

MARKET HIGHLIGHTS:

- The Atlanta Fed forecast for the second quarter GDP was 2.7% as of June 30th, an increase over 1.4% growth in the first quarter.
- The Fed increased the funds rate by 25 basis points in June, the second hike this year and the fourth time this cycle which began in December of 2015.
- Fixed income markets posted strong returns this quarter, benefiting from lower interest rates and tighter spreads.
- Equity markets continued to reach new highs in the second quarter, marking the seventh consecutive quarter of positive market returns.
- Investors chose to focus on robust corporate earnings and an improving global economy, largely shrugging off a series of headlines at home and abroad.

INDEX PERFORMANCE

6/30/17

	Q	YTD	1 Year
Aggressive Allocation	3.35	8.52	15.32
Balanced Allocation	2.81	6.90	11.35
Conservative Allocation	2.26	5.25	7.34
S&P 500 TR	3.09	9.34	17.90
Russell 2000 TR	2.46	4.99	24.60
Barclays US Agg Bond TR	1.45	2.27	(0.31)
MSCI EAFE NR USD	6.12	13.81	20.27
	As of 6/30/17	As of 6/30/16	
10 year Treasury	2.31%	1.49%	
Barclays 1-3m Treasury/Cash	0.30%	0.01%	
Price of oil	\$46.52	\$48.37	
Real GDP YoY % change	2.1%	2.1%	
US Unemployment Rate	4.4%	4.7%	

The aggressive allocation is made up of 50% S&P 500 TR, 8% Russell 2000 TR, 18% Barclays US Agg Bond TR, 22% MSCI EAFE NR USD and 2% cash. The balanced allocation is made up of 39% S&P 500 TR, 5% Russell 2000 TR, 35% Barclays US Agg Bond TR, 16% MSCI EAFE NR USD and 5% cash. The conservative allocation is made up of 29% S&P 500 TR, 2% Russell 2000 TR, 53% Barclays US Agg Bond TR, 9% MSCI EAFE NR USD and 7% cash. All indices are unmanaged and investors cannot actually invest directly into an index. Unlike investments, indices do not incur management fees, charges, or expenses. Past performance does not guarantee future results.

Do You Remember Your First Car?

— By Rick Tonkinson, MBA, MPA, CFP®, CLU, AIF®



You probably learned to drive on your parent's car or truck but do you remember your own first car? For me, it was a 1962 Chevy Nova. It cost \$200 in 1973.

In 1962, Ed Cole, Chevy General Manager, said that the simple back to basics compact car was the "maximum functionalism with thrift."

It was a car that certainly did not have any glamour. It was no chick magnet. Nevertheless, it got me to work at Jones Beach State Park where I picked up garbage on Field 4.

With its standard inline 4 engine, the car was really quite peppy and reliable.

I have been driving for 44 years and have over 500,000 miles completed.

I hope to drive for many more years but it seems like yesterday when I was in the Nova.

MARKET REVIEW

— By Rick Tonkinson, MBA, MPA, CFP®, CLU, AIF®



The US stock market continues to move in the right direction although the pace has slowed down. The S&P 500 in the first quarter posted 6.0% and the first half of 2017 it posted 9.3%. This means that it posted 3.3% in the second quarter.

Reality has set in after the over charged surge with the wishful to-do list of the Trump agenda that has yet to materialize into lower taxes and new infrastructure.

The stock market is overvalued but few seem to care. Everyone is enjoying the ride.

Sectors that are above the S&P 500 performances of 9.3% include Consumer Discretionary 11.0%, Technology 17.2% and Healthcare 16.1%.

FPL stock (NEE) is really on a roll. On 01/01/2017, the stock was at \$119.46 and it closed on 06/30/2017 at \$140.13. Including the 2 dividends of 98 cents each, the total year-to-date performance is 18.95% compared to the utilities sector of 8.8%.

As of May 2017, unemployment was at 4.3% which means that supposedly everyone who wants to work now has a job. However, unemployment is a real personal issue when people are given a severance because their employer automated their job.

Technology will continue to eliminate millions of entry level and middle class jobs in the next 5 to 10 years and people, regardless of age, need to upgrade their job skills in order to find and keep employment. This will have a severe impact on people's financial plans when they are let go 10 years earlier than they anticipated.

Despite the dire prediction, the consumer confidence level is at 95.1 as of June 2017 when the average since 1972 (45 years) is 85.2. The increase in 401K balances, high real estate levels and low inflation has made people feel better than normal.

