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2nd Quarter

REGISTERED INVESTMENT ADVISOR

2017

Everybody is happy Not a time to let our guards down

With a more pro-business and less regulation message, the consumer sentiment polls of all sorts are showing very positive outlooks.

Confidence, outlook and future expectations are not a driver of an economy all alone; however, just as one can make themselves feel sick by feeling bad, it can be said that feeling better may be a positive as
(see [Consumer](#), Page 4)

Don't miss our blog
www.street-cents.com

Sirius Satellite Radio UPDATE

In late January, the in-box email from Michelle Stucker, producer of Wharton's Sirius Satellite Radio, shown a nice request to join the show again.

I happily accepted and the show was on!

Being the fourth or fifth time to be on the show does not dull the excitement. Nor does 30 years of experience in the industry give you over confidence.

(see [Kvale](#), Page 6)

David Cameron

Former Prime Minister of UK

Honest thoughts on world, economic climate

In the partial last week of January/first week of February earlier this quarter, we had the opportunity to listen to David Cameron and after the presentation was lucky enough to chat briefly with him directly.



John A. Kvale,
CFA, CFP®

Who is David Cameron?

He is the very young Prime Minister/President of conservative party from 2010 to 2016 of the United Kingdom.

Interesting guy

Age 50, three surviving children, with one passing at an early age. The moderator opened saying he and his wife Samantha, basically alone, cared for the deceased child. Mr. Cameron quickly corrected the moderator and stated he had ample help.

Another interesting story was of Mr. Cameron having breakfast with the Queen. As he was eating breakfast with the Queen, initial votes for a Scotland referendum came in that they would leave the UK. This certainly changed the tone of breakfast for Mr. Cameron. Later of course, it was
(see [Cameron](#), Page 2)

INSIDE:

- Cameron says 'no' to isolationism, end of EU, destroying NATO
- British view: borders need restrictions, welcome China, split on Trump
- Consumer confidence, current financial situation show similar results but eventual move back to norm
- Kvale speaks on radio
- Travel tips

Cameron says 'no' to isolationism, end of EU, destroying NATO

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determined that the vote WAS NOT to leave Scotland. Can you get the picture this former Prime Minister is very humble?

Cameron later went on to state he should have stopped with that Scottish vote. Brexit, the vote for the UK to leave the EU, was as Mr. Cameron said, "My last, and possibly too far off vote!"

After half an hour of listening to this gentleman, his stock was very high, rising so high, we thought the following details of what he thinks is going on in the world and the economic climate worthy of your time and our newsletter.

(We greatly enjoy hearing candid words from those outside of the borders as their opinions can frequently be totally different and less clouded by domestic thoughts.)

So here are the biggest and most interesting points from Mr. Cameron's talk.

1. Will Brexit and the election of Trump lead to isolationism ?

No, the world is moving too fast for some and we need to correct but by increasing transparency and understanding, more

will be comfortable with the growth of trade and the lack of isolation as a whole. An interesting side note, Mr. Cameron interjects the fight is not with Islam but Islamic extremist. He goes on to say this multiple times.

2. Is the end of the European Union near?

No, Brexit was not about leaving the EU as much as the utility of the borders. Mr. Cameron candidly stated that he underestimated the concern his people felt for their borders and the refugees that may come across them.

From a purely economic standpoint, Mr. Cameron felt Brexit will result in a minor headwind but that the people had spoken and he respected their vote.

"The British have their own Parliament, flag and currency ... The restrictions of the EU are too much for the people," says Cameron.

One big caveat to the "No" end of the EU: If the French vote Marine La Pene into office, which Mr. Cameron thinks is a low probability, this could advance the EU splitting up cause but again, according to Cameron a low probability.

3. Cameron's views of the

greatest dangers ahead

Protectionism! Mr. Cameron believes in free trade and an open world market. He firmly believes NATO could be much better but also strongly believes it should not be destroyed.

As stated by Mr. Cameron, "Stop the ride, I want to get off!" is very bad for free trade. You cannot stop trade and cross border trade, it is inevitable."

In an interesting side note of self deprivation and humor, Cameron mentions he actually got elected by open arms to trade and growth, which eventually led to higher growth and better GDP not protectionism; but yet later, this same stance also led to his exit.

