FOSTER & MOTLEY
Wealth Management

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Review & Outlook

Inside this Issue:

If you would like to receive our newsletter electronically, please contact Jessica Holcomb at (513) 561-6640.

Market Notes

A strong U.S. dollar and sharply lower oil prices weighed heavily on stock markets at the start of the quarter, particularly for large U.S. multinational companies who have a high level of currency exposure. Markets improved in February as oil prices stabilized, a ceasefire in Ukraine was announced, and with the prospect that the Federal Reserve doesn't appear to be in a hurry to raise interest rates.

The S&P 500 actually reached an all-time high in late February. However, concerns about a slowing economy and the continued strength of the dollar led to a rough March. The S&P 500 and the Dow Jones Industrial Average (DJIA), last year's best performers, generated meager returns for the quarter. The DJIA actually experienced a decline in price, but its total return was positive thanks to dividends.

Small U.S. stocks (with their lower foreign currency exposure) and international stocks had the best performances for the quarter.

REITs continued their strong performance, led by gains in self-storage and residential REITs.

Bonds generated positive returns for the quarter with high yield bonds outperforming U.S. government and investment grade corporates.

Here are the numbers through March 31:

Benchmark Returns as of March 31, 2015	
	1st Qtr
Blended Equity *(includes next 4 indices)*:	2.2%
S&P 500 - large US stocks *(60%)*	1.0%
Russell 2000 - small stocks *(15%)*	4.3%
EAFE - established intl stocks *(15%)*	4.9%
MSCI Emerging Markets Free *(10%)*	2.2%
Dow Jones Industrial Average	0.3%
Merrill Lynch US Master (txbl. bonds)	1.7%
Merrill Lynch Municipals 1-12 years	0.7%
NAREIT Equity REIT Index	4.0%

Retirement– Beyond the Numbers by Luke Hail, CFP®

I recently attended an interesting presentation by Joni Youngwirth. The premise was that financial planners do a great job of helping their clients figure out if they have sufficient financial resources to meet their retirement goals but could do a better job of helping clients get ready for the non-financial aspects of the transition into retirement. I thought about it, and it does seem the transition into retirement is easier for some clients and harder for others. What's the secret? It's a little different for everyone, but a common element for clients with easier transitions is they have actively developed interests and activities to "retire into."

Our time at work does more for us than just provide financial benefits. It is where we can find purpose, status, and meaning. It can be a large part of our social circle, a place to feel connected to the larger world, and a structure to manage our time. Clients with the most successful retirement transitions recognize the

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Retirement– Beyond the Numbers, continued....

non-financial benefits of work and develop a plan to reestablish the benefits through activities unconnected to the workplace.

Visualization is a technique often used by performers and athletes to mentally "see themselves" performing an activity before they go on stage or walk on the field. Visualizing different parts of the retirement transition process can be a useful way to identify areas that need further development. For example, after the initial "to-do lists" are complete, what do you plan to do on a typical Tuesday? Mentally map the day out hour-by-hour and then write it down. Will you wake up and go to the gym? Will you drink coffee and read the newspaper until 10? What then? Will you volunteer at your church? Play golf in the afternoon with friends? Take a class? Who is cooking dinner? Will you take a walk after dinner with your spouse? Now try to visualize and schedule a whole week. If you had large blocks of unallocated time, your retirement transition may be harder. If you are excited about the way your schedule looks, there is a good chance your transition to retirement will be easier.

"...have actively developed interests and activities to "retire into"."

Consider developing a hobby before retirement. People who don't have many interests outside work (or work is their hobby) can have a harder time transitioning into retirement. People that have hobbies or are actively planning on mastering a skill like golf or playing an instrument are more likely to have smoother transitions into retirement.

"Visualizing different parts of the retirement transition process can be a useful way to identify areas that need further development."

Think about your social situation during retirement. Staying engaged with others is healthy. Isolation is not. If much of your social network was connected to your workplace, think about how you are going to socialize after retirement. I have seen people successfully make new friends and reconstitute their social groups through involvement in their church, other charitable activities, and through groups associated with a hobby they enjoy.

If you are married, take a long vacation (or two) with just your spouse before retiring. Vacations are great for many reasons, but during this time they can allow the two of you to reestablish dormant connections and create new shared experiences. It is common for clients to mention they are concerned about the amount of time they will spend with their spouse after retirement. Longer vacations, with periods of extended "downtime," can give a glimpse into how shared time with your spouse will be in retirement. (It is often at this time, your spouse will help you find a hobby that requires ***significant*** time away from your house.)

"Consider approaching mental and physical exercise as a part of your "new job"."

Lastly, stay healthy. Life is better if your health is good. The old saying, "If you have your health, you have everything," really is true. Staying physically active seems to protect against a number of diseases and injuries associated with aging. Consider approaching mental and physical exercise as a part of your "new job." Treat them as something you must do everyday.

Taking time to plan for the non-financial aspects of retirement can make your transition to this new phase of life much easier. Our advisory team has years of experience helping people through this transition.

Feel free to contact us and discuss your retirement— beyond the numbers.

