



March Madness

It's the end of the first quarter and once again it's time to do the Tarheel Advisors' annual bracket challenge. As usual, there are no perfect brackets remaining. However, investors would be wise not to focus on the early upsets, and instead make sure they've picked the eventual champion correctly. With that in mind, let's take a look at the Final Four Investment themes and see which one holds the key to success.

Coming out of the MidWest, we see one of our blue bloods and annual contenders, the Federal Reserve. Coach Yellen once again has her team in the headlines with solid play on offense and



MIDWEST



EAST



WEST

SOUTH



Having changed her strategy from prior years, Coach Yellen no longer relies on her full-court printing press, but instead has tightened up the passing lanes with the first of perhaps three interest rate hikes in 2017. We believe that monetary policy is profoundly more important to the markets than fiscal policy. So, keep an eye on the Fed as a potential title matchup with the Trump Administration looms in the next round.

In the West we have a newcomer to the Finals. The MSCI EAFE Index tracks 929 large and mid-cap stocks in Europe, Asia, and the Far East. This index has been stifled by a strong dollar and has missed the tournament the last few years. However, it seems to have regained its touch from long distance and is lighting up the scoreboard in the 1st quarter. With a return of 7.25% YTD, it may have what it takes to be this year's Cinderella storyline. However, fighting a currency battle on the boards against a much bigger opponent may prove too much for the early momentum.

In the South we have the "Brexit" back fully in the news as England takes the next steps towards leaving the Euro and the monetary union. The unexpected original vote in 2016 sent shockwaves through the

world markets. However, since then global indices seem to have warmed up to the idea, and Parliament has shown a strong inside game leading to a rebounding edge for the Pound Sterling and the Euro since the end of a calamitous 2016. This investment story may still have legs to finish strong, but my guess is it succumbs to fatigue before the 4th quarter.

that has the other teams on its heels. Talk of tax cuts, deregulation, and infrastructure spending has helped US equities get off to another great start in the first quarter. The S&P 500 is now up 6.07% in 2017 and close to 15% since inauguration day. However, many pundits feel the top seed may be overrated as Trump's coaching policies (at least to this point) have been mostly rhetoric without a timetable. Either way, Coach Trump has built his strategy around building a great perimeter defense. Whether you personally agree with his playbook or not, Trump has influenced the markets to some degree and investor sentiment is now the highest it's been since January 1987 with 63.2% of respondents bullish about the Market's future. This is often a contrarian sign, so beware of an upset in the title game.

Which of the four investment themes will ultimately prevail this year is yet to be determined. Let's just hope the coaches don't tweet out blame towards the officials for their performances, even if they try to slow down the championship game to a nearly unwatchable pace with too many foul calls!

Last but not least, we have a new challenger in the East that is revolutionizing the game. With a new coach at the helm since January, the Trump Train has come into town and unleashed a new style of play

2017 Market Update

S&P 500	+6.07%
DOW	+5.19%
RUSS 2000	+2.47%
MSCI World	+7.25%
BONDS	+0.82%
GOLD	+8.6%

Mortgage Rates

15-Year	3.14%
30-Year	3.95%
5/1 ARM	3.75%

Did You Know?

* Assuming each game is a 50/50 toss up, the odds of filling out a perfect NCAA bracket are one in 9,223,372,036,854,775,808 (that's quintillion).

* Your 2016 income tax filings and IRA contributions are due by April 18th this year due to the 15th falling on a weekend and a federal holiday on the 17th.

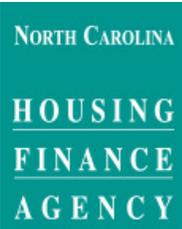
* The first year of a Presidential cycle has shown an average market return of 6.0% since 1950. However, since the 2nd term of the Clinton administration in 1997, that average is up to 14.8%.

-Walter Hinson, CFP®, AIF®

Show Me The Money!

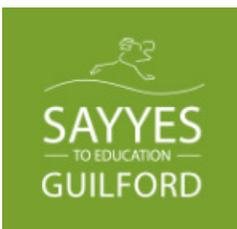
One of the most difficult aspects of financial planning is navigating the maze of social benefit programs. Everyone has heard of Social Security, Medicare, and Medicaid, but those programs are really just the tip of the iceberg. When you get down to state and local levels there can be a multitude of programs available that many people are unaware of. Recently, we have come across two programs specific to North Carolina residents.

The first program is provided by the **North Carolina Housing Finance Agency**. The NC Home Advantage Mortgage is available to first-time and move-up home buyers across the state.



According to www.nchfa.com: "For both first-time and move-up home buyers, our NC Home Advantage Mortgage™ provides qualified individuals with stable, fixed-rate mortgages and down payment assistance up to 5% of the loan amount. Even better, repayment of the down payment is required only if you sell, refinance or transfer your home before year 15. The down payment assistance is forgiven at 20% per year after 10 years in the home."

For qualified home buyers, this program provides 5% in down payment assistance that is completely forgiven after 15 years. The main catch is that the house must be a primary residence and your annual income can not exceed \$87,500 to access the program. A qualified lender must also be pursued in order to access this loan program.



The second program we'll be discussing is specific to our Guilford County clients only. **Say Yes To Education ("Say Yes")** started last year after being run in several other cities across the nation. This program is not government run, but instead is run through a non-profit organization.

The original intent of Say Yes was to provide "last dollar" support to ALL Guilford County Residents attending College. Last dollar means the amount of tuition remaining after all of a student's grants and scholarships. This was potentially an incredible benefit made available for you and your children. Additionally, the benefit could even be have been used for private and out-of-state tuition.

Unfortunately, the people in charge of Say Yes may have slept

through most of their college statistics classes. In year number one, Say Yes Guilford exceeded its expected payout by a whopping 600%, spending \$6 million when they had a budget of \$1 million.



In recent weeks we have seen ramifications from the budgetary mistake, and the guidelines of the program have changed significantly. The benefits provided by Say Yes are now going to be income tested based off family earnings. According to their new guidelines:

- Eligible students with an annual family income of \$40,000 or less will receive 100 percent of the remaining tuition amount, after Pell, state and institutional aid are applied, if they have been continuously enrolled in Guilford County Schools since ninth grade.
- Eligible students with an annual family income of \$40,001-\$75,000 will receive up to \$4,500 in tuition assistance toward the remaining tuition amount, after Pell, state and institutional aid are applied, if they have been continuously enrolled in Guilford County Schools since sixth grade.
- Eligible students with an annual family income of \$75,001-\$100,000 will receive up to \$2,250 in tuition assistance toward the remaining tuition amount, after Pell, state and institutional aid are applied if they have been continuously enrolled in Guilford County Schools since fourth grade.
- Students with an annual family income of more than \$100,000 are not eligible for Say Yes scholarships to North Carolina public universities or two year colleges.

After some initial growing pains, Say Yes has hopefully changed its guidelines in order to insure its longevity, but we wouldn't suggest clients stop funding those 529 plan accounts just yet.

-Ryan Glover, CFP®

Our Advisors

Walter Hinson, CFP®, AIF® (919) 439-0383

walter_hinson@tarheeladvisors.com

Ryan Glover, CFP® (336) 510-7255

ryan_glover@tarheeladvisors.com