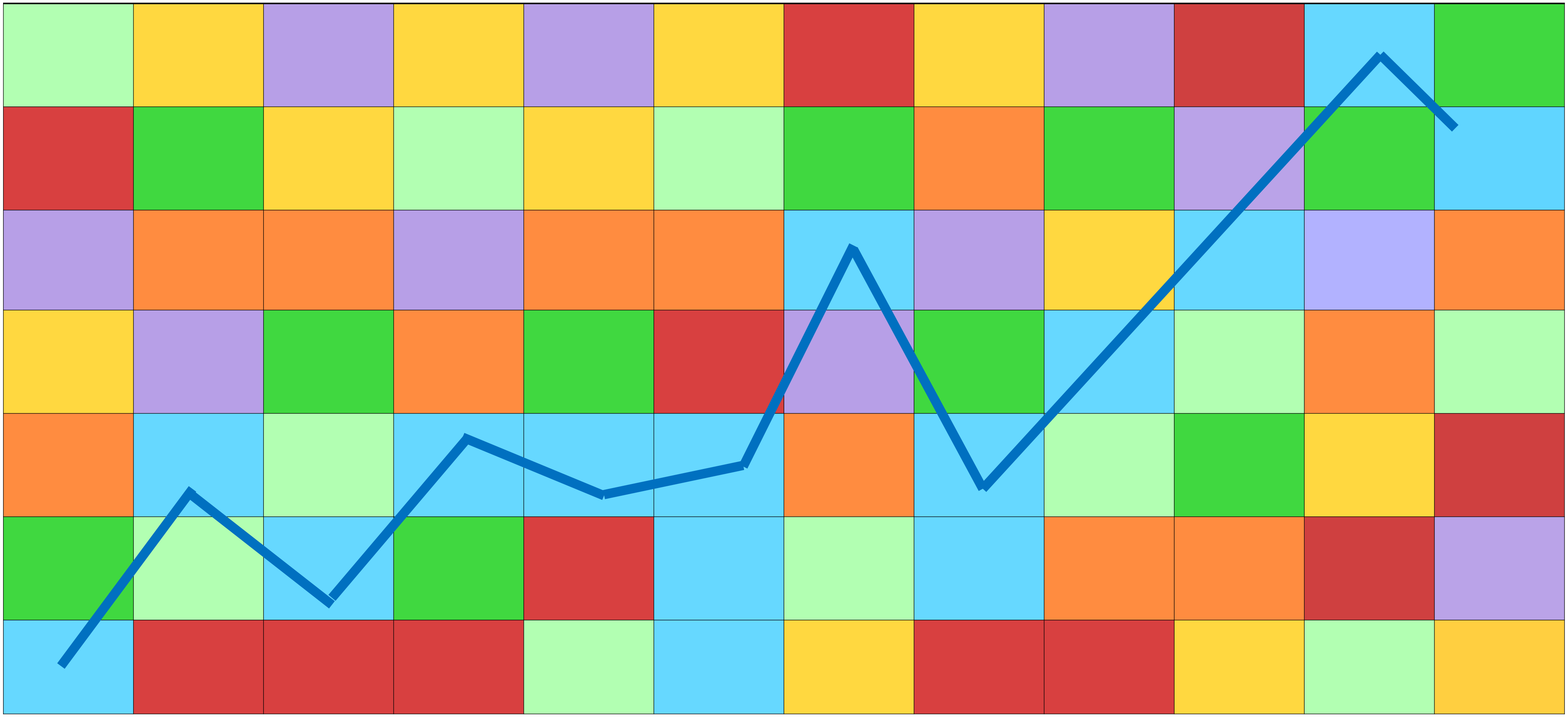

VANSANT MEWSHAW

REGISTERED INVESTMENT ADVISOR

Q3

Quarterly Market Review
Third Quarter 2017

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VANSANT MEWSHAW

This report features world capital market performance and a timeline of events for the past quarter. It begins with a global overview, then features the returns of stock and bond asset classes in the US and international markets.

The report also illustrates the impact of globally diversified portfolios and features a quarterly topic.