The focus still remains on the US stock market. Large growth stocks posted 14.0%. Bonds still deserve some attention since the high yield posted 6.5% as of 06/30/2017.

For the third quarter we anticipate a continued gradual improvement.

Source: J.P. Morgan 3rd Quarter Guide to the Markets®

Longevity vs. Overtime

— By Rick Tonkinson, MBA, MPA, CFP®, CLU, AIF®

The work ethic of the employees of FPL is anytime, anywhere, get the job done right the first time, 24/7 in the outages and storm restoration.

For those who receive overtime, the extra money is most welcome. When you are young, you feel invincible and you take on as many hours as you can or the outage schedule requires.

However, over time this turns into a habit and a lot of people internalize the stress that comes from working overtime to the point that it bites you with serious health problems.

We have been witnesses to this for 25 years and actually track the age that people retire and when they die. In 2016, 8 FPL clients passed away and the average age was 68.25. The average age at retirement was 62.75 and were retired on average for 5.5 years.

This is not statistically proven and each person's medical history is different but I have a gut feel that for every year past age 60 that you work full time in a stressful job, you lose 3 years of life expectancy.

Take time to regroup. Realistically check your physical, mental and emotional condition.

Financially pay the bills on your straight time and save the overtime.

SOUND ADVICE: Why You Need an Estate Plan for Your Digital Assets

— Presented by Steven Tonkinson, CFP®, AIF®, CFS®



According to the Pew Research Center, 87 percent of Americans use the Internet. This means most of us maintain at least some personal and financial information online. We pay bills online, keep contact records digitally, and rarely print a photo—because it's in our online photo album. Although this digitizing of information makes it easier to store and recall, it also presents some concerns when it comes to accounting for all of these "assets" in your estate.

What are digital assets?

First, let's define digital assets. These include your online financial accounts, your personal e-mail accounts, and your Facebook, Twitter, and LinkedIn accounts. The assets may or may not have a value. For example, you might own a domain name for your small business, which would have value, but the photos you uploaded to Shutterfly have sentimental value only.

The problem with digital assets in estate planning

With traditional estate planning, you take steps to ensure that your executor or personal representative can access the information needed to gather and safeguard your assets, contact creditors, and, if necessary, oversee your business after your passing. This can be especially challenging with digital assets, however, if you do not arrange the proper authorization ahead of time.

Your executor should be able to access information on your computer's hard drive relatively easily with the help of a technician. But this may not be the case for online accounts and data stored remotely. Even if you give your usernames and passwords to your executor or a family member, he or she may run up against service-agreement limitations that deny him or her the ability to access, manage, distribute, copy, delete, or even close accounts. Further, "unauthorized use" laws can lead to legal issues for your representatives if they are deemed to have exceeded permissible access levels.

New legal statute may ease access concerns

Fortunately, lawmakers are starting to pay attention. A new statute, the Revised Uniform Fiduciary Access to Digital Assets Act (RUFADAA), addresses whether and how a family member, executor, attorney-in-fact, or trustee can access digital assets. Sixteen states have already adopted RUFADAA: Arizona, Colorado, Connecticut, Delaware, Florida, Idaho, Indiana, Maryland, Michigan, Minnesota, Nebraska, Oregon, Tennessee, Washington, Wisconsin, and Wyoming. The hope is that more will soon follow.

RUFADAA is different from state laws governing estate administration, powers of attorney, and trusts. It does not presume that family members and fiduciaries can access digital assets because of their relationship with the account owner. Instead, the statute requires express authorization before anyone—family member or fiduciary—may access the content of a digital asset.

So what can you do now to start organizing your digital assets?

- Decide how you want your online life handled after your death. Facebook, for example, allows a personal administrator or immediate family member to close the account or "memorialize" it. This may help ease your loved ones' pain during a time of grief. Consider creating instructions for a family member to do this, or something similar, on your social media accounts. You may assign different roles to different people. For example, you may decide to appoint one person as your executor and another to have access to certain social media accounts.

- Create a comprehensive inventory of your digital assets. Be sure to store this inventory somewhere other than an e-mail account. Some e-mail providers, like Yahoo!, will close an account that has been inactive for several months and delete the e-mail history. Even if an executor promptly contacts the e-mail provider, he or she may not be able to copy important e-mails or contact lists before the account is deactivated. Back up important information elsewhere and update it regularly.

