



MARKETS REACH RECORD HIGH: WHAT'S NEXT

Did You Know: *Dow Reaches New High*

The Dow, is one of several indices created by *Wall Street Journal* editor and Dow Jones & Co. co-founder Charles Dow. The average is named after him and one of his business associates, statistician Edward Jones. It is an index of 30 large publicly owned companies based in the United States.

The industrial average was first calculated on May 26, 1896 and is the second-oldest U.S. market index after the Dow Jones Transportation Average, which was also created by Dow. Since then it has hit several milestones including the following:

Dow closes above 100 for the first time on January 12, 1906

Dow breaks 1,000 on November 14, 1972

Down pushes above 5,000 on Nov 21, 1995

Dow strikes 10,000 on March 29, 1999

Dow soars past 15,000 on May 7, 2015

Dow 20,000 becomes a reality on January 26, 2017

Dow 25,000? What's your guess?

Source: Wikipedia.com

The first month of the year was an interesting one. As far as the markets were concerned, it came and went without much fanfare. The blue-chip Dow gained 0.5%, while the S&P 500 turned in a solid 1.8%. Together, that makes for three consecutive months of gains for the major indexes as we head into a historically flat February.

While the markets appeared muted, the change in Washington D.C, has been anything but quiet. Investors continue to evaluate President Trump's policies and the impact they may have on our domestic economy and with our trade partners. Ironically, as contentious as some new policies, appointments, and executive orders may have been, that controversy hasn't spilled over into markets, at least not yet.

As we suggested in our last newsletter, it seems that the market is poised to continue to "melt up" in response to the Presidents pro-growth agenda. This is despite little clarity on important factors such as infrastructure spending and tax cuts. At times, the so-called Trump rally appeared to be fading as protests, fake news, as well as reports on Consumer Confidence and manufacturing data came in lower than expected. However, markets continue to take it all in stride and simply march higher.

So much so, that the wait for Dow 20,000 finally came to an end. The Dow Jones Industrial Average broke through 20,000 for the first time in its 131-year history. The blue-chip average sailed past the

psychologically-significant level just 64 days after crossing the 19,000 threshold for the first time ever. Making it the second-fastest 1,000 point run in history. The milestone comes almost 18 years after it reached 10,000 on March 16, 1999, and comes more than 10 x faster that the climb from 18,000 - 19,000 which took 483 days.

Combined, we think the case for continued growth remains viable and feel a number of sectors offer opportunities for our clients. In particular, financials, pharmaceuticals, oil, and European based companies.

Our favorite sector of the group is pharmaceuticals which is telling two very different stories. Right now, the front-page story that is distracting investors is how many of these companies are price gouging consumers by making some treatments financially impossible. While there are obvious abuses in this area, the other story has to do with the future and plans from the President to speed up FDA approval.

If it comes to fruition, that's a win-win for the industry and investor's as it will not only get essential treatments into the hands of consumers quicker, but also help reduce the cost to research and develop them as well.

Another area that we feel is poised for growth are some of the companies that have been beat up as a result of the "Brexit." Many high quality companies with popular brands and strong balance sheets have weathered other economic storms and we feel they will come out on top again.

Robert Laura & Drummond Osborn

Interesting Trivia?



- 1) What bay is Otis Redding serenading in "Sittin' on the dock of the bay?"
- 2) Who's doghouse apparently contains a basement, a pool table, an Andrew Wyeth painting and jacuzzi?
- 3) Who pulls a potted plant and hat stand out of her bottomless carpetbag?
- 4) What ships destination is the sunny beach of Peppermint Bay?



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Is Failing At Retirement A Good Thing?

Whether it was boredom, missing work, too much time with the grandkids, bad golf game, or feeling called to a second career, it seems that the rate of failure in retirement is escalating. Ironically, while most failures in life are seen as bad or negative, retirement failures are often heralded rather than used to judge or criticize. In a weird way, it's portrayed as a good thing.

There are no red faces or bowed heads when people say, "I tried retirement but it didn't work for me."

This phenomenon takes place for a number of reasons. First, because of healthy aging. It's common to hear age based expressions like, "60 is the new 40" or "70's the new 50," which suggest that people look and feel better at a specific age than previous generations. Improvements in medical technology and a renewed focus on well-being, helps slow down the aging process.

Second, society maintains a lopsided view of retirement. While current and future retirees may argue that they are busier and more productive than during their work years, retirement is viewed as a leisurely time in life and as less important than those who are still grinding their way towards it.

Yes, baby boomers are doing everything they can to change this perspective, but the assumption that people are playing golf and baking apple pies all day, creates a negative bias around it, which makes those who fail at it look good.

Third, retirement is a manufactured phase of life that comes with a number of flaws. Retirement technically didn't exist until Social Security was created in 1935 but at the time, most people died before they got to enjoy their sunset years. As retirement has evolved and people are spending more time in it, they have a different perspective than past generations.

Retirement today assumes that people don't like what they do for a living, that they can actually save enough money to avoid working for the 30-40 years while maintaining the same standard of living, and doesn't put enough value on the mental, social and physical outlets that work life provides. Retirement has become a much more complicated decision than ever before, it's no longer a simple financial choice.

Finally, peer pressure doesn't just show up in middle or high school, it's equally rampant in retirement as well. Reaching a certain age, having a retired spouse, family members, and friends, as well as having people at work asking why you're still there, can cause some people to pull the plug, before they are actually ready.

The follow the herd mentality can be exacerbated by buy-outs or company closings which may imply it's the right time to retire, but many who are in this situation find that they may not be ready to go just yet.

With little warning to make the transition, it's easy to see why this group is excited to fail at retirement.

Trivia Answers

- 1) San Francisco Bay
- 2) Snoopy's
- 3) Mary Poppins
- 4) The Good Ship Lollipop

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