Required Minimum Distributions: If you are required to take a minimum distribution from your IRA for tax year 2017 you will be receiving correspondence from our office in the near future.
IMPORTANT! IMPORTANT! IMPORTANT!
Please notify our office if you are over 70 1/2 and have other qualified or IRA assets held outside of VSM purview. This will allow us to calculate the correct distribution. Account holders that have reached the age of 70 1/2 in 2017 must take an RMD by April 1, 2018. After an account holder takes the initial RMD, all future RMDs must be taken by December 31. If you have any questions call Sara Bowser.

Enclosed in client quarterly statements is a copy of our **Client Information Privacy Principles**.

Overview:

Quarterly Topic: How Successful Investors Navigated The Last 57 Market Corrections

Market Summary

World Stock Market Performance

Impact of Diversification

Randomness Of Market Returns

How Successful Investors Navigated The Last 57 Market Corrections

IF YOU DEFINE A STOCK MARKET "CORRECTION" AS MOST people do—that is, as a decline in the Standard & Poor's 500-Stock Index (ignoring dividends) of at least ten percent, then in the 71 years from the beginning of 1946 through the end of 2016 there were 57 of them.

That's about one every fifteen months.

There are a couple of interesting number sets around the history of these 57 corrections that the patient, disciplined, goal-focused, long-term investor might want to be aware of. The first is that, despite market corrections that have come along with such frequency, the S&P 500 (still excluding dividends, just measuring by price) provided a positive return in 50 of the 71 years under consideration. (All these are S&P's statistics, and they ought to know.)

That's a bunch of disparate numbers, but I'm hoping you can see something of a pattern emerging here. To wit, the equity market must have been importantly resilient lo these seven decades past to have been able to shake off corrections relatively quickly, to the point where its value advanced in 50 of 71 (or 70% of) calendar years.

Even more important—and probably easier to understand—is the second number set to which I referred a moment ago. It is that the Index came into 1946 at about 15, and went out of 2016 at 2,240. That is—***still taking no account of dividends***—the Index went up around 150 times ***in the process of overcoming 57 corrections***. This, to me, is resilience on steroids

And yet I cannot pick up a newspaper or turn on the television this summer without someone telling me we are overdue for a correction—***as if that's supposed to frighten me, and as if I'm somehow supposed to try to do something about it.*** Heck, for all I know (or anybody else knows either), they may be right: we may be, in some strained statistical sense, overdue for a correction, inasmuch as the last one happened in January-February 2016. And that was…well, more than fifteen months ago.

Ah, but that's not the real issue, is it? The real issue is, given that corrections have historically been quite frequent yet overall rather fleeting, ***what are we long-term investors supposed to do about them?***

At this point, two important problems rear their heads simultaneously. (1) We don't know when, or from what S&P price level, the correction will start. That is, we can't call the top. (No shame in this; no one has ever been able consistently to anticipate market tops.) (2) We don't know when, or at what price level, the correction will blow itself out. That is, we can't call the bottom. (No shame etc., etc.)

(continued page 4)

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Of Corrections, Recessions, Bear Markets And Other Distractions

It appears, therefore, that we can't with any consistency get out of the market in advance of a correction, nor get back in just before a resumption of the advance. This is, or certainly ought to be, a very sobering realization, particularly when we remember that the overall trend across the last 57 corrections increased the S&P 500's value 150 times.

How, then, did generations of patient, disciplined, goal-focused, long-term investors navigate these 57 corrections? I hope the answer will by this time be intuitively obvious to you: *they didn't*. ***They simply rode them out***. They decided that they could not, in all probability, gain an advantage over the market by guessing at its interim peaks and troughs.

And in the past they've certainly been well rewarded for doing so. With full dividend reinvestment, the S&P's return compounded at about 10.7% in these 71 years—seven percentage points above the CPI inflation rate, which the Wharton scholar Jeremy Siegel maintains has been par for the course going all the way back to Thomas Jefferson's presidency.