4. Russia

Humorously, the former Prime Minister mentioned he did not go shooting with Putin or accept an invitation to go horseback riding as he does not look good without a shirt! haha

Cameron stated after multiple overnight meetings and hours of time with Mr. Putin, an overall confidence of Putin's ability and intelligence could be gleamed.

Don't be so afraid of

(see [Borders](#), Page 3)

British point of view

Borders need restrictions, welcome China, split on Trump

(continued from Page 2)

Russia. Putin's ways are very different and more brash than others but it works for him and Cameron truly believes Putin wants the best for Russia and the people.

While talking with Putin about Democracy versus Communism, Putin paused long during the conversation.

"I do not believe in Democracy!" Putin said.

Cameron answered, "That is fine. We can co-exist easily."

And the two moved on to other items.

5. Comparing U.S. elections to British

Cameron says it's CRAZY and unbelievable... He spent \$25 million to get elected versus \$2 billion spent by USA in most recent election and had no TV advertisement. Using his humor once again, Cameron stated you would never hear him say, "This is David Cameron and I approve this message."

Not only a chuckle was garnered from this statement but a giant round of applause from the audience. Interesting!

6. What immigration policy is best?

In one of the firmest

comments of the talk, Cameron stated directly, "Angela Merkel is wrong. Do not open the borders without some restrictions!"

For those with super memories, recall a chance encounter with two NATO pilots, when they were quiet on German borders?

Britain never joined a voluntary open border and Cameron believes the best policy is to help directly where the refugees are, not necessarily inviting them into your country.

He followed up by saying that it is very important to have government representation of ALL various interests, not just one.

7. China?

China is a huge and coming power; and while they are different, they are trying their best according to Cameron. Cameron suggests, rather than tax, limit or tariff, welcome them and show them how to trade efficiently.

Cameron spoke of many visits with the President of China. President Xi Jinping is very nice and actually is trying to be more like a democracy but the deeply engrained culture is not allowing fast change.

Cameron believes he is doing what he can to be fair, both in trade and in politics but others must understand their culture. It's different than ours and very iron clad in some ways.

Cameron also gleefully stated Jinping is committed to trade, with Cameron again reminding that many different cultures can exist together.

8. Cameron on Trump

Cameron started with one of our favorite policies, which he agrees, it is a terrific policy to let the money come back into the U.S. "It's crazy to harbor money overseas!"

Cameron was negative towards Trump's isolationist policies; being a free trade person, he very much believes this a bad policy.

Thank you for making it through this entire article. Former Prime Minister David Cameron impressed us so much we went into greater detail than normal.

His ideas were unbiased, open and highly intelligent. We will monitor his thoughts in the future and follow his ideas to see the results.

Thanks, David Cameron.

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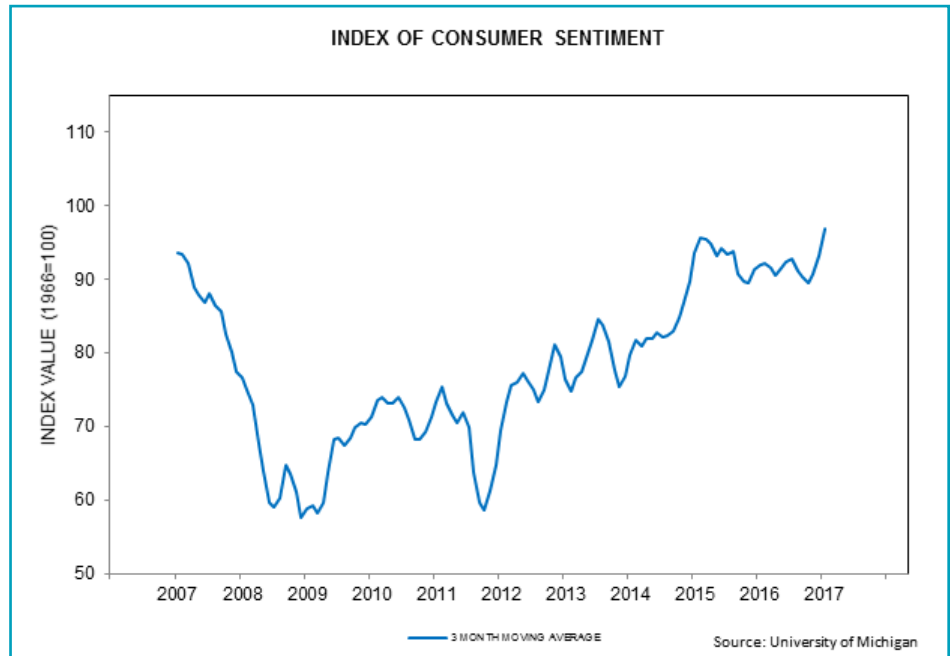
Consumer confidence, current financial situation show similar results

(continued from Page 1)
well.