- Don't assume your digital estate has no value. Some frequent flyer points are transferable after your death. Credit cards with cash-back feature stores are generally redeemable after your death, but only if they are claimed. Internet domain names are potentially sellable, and blogs are a form of intellectual property.

- Consider investing in a password manager. Sites such as LastPass and Dashlane maintain a record of your online accounts and passwords in a digital safe. You can set them up to transfer the passwords to your representative at a specific event, such as your death or incapacity.

How can you ensure that fiduciaries and family members have access to your assets?

- Ask your attorney about inserting provisions into your will that grant your executor the authority to access your non-financial digital assets and accounts.

- Talk to your attorney about adding language to grant your power-of-attorney agent authority to act on your behalf with your digital accounts and assets.

- If you have assets in a trust, ask your attorney about the possibility of amending the trust agreement with language that will allow the trustee access to digital assets and accounts.

- Check online service providers' policies on death or disability. Each provider has its own access-authorization tools, and the terms vary, so be sure you understand who can and can't access information. If the provider allows access to your executor, trustee, or power-of-attorney agent, inform these individuals where important information is stored.

One final note: Be careful if you include provisions covering digital assets in your estate planning documents and complete a provider's access-authorization tool. The provisions in the documents should match the information you give in the provider's access-authorization tool. If they don't, the provider likely will follow the instructions you gave in its access tool and not your estate plan.

This material has been provided for general informational purposes only and does not constitute either tax or legal advice. Although we go to great lengths to make sure our information is accurate and useful, we recommend you consult a tax preparer, professional tax advisor, or lawyer.

Mozambique Deployment

— By Steven Tonkinson, CFP®, AIF®, CFS®



Cyclone Dineo struck the southern African country of Mozambique on 15 February. Its torrential rain and damaging winds destroyed 20,000 homes and affected 130,000 people. Disaster relief agency ShelterBox, working with the Red Cross, helped communities rebuild.

The aid that fitted the needs of the population best was ShelterKits containing materials to rebuild or repair basic dwellings along with machetes.



In May, while distributing in country, Response team member, Steven Tonkinson (USA) said, 'The people we have been



distributing to are clearly among the most vulnerable in their communities. We have seen elderly men and women, people with severe physical disabilities, mothers with

infants and orphaned children. It's reassuring to know that our aid is going to those who need it most.'

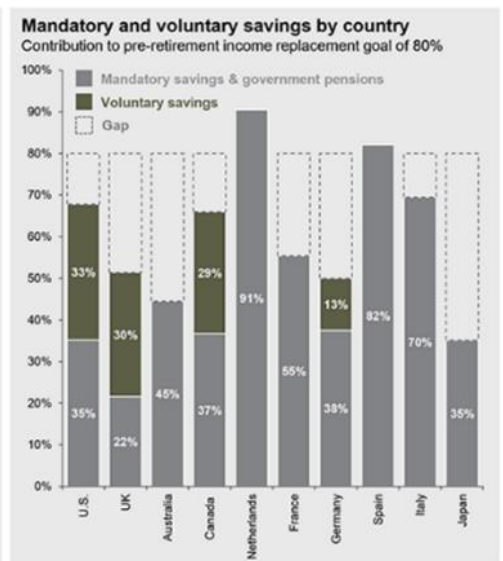
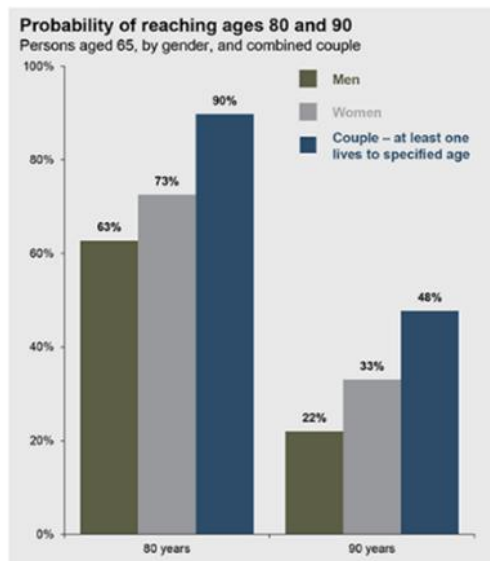
INTERESTING STATS: Life Expectancy and Pension Shortfall

— Presented by Steven Tonkinson, CFP®, AIF®, CFS®

This chart illustrates the need to invest for and through retirement. The left side of the page shows the probability of a 65-year-old person today reaching 80 and 90 years old. The right side of the page shows the expected years of retirement savings shortfalls by country.