Next time you hear some pundit calling for a correction, and you feel your trigger finger getting itchy, check in with your financial advisor, who will—I predict with something approaching 100% certainty—advise against it. In the meantime, you'll want to remember this wonderful (and wonderfully true) quote from Peter Lynch:

"***Far more money has been lost by investors preparing for corrections, or trying to anticipate corrections, than has been lost in corrections themselves."***

Market Summary

Index Returns

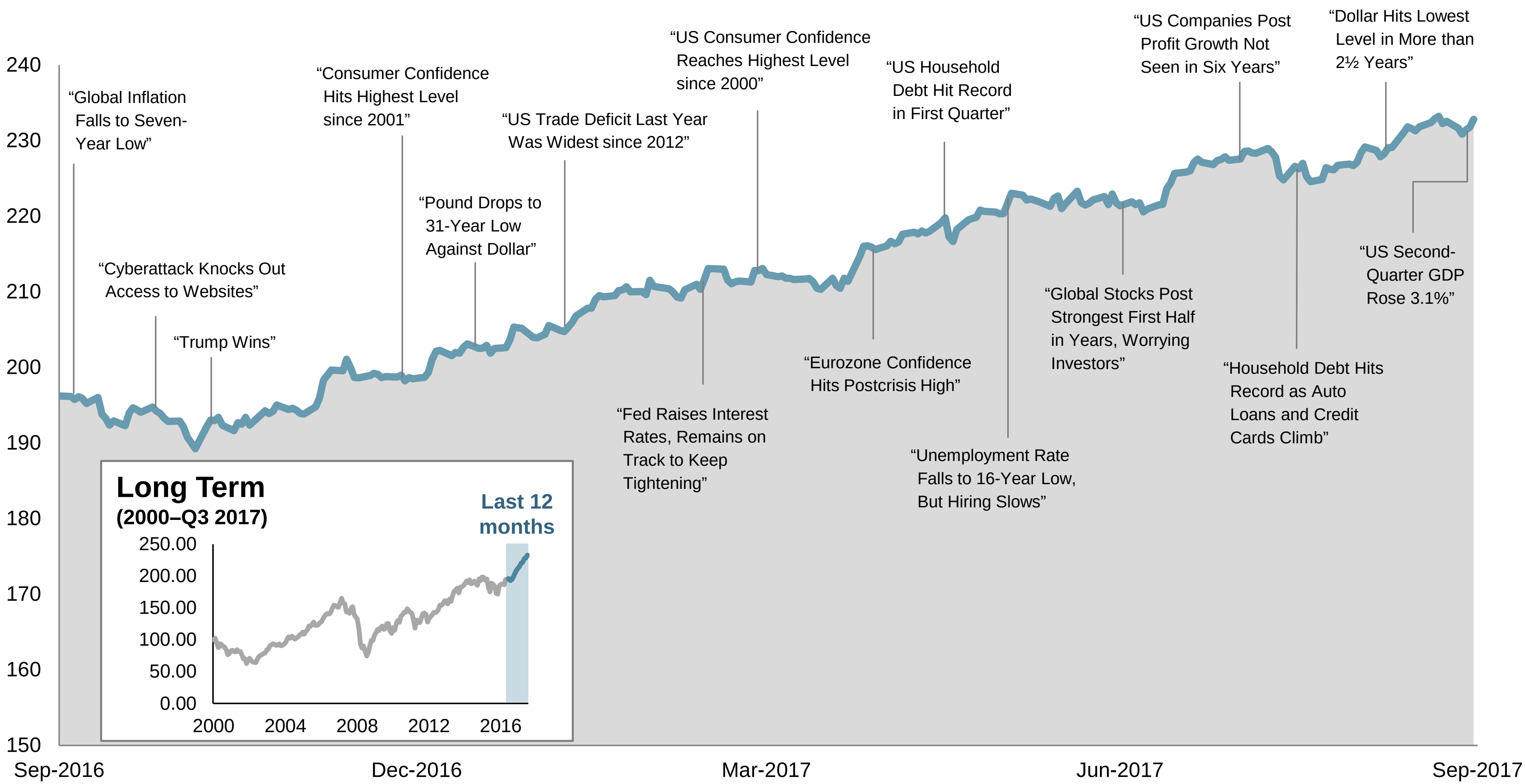
Q3 2017	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
	STOCKS				BONDS	
	4.57%	5.62%	7.89%	1.13%	0.85%	0.70%
Since Jan. 2001						
Avg. Quarterly Return	1.9%	1.6%	3.1%	2.7%	1.2%	1.1%
Best Quarter	16.8% **Q2 2009**	25.9% **Q2 2009**	34.7% **Q2 2009**	32.3% **Q3 2009**	4.6% **Q3 2001**	5.5% **Q4 2008**
Worst Quarter	-22.8% **Q4 2008**	-21.2% **Q4 2008**	-27.6% **Q4 2008**	-36.1% **Q4 2008**	-3.0% **Q4 2016**	-3.2% **Q2 2015**