The index at right from the University of Michigan, Survey of Consumers shows the broadest measure of consumer confidence, at a near 10 year high. After dropping in 2009, it has been a mostly steady increase. Worth noting is the move up near year end 2016.

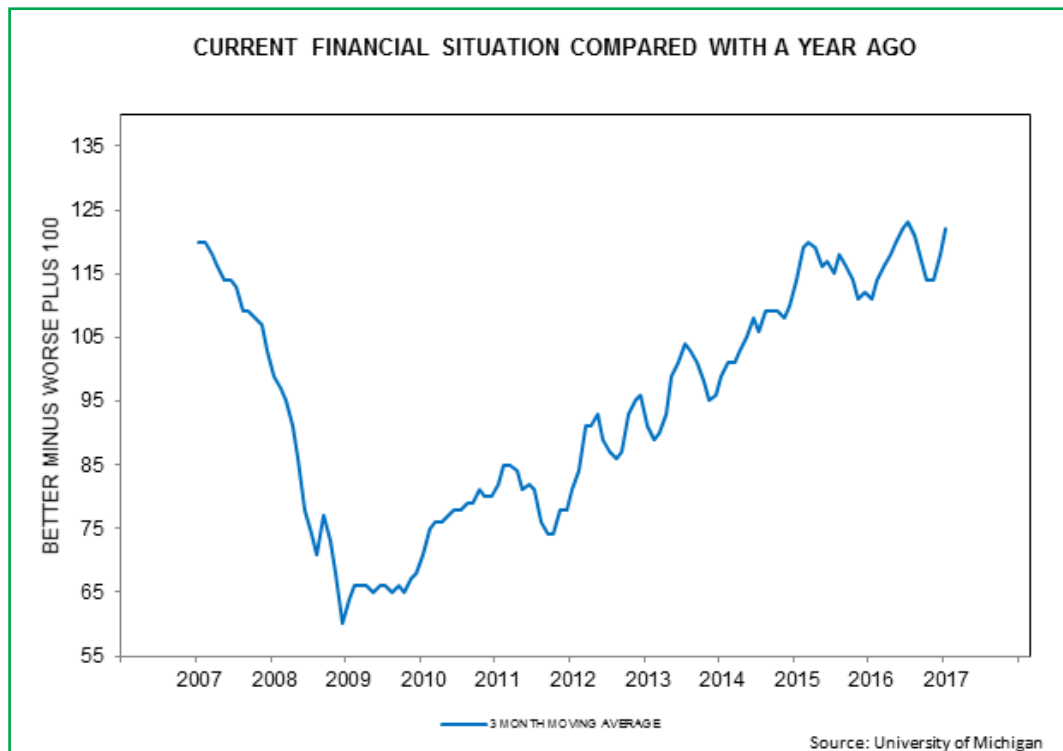
The recent survey below, again from the University of Michigan, Survey of Consumers speaks to the Current Financial Situation as compared to one year ago. The results of this poll, not surprisingly, show a very similar result. Bottoming in 2009 after the great recession, a relatively steady climb has ensued. Again, there is a move upward near the end of 2016.

Taking a look at the global equity chart (top, Page 5), with the 20% decline from early 2016 noted and comparing it to the above sentiment



indicators, overall sentiment was little affected but financial situation showed near exact market movement. This is not surprising, since the capital markets may also adjust our financial feelings.

Most other sentiment indicators from other sources are showing similar results.



So, we generally feel better and have been gaining ground for some time. Pro-business talk seems to be increasing the optimism. Everybody is happy!

What could go wrong? Of course it is never 100% rose colored glasses and peaches and cream.

Looking longer term (bottom chart, Page 5), let's even take out the tech bubble of the

(see [Eventual](#), Page 5)

Eventual move back to more norm valuations can occur with growth, pullback

(continued from Page 4)

late 90's and the great recession, the current Price Earnings (Valuation) is very high. The average and the mean are right at 15. Note we are currently at 26.

What does this really mean?