Source: J.P. Morgan Asset Management; (Left) SSA 2013 Life Table; (Right) OECD Pensions at a Glance 2015.

Mandatory savings & government pensions is the total public pension or forced savings in defined contribution plans; Voluntary savings is defined contribution savings by employers and employees; Gap is the savings shortfall assuming a desired pre-retirement income replacement rate of 80%.



Pre-retirement income replacement is calculated for the average earning worker who is assumed to have worked a full career, defined as entering the labor market at age 20 and working until the normal pension age within each country.

Guide to the Markets – U.S. Data are as of June 30, 2017.

Consolidating Assets – Why do it?

— By Kristina Shamoina, CFP®



We often deal with clients who are trying to help their elderly parents get their financials organized and the biggest challenge is to locate the different assets and their paperwork—account statements, stock certificates, tax documents, etc.

The elderly parents may not be in the best health state to assist with the process and so the burden to locate the assets and get them under control falls on their children. This can be an extremely frustrating and a time-consuming process which could have been avoided by consolidating assets where possible.

Asset consolidation provides a better organization of your financial assets so that you and your financial advisers can see a complete financial picture and create a better financial plan.

A complete picture gives a realistic view of your cash flows, needs and progress as well as exposes any weak areas. Perhaps your adviser may see a more tax-efficient income or gifting strategy, or prevent duplications in your investments, or increase your diversification in the market, or improve your estate plan. A complete picture would also make it easier for you to view, be aware of and keep track of your holdings and asset transactions. It would drastically reduce the amount of

paperwork (statements, confirms, mutual fund reports etc.) you receive each month and it would make things easier during tax time as there would be fewer tax forms to file. For example, if you have 3 company stock certificates with the same registration (for example, Joint with Rights of Survivorship) and need to sell shares, you'd need to contact each company individually; then you'd have to receive and file three 1099 tax forms with your tax return. Instead, you could consolidate all stock certificates into a brokerage account, have a complete view of them on one statement, trade them with one broker and receive one 1099 tax form. It also simplifies the inheritance process since your beneficiaries would fill out just one set of paperwork and inherit all 3 stocks versus having to file three sets of forms with 3 different companies (which also may have different requirements and processing times).

For retirees over age 70½, combining their IRAs also simplifies compliance with Required Minimum Distributions (RMD) which are calculated on each IRA separately. It is easier to keep track of RMDs on 2 IRAs versus 5 IRAs.

Consolidating assets has a lot of useful benefits to offer both to younger and more mature investors but has to be done correctly with consideration given to several factors such as the type of registration on the assets, the type of investment assets and you overall financial suitability.

FAAMG and Technology Sector

— By Tom Saul, Analyst



The US equity market, up 3.1%, just keeps on rolling, hitting all-time highs in late June. But again, international equities outperformed ending up 6.1% in the quarter. Major sector rotation has moved the Technology sector with high-profile names such as FAAMG stocks and other big tech names out of the lead after crushing most of the first half of the year. This group has led the market for some time now but got slammed in June with some names falling more than 3% in just one day as investors took profits.

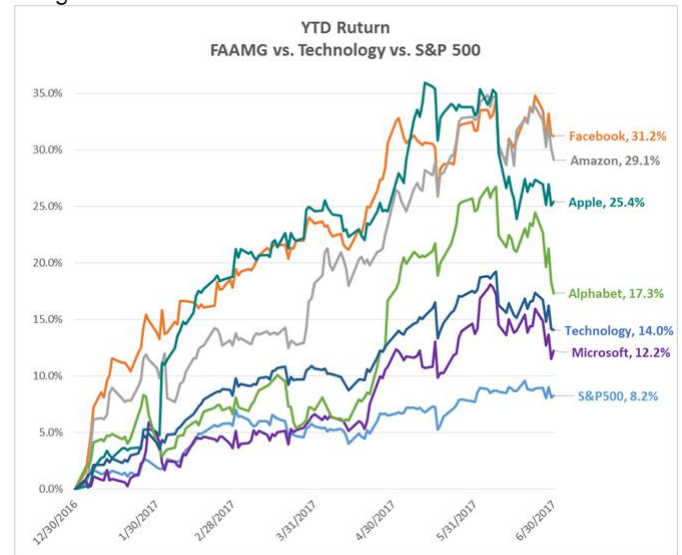
What are FAAMG stocks? The abbreviation was coined by Goldman Sachs for 5 top performing tech stocks in the market: Facebook (FB), Amazon (AMZN), Apple (AAPL), Microsoft (MSFT), and Alphabet (GOOGL) (GOOG). While roughly 3,000 companies, mostly tech, trade on the NASDAQ and Nasdaq Composite and provide an indication on how the tech sector is faring in the economy, 55% of the NASDAQ's year-to-date gains (as of 06/09/2017) are attributed to the FAAMG stocks. FAAMG stocks account for 37% of the returns of the S&P 500 index, which tracks the market capitalization of 500 large companies across various industries trading on the NYSE and NASDAQ.