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net div.]), Emerging Markets (MSCI Emerging Markets Index [net div.]), Global Real Estate (S&P Global REIT Index [net div.]), US Bond Market (Bloomberg Barclays US Aggregate Bond Index), and Global Bond ex US Market (Citi WGBI ex USA 1−30 Years [Hedged to USD]). The S&P data are provided by Standard & Poor's Index Services Group. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. Bloomberg Barclays data provided by Bloomberg.

World Stock Market Performance

MSCI All Country World Index with selected headlines from past 12 months

Short Term
(Q4 2016–Q3 2017)



These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.
Graph Source: MSCI ACWI Index [net div.]. MSCI data © MSCI 2017, all rights reserved.
It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. Past performance is not a guarantee of future results.

Impact of Diversification

Third Quarter 2017 Index Returns

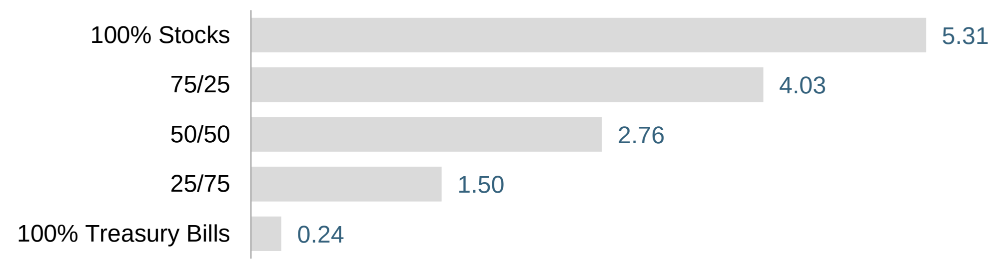
These portfolios illustrate the performance of different global stock/bond mixes. Mixes with larger allocations to stocks are considered riskier but have higher expected returns over time.

Period Returns (%)

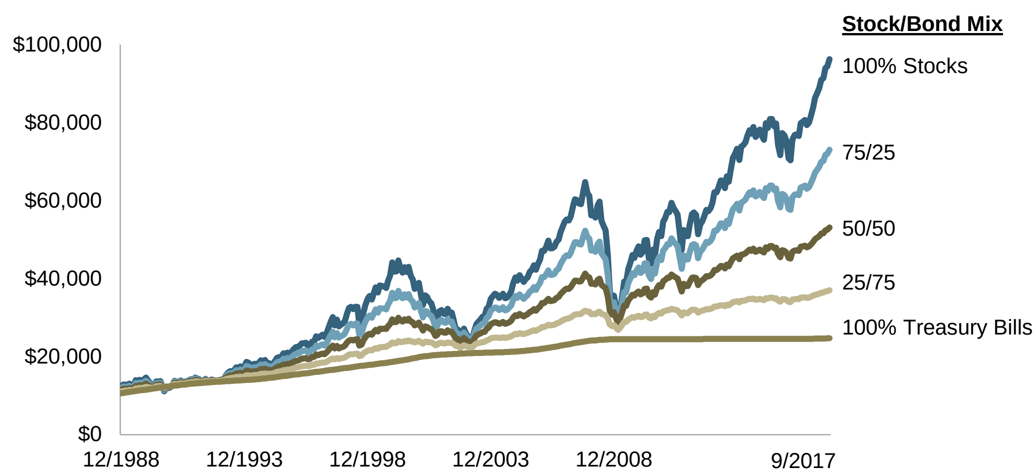
** Annualized*

Asset Class	YTD	1 Year	3 Years*	5 Years*	10 Years*	10-Year STDEV[1]
100% Stocks	17.75	19.29	8.02	10.79	4.45	16.90
75/25	13.22	14.35	6.13	8.14	3.70	12.66
50/50	8.85	9.60	4.21	5.48	2.76	8.43
25/75	4.62	5.01	2.25	2.82	1.65	4.20
100% Treasury Bills	0.53	0.58	0.25	0.16	0.36	0.22