Equity markets are valued currently at a Price Earnings (P/E) of 26 and the long-term average is 15. We could be highly overvalued or we could be in store for some wonderful growth to come, with equity markets anticipating this growth.

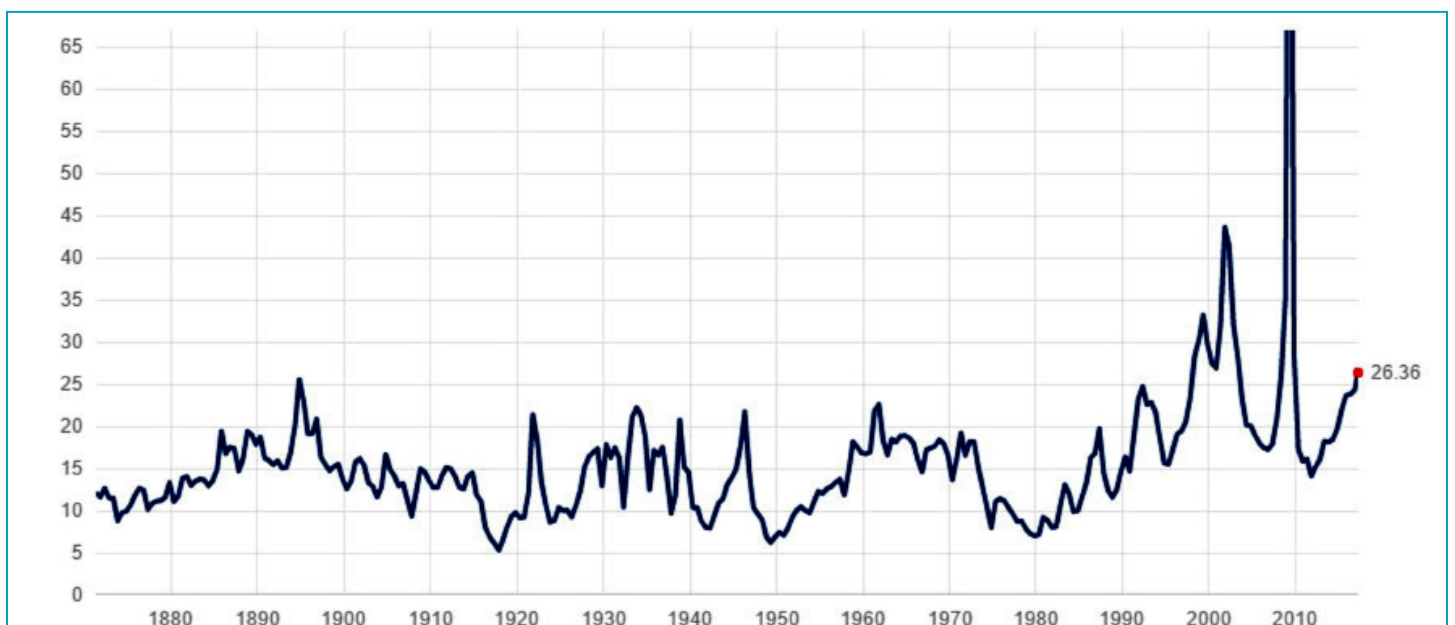
There are basically two options for a more normal valuation metric.

1. Grow out of this valuation through increased growth or
2. A market pullback to reset the

valuation

Wait, it is not all bad as the eventual move back to more norm valuations can occur with a combination of both of these points. Our preference is the first. If the optimistic views are a sign of this, then all is well. If not, we are prepared for a second outcome as well.

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Questions and answers

Kvale fields questions about funds, investing, IRA

(continued from Page 1)

The funny things that run through your head before you go on a "live" national show, with no do overs:

- Will I do my intro ok?
- What questions will come in?
- Who will call?
- What if I get a twister question?
- What if my phone goes out or the electricity drops?

Not kidding. You do think of these things!

The last 20 minutes before the show feels like an ETERNITY!

The phone rings and it is show time!

Mindy from New York called and asked for her 78 year old just-about-to-retire mother...

impressive work age — pay off a Heloc, set aside funds and stay conservative

Gary, a likely career military person, calls with extra money to invest and after dissecting his situation, Max the TSP Military retirement plan

John from Alabama with a question on an IRA windfall – keep the funds in the beneficiary IRA for sure, various ways to invest the funds but keeping the funds as an IRA most important

Boom, and just like that, it was over.

Michelle popped in my ear and said we want to have you back more frequently and thanks very much for the help.

