. When stocks rally and the risk seems justified, investors may move out of bonds and into stocks, driving stock prices up further."

That hasn't been the case recently. Bonds have been delivering attractive returns, too. The Bloomberg Barclay's U.S. Aggregate Bond Index is up 2.9 percent year-to-date, while its Global Aggregate Bond Index is up 4.7 percent, and its Emerging Markets Aggregate Bond Index is up 5.5 percent.

So, why are stock and bond markets both showing attractive gains for the year?

There are a number of possibilities. *Zacks* described one of the most straightforward. "When stocks are doing well but investors remain skeptical about how long they will do well, stock and bond prices can rise together. This is because investors continue to put money in stocks but also put money into bonds just in case the stock market drops."

There is nothing wrong with a little skepticism.

Data as of 6/23/17	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	0.2%	8.9%	15.4%	7.5%	13.2%	5.0%
Dow Jones Global ex-U.S.	0.1	12.8	14.2	-1.0	6.1	-1.1
10-year Treasury Note (Yield Only)	2.1	NA	1.7	2.6	1.6	5.1
Gold (per ounce)	0.0	8.3	-0.5	-1.5	-4.4	6.8
Bloomberg Commodity Index	-2.0	-9.0	-9.9	-16.4	-9.4	-7.3
DJ Equity All REIT Total Return Index	0.0	6.0	4.7	9.5	11.2	6.4

S&P 500, Dow Jones Global ex-U.S., Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; the DJ Equity All REIT Total Return Index does include reinvested dividends and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.
Sources: Yahoo! Finance, Barron's, djindexes.com, London Bullion Market Association.
Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

IF YOU LIVE IN NORWAY, DENMARK, ICELAND, SWITZERLAND, OR FINLAND, THEN you're among the happiest people in the world. On the other hand, if you reside in Sierra Leone, Bulgaria, Egypt, Palestinian Territories, or Tunisia, you're among the least happy, according to the United Nation's *World Happiness Report 2017*.

The report relies on six measurements to "explain happiness differences among countries and through time." These include:

- Income (GDP per capita)
- Healthy life expectancy (Relative to other nations)
- Social support (Having someone to count on in times of trouble)
- Generosity (Charitable donations)
- Freedom (To make life choices)
- Trust (Defined as the absence of corruption in business and government)

While measuring 'happiness' or 'satisfaction with life' may seem frivolous to some, others believe it should be a cornerstone of governance. The report's authors explained, "Happiness is increasingly considered to be the proper measure of social progress and the goal of public policy."

For instance, Norway, which is an oil-rich nation, is the happiest country in the world even though oil prices are relatively low. The *World Happiness Report 2017* suggests the country "achieves and maintains its high happiness not because of its oil wealth, but in spite of it. By choosing to produce its oil slowly, and investing the proceeds for the future rather than spending them in the present, Norway has insulated itself from the boom and bust cycle of many other resource-rich economies."

The United States ranks 14th in the world. While our country's income and healthy life expectancy remain high, keeping us at the top of the list, other factors have caused Americans' happiness to deteriorate. The study found "less social support, less sense of personal freedom, lower donations, and more perceived corruption of government and business." America's issues, the report opines, are social, rather than economic.

Weekly Focus – Think About It

"Brigadier General Wilma Vaught spearheaded…the Women in Military Service for America Memorial, a museum-style memorial on the outskirts of Arlington National Cemetery…There are the thigh-high black leather boots worn by enlisted women to protect their legs from mosquitos before they were allowed to wear pants. The cape of a nurse working at a frontline casualty cleaning station in World War I. Army-issue glasses painted with red nail polish worn by the only African-American WAC unit dispatched overseas in World War II—sent to sort letters under the motto 'No Mail, Low Morale.'"

-- *National Geographic, May 2017*

Best regards,

FIDES Wealth Strategies Group

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this e-mail with their e-mail address and we will ask for their permission to be added.

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* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.
* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.
* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.
* All indices referenced are unmanaged. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment.
* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.
* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.
* Gold represents the afternoon gold price as reported by the London Bullion Market Association. The gold price is set twice daily by the London Gold Fixing Company at 10:30 and 15:00 and is expressed in U.S. dollars per fine troy ounce.
* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.
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