Each of the stocks in the FAAMG class are in the top 10, by market capitalization, in the S&P 500 index. Although the 5 stocks are only 1% of the 500 companies in the index, they make up 13% of the market value weighting in the S&P 500. Since the S&P 500 has widely been accepted as the best representation of the US economy, it follows that a collective upward (or downward) movement in the stock performance of FAAMG will most likely lead to a similar direction in the index and the market.

For example, on 06/09/2017, shares of FAAMG companies slumped following a report from Goldman Sachs cautioning investors not to use these stocks as safe havens. FB, AMZN, AAPL, MSFT, and GOOG fell by 3.3%, 3.2%, 3.9%, 2.3%, and 3.4%, respectively, by the end of the trading day. In turn, the NASDAQ fell almost 3% and the S&P 500 was down 0.08%.

When we take a closer look at the Technology sector we find that tech names have advantages in a cash flow, valuation and cash balances making technology the only sector in the S&P 500 that has a Forward and Trailing P/E ratio significantly below 20-year average. Even with the pullback in June, Technology managed to still end the second quarter up 4.1%. While we cannot predict the future, the June pullback is most likely to be short-lived with Technology companies continuing to impose their will with scale by absorbing or acquiring whatever businesses that will complement or challenge them. Alphabet (formally Google), for example, has merged or acquired with over 175 companies in the last 10 years, which averages out to more

than one a month; you can see why they changed their name to Alphabet because of all the companies they own. This pattern can be seen in all the FAAMG companies and other big Tech names making the FAAMG stocks the new conglomerates of this era.



Data source: J.P. Morgan, Investopedia, Yahoo Finance

COMMUNITY EVENTS

On April 1st, Rick and Margarita attended FIU Torch Award dinner.

On April 4th, Rick and Margarita attended the 200 Club dinner. Rick is a member of the board. This is a support group for police officers and fire fighters.

On April 6th, Rick and Margarita awarded a scholarship to Anne Farrell through the Rotary Club of Coral Gables.

On April 11th, Rick attended the FPL Turkey Point retiree lunch at Rodbenders. Eugene Berry does a great job keeping the group together.

On April 20th, Steven played golf with Gene Miller, Stephen Flynn and Jose Otero at the 6th Annual Woody Golf Classic. Tonkinson Financial was a Silver sponsor.



On April 22nd, Rick and Margarita attended the Branches gala which honored David Lawrence Jr.



On April 24th, Rick and Margarita had the pleasure of surprising Don and Jeannett Slesnick with a bench dedicated to them at the Rotary Centennial Park. Don was the Mayor of Coral Gables in 2005 when the park was created. Both Don and Jeannett have been past chairs of the Coral Gables Community

Foundation. Mary Snow, Executive Director, has done a great job placing benches in all the Coral Gables parks.

On April 28th, The Tonkinson Foundation were the dinner party sponsors at the Diabetes Research Institution Out of the Kitchen dinner at The St. Regis hotel in Miami Beach.



On May 22nd, Rick and Margarita attended a lunch that honored Eduardo Padron. Eduardo has been the President of the Miami Dade College since 1995 and a recipient of the Presidential Medal of Freedom in 2016.

On May 27th, Steven and his friend Paul Zervas were to participate in a batting practice with "Mr. Marlin" himself, Jeff Conine. Interestingly they spoke more about Jeff's work with the Joe DiMaggio Children's Hospital in creating the Conine Clubhouse, a free nonprofit residence for families of children receiving medical care at the hospital. They also talked about his early days when he was a world class racquetball player and a pitcher in college.