I happily agreed!



Recent Guests



John Kvale
 Founder
 J.K. Financial
<http://www.jkfinancialinc.com/team.html>

John A. Kvale CFA, CFP, is the founder of J.K. Financial, Inc. and with 29 years of industry experience is currently the president of J.K. Financial, a fee only total financial planning. J.K. Financial specializes in total concierge financial planning and wealth management. The company has a global presence, serving individual and institutional clients across the United States as well as multiple clients residing in foreign countries. John is co-author of a Quarterly Wealth Management and Financial Planning Newsletter which is distributed to clients across the country. He actively analyzes and updates ideas and investing on Street-pents.com, a community blogsite and writes regularly for Credit.com as well as Investopedia. John appeared on Wharton's Your Money, Live on Sirius Satellite Radio multiple times along with Good Morning America as the winning planner for ABC's Frugal Family Challenge, co-sponsored by USA Today. John began his financial planning career 29 years ago in Dallas.

Episodes: 1/10/2017 @6:30 PM, 5/17/2016 @5:00 PM, 6/30/2015 @6:30 PM, 11/4/2014 @5:00 PM

TRAVEL TIPS

Three things to save a bundle, avoid hassles

Travel insurance for rental car, RFID protection, avoid free wi-fi

As the snow thaws and the flowers bloom, those non-regular road warriors (present party included) hit the streets for vacations, family visits and memory creation. Through multiple mistakes and invasive occurrences, the following tips learned the hard way may help you save money and time.

Travel insurance for your car rental via your credit card

Earlier this year while on a trip, the rental car was damaged while in the parking lot. In this case, accident coverage was declined as usual and the traveling credit card was used for the rental. Upon return to the agency, a complete report was issued and the agency notified.

The Visa travel card was notified as well of the event and they took over. The total cost of all damages with no deductible will be paid directly to the rental car company (this case is still being processed.)

Good items to

remember:

1. Keep a copy of the rental agreement and anything else related to the transaction.
2. Take multiple pictures of the damaged vehicle.
3. Notify all parties in a timely fashion so they can start the process.

Be sure to confirm your benefits of your card in advance of the rental. All benefits are not the same and there are stringent requirements to allow the above full coverage.

Put important items in an RFID protected holder

While mentioning to a long-time friend who knows security VERY well of identity fraud occurring almost the same time on a repeated trip, an RFID wallet was suggested. The phone did not get into the cradle well before the wallet was on order.

In true success form, not another theft has occurred since carrying all cards in the RFID wallet. This wallet was

not expensive, looks almost the same as the prior unprotected one and so far has done the job.

There are all types of carrying cases for all genders and all items. An RFID protected holder may save you unwanted troubles.

Beware of free Wi-Fi

They say the best things in life are free but not this one!

Yes, it is a hassle to burn your hard-purchased monthly data while tethered to your cell. Yes, it will stress the battery of your device. Yes, it may save you a ton of trouble.

If you are on the road, trying to stay away from free Wi-Fi, ESPECIALLY in the airport is a great idea. Once the bad guys get access to your information, it can be a huge hassle and ruin your fun trip. Don't take a chance if possible. Use your phone!

Have fun traveling and with these tips you can rest assured you have done your best to be safe.

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The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investments may be appropriate for you, consult your financial advisor prior to investing.

A few parting thoughts for you...

With a chance meeting of the Former Prime Minister of the UK, David Cameron was so impressive we went at length in our newsletter concerning his thoughts, opinions and predictions. Opinions from outside our borders, especially of such stature, can be much different from ours.

Another exciting Sirius Satellite radio show occurred in the most recent quarter. We hope you enjoy our review and the real-world take on

how the show works.

With sentiment polls happily skyrocketing we review multiple takes at the capital market and the current valuations.

With travel season nearing, we also took time to review three handy tips that may save you time, money and anguish during the coming months.

Have a great Spring. We will talk to you again in the summer!

New knowledge sites:

<http://www.sca.isr.umich.edu/> University Of Michigan Survey of Consumers, great surveys used in this newsletter

<https://fred.stlouisfed.org/> Fred, St Louis Federal Reserve, Economic data site, downloadable

<http://www.airfarewatchdog.com/> Airfare watch site with emails for price changes

Dates:

Easter, April 16

Mother's Day, May 14

Memorial Day, May 29

Father's Day, June 18