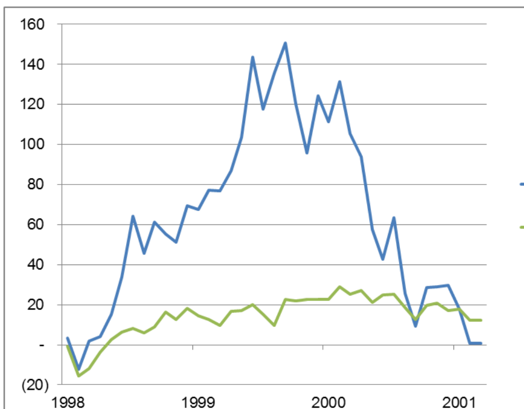
Dividends Matter, by Ralph J. Scherer, CFA

Our domestic stock selection strategy has always favored dividend-paying companies and especially those that are growing their dividends. This is grounded in the knowledge that dividend income has historically constituted around 40% of the total return from stock investing. It also reflects the conviction that dividend growth is an important indicator of a growing business and management's confidence in the continued growth of that business.

The benefits of this approach have been confirmed in a recent study by Ned Davis Research that examined the returns of stocks in the S&P 500 over 15-year rolling periods starting in 1972 and ending in 2014. The study compared groups of stocks segregated monthly into one of four groups: non-dividend payers; dividend cutters or eliminators; dividend payers with flat dividends; and dividend growers or initiators. Over every one of the 324 separate periods of 15 years in the study, dividend growers or initiators were the best performing group, and dividend payers with flat dividends were second best. The dividend cutters and non-dividend payers were the weakest performers over every 15-year period! Furthermore, these last two groups not only underperformed the first two groups, but they were far riskier (more volatile) while doing so.

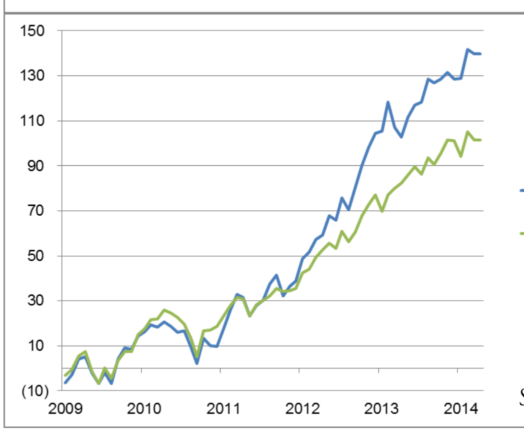
"…dividend income has historically constituted around 40% of the total return from stock investing."

While it is reassuring that a dividend-paying stock strategy pays off in the long run with more return and less risk, there are shorter periods of time when it does not. The times when the dividend strategy does not work as well tend to occur when investors' appetite for risk is high.



Source: Bloomberg

As you can see in the graph (right), the late 1990's tech boom was such a period as non-dividend payers sharply outperformed dividend payers. You can also see that this surge by the non-dividend payers ended very badly a few years later.



Source: Bloomberg

The second graph (right) shows that a less extreme version of this pattern of temporary underperformance of dividend payers has occurred over the last two years.

"…a dividend-paying stock strategy pays off in the long run with more return and less risk…"

The recent performance of domestic stocks in your portfolio has reflected this divergence from the long-term reward of investing in dividend payers. We do not know how long this anomaly will last, but we do have confidence that sticking to our discipline of favoring companies with growing dividends will continue to pay off for our clients in the long run.

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Foster & Motley Employee Spotlight

We are pleased to announce our newest member of the Foster & Motley team, Megan Leslie who joined us in March 2015.

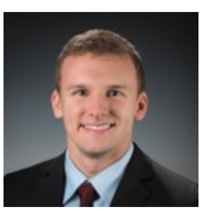
Megan grew up in Loveland, Ohio. She graduated from Ohio University in 1996 with a bachelor's degree in communication with a minor in business. Prior to having children, she worked at Fidelity Investments. Megan worked directly with the HR Director of multiple companies and specifically dealt with 401(k) plans. She was quickly recognized for her client management and problem-solving skills.

After staying home with her three children, she returned to the workforce in 2013 as a Certified Personal Trainer. Megan provides administrative support to the Financial Planning Team where she works directly with Paul Staubach.

Megan and her family reside in Symmes Township. She enjoys spending time with family and friends, running, strength training, music, reading, and traveling.

News and Notes

Congratulations to **Grant Mosher** who passed the six-hour Certified Financial



Planner (CFP®) comprehensive board examination on March 28, 2015. The CFP® exam is designed to assess a candidate's ability to "integrate and apply a broad base of financial planning knowledge in the context of real life financial planning situations." Prior to sitting for the exam, Grant had spent a year studying and successfully completing The Ohio State University's Executive Certificate in Financial Planning program.

We are also pleased to announce that as of April 1, 2015, **Grant** and **Kim Bresler** transitioned into new roles at Foster & Motley as Associate Financial Planners where they will play an increased role in the development of our clients' financial plans. Congratulations Kim and Grant!

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