Ranked Returns (%)



Growth of Wealth: The Relationship between Risk and Return



1. STDEV (standard deviation) is a measure of the variation or dispersion of a set of data points. Standard deviations are often used to quantify the historical return volatility of a security or portfolio.
Diversification does not eliminate the risk of market loss. Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect expenses associated with the management of an actual portfolio. Asset allocations and the hypothetical index portfolio returns are for illustrative purposes only and do not represent actual performance. Global Stocks represented by MSCI All Country World Index (gross div.) and Treasury Bills represented by US One-Month Treasury Bills. Globally diversified allocations rebalanced monthly, no withdrawals. Data © MSCI 2017, all rights reserved. Treasury bills © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefield).

Randomness Of Market Returns

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Highest Return	US Bonds 5.24%	Emerging Markets 74.50%	US REIT 28.07%	US Bonds 7.84%	Large Cap US 14.60%	Small Cap US 36.99%	US REIT 27.40%	US REIT 0.80%	Commodity 9.86%	Emerging Markets 25.45%
	Global Allocation -25.74%	International Developed 31.78%	Small Cap US 26.86%	US REIT 5.50%	Global Allocation 13.05%	Large Cap US 29.60%	Large Cap US 11.40%	US Bonds 0.55%	US REIT 8.90%	International Developed 19.96%
	Small Cap US -33.79%	US REIT 28.46%	Emerging Markets 16.36%	Large Cap US 0.00%	Small Cap US 13.00%	International Developed 22.77%	US Bonds 5.97%	Large Cap US -0.73%	US Bonds 5.31%	Large Cap Us 12.50%
	Large Cap US -37.00%	Small Cap US 27.17%	Large Cap US 15.06%	Commodity -1.18%	US REIT 11.60%	Global Allocation 15.97%	Global Allocation 3.71%	International Developed -0.81%	Emerging Markets 5.03%	Small Cap US 9.90%
	US REIT -39.20%	Large Cap US 26.46%	Global Allocation 13.74%	Global Allocation -2.16%	International Developed 10.08%	Commodity -1.22%	Small Cap US 3.50%	Global Allocation -1.74%	Global Allocation 3.66%	Global Allocation 9.66%
	International Developed -46.38%	Global Allocation 25.53%	Commodity 9.03%	Small Cap US -5.45%	Emerging Markets 9.41%	US Bonds -2.02%	Emerging Markets -4.63%	Small Cap US -5.70%	Large Cap US 2.70%	US Bonds 3.14%
	Commodity -46.49%	Commodity 13.49%	International Developed 7.75%	International Developed -12.14%	US Bonds 3.99%	US REIT -2.30%	International Developed -4.90%	Emerging Markets -16.96%	Small Cap US 1.40%	US REIT -1.00%
Lowest Return	Emerging Markets -54.48%	US Bonds 5.93%	US Bonds 6.54%	Emerging Markets -20.41%	Commodity 3.47%	Emerging Markets -5.03%	Commodity -33.06%	Commodity -32.86%	International Developed -4.42%	Commodity -3.76%

Large Cap US is defined as the S&P 500 Index, Small Cap US is defined as the Russel l 2000 Index, US Reit is defined as the Dow Jones US Select REIT Index, International Developed Is defined as MSCI EAFE Index, Emerging Markets is defined as the MSCI Emerging Index, Commodity is defined as the S&P GSCI and US Bonds are Defined as the BarCap US Agg Bond Index. Indexes are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results. Global Allocation is defined as the DFA 60/40 Global Allocation Fund Institutional Shares.