



**OPTIVEST**  
WEALTH MANAGEMENT

*Turning Success into Peace of Mind.*

**SECOND QUARTER 2017**

**April 5, 2017**



*To Our Investors:*

By: Mark Van Mourick, CEO  
Leslie Calhoun, CIO/CCO  
Bart Zandbergen, Senior Wealth Advisor

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## U.S. & World Economy by Mark:

While the upticks in both U.S. sentiment and the stock market are in part a reflection of the optimism over President Trump's pro-growth plans, there is more to the story. The other main contributor is the collective recognition that we finally have a moderately growing global economy with few weak spots. The U.S. was the cause of the global financial crisis of 2008, the first to bottom and the longest to recover. The rest of the world's GDP expansion has been years shorter and is still catching up to our higher valuations. Secondly, after five quarters of Wall Street corporate profits dropping (the last quarter was 3Q2016), the first and second quarters of 2017 look positive with a deliberate buildup of inventories on optimism. However, that is largely behind us now as the financial markets often project six months or more in advance. The failure to address Obamacare - even with a Republican majority - makes the rest of Trump's business-friendly agenda much less certain leaving global growth as the remaining reason for bullish optimism. We expect the markets' sentiments have shifted from "tell me" to "show me" which will cause the financial markets to back and fill until the second half of 2017 becomes clearer.

## Portfolio Management by Leslie:

In an effort to migrate all of our portfolios to our Trump economy models, during 1Q2017 we concentrated on growing exposure to infrastructure plays, inflation sensitive investments such as real assets, MLPs and TIPs (Treasury Inflation Protected Securities), as well as adding to U.S. and European equities. For those with large municipal bond exposure, we pruned lower quality and longer duration bonds during the rebound in pricing that resulted from adjusted expectation that we will experience only three interest rate hikes this year rather than four.

Our Managed Futures sector was a detractor to overall performance. In this sector we moved toward risk mitigation and protection of capital. Our risk mitigation rule led us to reduce our exposure to a historically high performing managed futures fund when we saw they didn't follow their stated fund management model. We exchanged roughly 50% of the fund which deviated from their stated asset management model into a similar, highly correlated but not identical fund which is being managed in line with its objectives and goals. This maneuver is part of our "active" portfolio management strategy which takes advantage of opportunities created by tax law to greatly enhance after-tax returns. The fund which deviated now has a

“yellow flag” in our models; further underperformance and continued operation outside its stated objectives means it will go to “red flag” and be fully sold across all accounts.

Overall, our composite of all balanced accounts was up over 2.3% for the first quarter. Individual returns varied depending on their risk profile and corresponding mix of securities.

## Financial & Business Planning by Bart:

With April 18<sup>th</sup> looming, many have focused their thoughts toward tax preparation. Here are a few **key tips to consider**:

- If you qualify, maximally fund your IRA (\$5,500 or \$6,500 if over age 50)
- If you are self-employed, you can still open a SEP-IRA and fund up to 25% of your AGI to a maximum of \$53,000. You actually have until October 15<sup>th</sup> (final filing date) to open and fund a SEP-IRA for the previous years' taxes. So, if you need more time to fully fund a SEP just file an extension. As it turns out, only 25% of Americans file their tax returns on time so there is no shame in filing an extension! (Just be sure that you have paid your estimated amount of taxes.)

Here is a list of the **10 most overlooked tax deductions**. Be sure to claim them if you can!

1. State sales tax
2. Reinvested dividends
3. Out-of-pocket charitable contributions
4. Student loan interest paid by mom and dad
5. Moving expense to take a new job
6. Child and dependent care tax credit
7. Investment advisory fees
8. State taxes paid last year
9. Refinancing mortgage points
10. Jury pay compensated to employer

**Don't forget to think ahead for 2017:** If you own a business or are self-employed, consider setting up a retirement plan NOW. There are many to choose from and we can help you decide which is the most advantageous for your situation. We'll continue to discuss 2017 tax strategies throughout the year so stay tuned.

## Summary:

While the world economy improves and the Trump agenda unfolds, our highly diversified portfolios steadily moved forward. On a firm level, Optivest is investing heavily into portfolio management software and hardware and human infrastructure with the goal of offer leading “institutional quality” portfolio management by year-end (similar to top, multi-billion dollar advisory firms). With highly personalized multi-family office services matched by new, advanced portfolio management strategies we seek to bring the very best resources to you, our valued clients and friends.

Until next time,

*Mark Van Mourick, Leslie Calhoun &  
Bart Zandbergen*

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Optivest Inc. | 24901 Dana Point Harbor Drive, Suite 200 | Dana Point, CA 92629  
949-363-8686 | [www.optivestinc.com](http://www.optivestinc.com)