On June 10th, the IBEW 627 Ironman golf tournament took place at Gator Trace Fort Pierce. Tonkinson Financial was a platinum sponsor for the 15th year in a row.



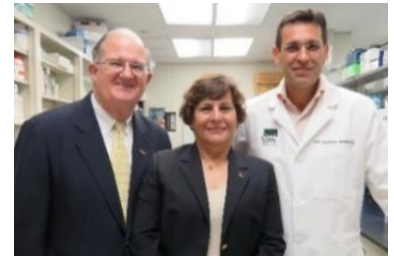
The Woody Foundation hosted their 7th Annual Lionfish Bash fishing tournament at the Coral Reef Yacht Club in Coconut Grove on June 24th. The main purpose for the Lionfish Bash is to raise funds and awareness for the spinal cord injured community as well as Jackson Rehabilitation Hospital. Tonkinson Financial was a wahoo level sponsor. The collective total was 57 Lionfish catch in Biscayne Bay.

One June 27th, Rick and Margarita surprised their close friend, Mary Young, with a park bench at the Rotary Centennial Park in Coral Gables. Mary Young is the Executive Director of the UM School of Business Sanford Ziff Graduate Career Services Center and past chair of the Coral Gables Community Foundation.



The Tonkinson Foundation provided a matching gift of \$50,000 to the Diabetes Research Institute #MultiplyCellSupplyMatchChallenge. Fortunately \$56,000 was raised so a total of \$106,000 will be used for the critical

work of Dr. Juan Dominguez Bendala and Ricardo Pastori. Their research has successfully reprogrammed non-producing insulin cells to make insulin.



Rick has been nominated to be on the National Board of Directors of the Diabetes Research Institute. He had been a member of the Florida Regional Board for 5 years.

Securities and advisory services offered through Commonwealth Financial Network®, Member FINRA/SIPC, a Registered Investment Adviser. Fixed insurance products and services offered by through CES Insurance Agency. This material is intended for informational/educational purposes only and should not be construed as investment advice, a solicitation, or a recommendation to buy or sell any security or investment product. Please contact your financial professional for more information specific to your situation. Past performance does not guarantee future results.

Investing in alternative investments may not be suitable for all investors and involves special risks, such as risk associated with leveraging the investment, adverse market forces, regulatory changes, and illiquidity. There is no assurance that the investment objective will be attained.

Investing in individual stock involves principal risk – the chance that you won't get all the money back that you originally invested—market risk, underlying securities risk, and secondary market price. Talk to your financial advisor before making any investing decisions.

DJ Industrial Average (DJIA): Computed by summing the prices of the stocks of 30 companies and then dividing that total by an adjusted value—one that has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are invested to reflect the actual performance of the underlying securities. NASDAQ Composite Index: Measures the performance of all issues listed on the NASDAQ Stock Market, except for the rights, warrants, units and convertible debentures. Barclays Capital Global Aggregate Bond: This index provides a broad-based measure of the global investment-grade, fixed-rate debt markets. Citigroup 3-month T-Bill: Measures monthly return equivalents of yield averages that are not marked to market. The 3-month Treasury Bill Indexes consist of the last three 3-month T-Bill issues. MSCI China: This free-float adjusted capitalization-weighted index is designed to measure the performance of China-based equities. MSCI EAFE (Morgan Stanley Capital International Europe, Australia, Far East): This index is a capitalization-weighted index that tracks the total return of common stocks in 21 developed-market countries within Europe, Australia and the Far East. MSCI Emerging Markets EMEA: This index captures large and mid-cap representation across 8 Emerging Markets (EM) countries in Europe, the Middle East and Africa (EMEA). With 139 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. Russell 2000: This index measures the performance of the 2,000 smallest companies in the Russell 3000 Index. Standard and Poor's (S&P) 500: This index tracks the performance of 500 widely held, large-capitalization US stocks. S&P Consumer Discretionary: A market capitalization weighted index that tracks the performance of consumer discretionary companies. S&P Consumer Staples: A market capitalization weighted index that tracks the performance of consumer staples companies. S&P Energy: A market capitalization weighted index that tracks the performance of energy companies. S&P Health Care: A market capitalization weighted index that tracks the performance of health care companies. S&P Materials: A market capitalization weighted index that tracks the performance of materials companies. S&P Technology: A market capitalization weighted index that tracks the performance of technology companies. S&P Utilities: A market capitalization weighted index that tracks the performance of utility companies.