2Q:2017 Market Oulook

After a strong first quarter, global stocks have paused awaiting the outcome of fiscal policy initiatives and French elections. Any increased market volatility would present an opportunity to add to positions.

US Fiscal Policy

Healthcare Tax Reform De-regulation Infrastructure spending	**Expectations for pro-growth fiscal policy initiatives have been central to the US stock market's rally following the 2016 election. If these initiatives are significantly delayed or defeated, US stock markets could pause or possibly pull back. Failed efforts to push the healthcare bill through Congress suggest key legislation may take longer than investors anticipated.**

European Elections

Netherlands: March 15th France: April 23rd, May 7th Germany: September 24th Italy: TPD	**While the Dutch elections in March provided no market disruption, French elections have become a major focus for the financial markets. A victory for the anti-EU candidate Le Pen, could create concerns France may leave the EU. While the probability is low, investors are reluctant to add equity positions until the outcome is known.**

Global Growth

United States Europe Japan Emerging Markets	**Global growth is accelerating after bottoming in January of 2016. All G20 economies are expected to grow in 2017, the first time since 2010. China posted first quarter growth of 6.9% ahead of the 6.5% expectations. Current Activity Indicators[1] show global growth at 4.4% in April. Developed Market growth is running at 3.0% and Emerging Markets growing at 5.6%.**

Equity Market Valuations

United States (17.5x)[2] Europe (15.0x)[2] Japan (13.2x)[2] Emerging Markets (12.0x)[2]	**Valuations continue to be on the high side of historical ranges for US stocks. While US stocks are trading a near historical highs, European stocks are trading 10 - 40% less depending on what metric you use.**

Interest Rates

Fed Rate Hikes "Flight to Safety"	**The market is expecting rate hikes in June and September. Additionally, the Fed is expected to announce a balance sheet runoff in December. All this points to higher rates over the next 12 to 18 months. However, geopolitical issues in North Korea and elections in Europe pushed investors to the safety of US Treasury Bonds.**

Current Asset Class Views

Core Asset Classes

US Equities	
Large Cap	⇔
Mid Cap	⇧
Small Cap	⇧
International Equities	
Developed Large Cap	⇧
Fixed Income	
Short-term Muni Bonds	⇔
Short-term IG Corp Bonds	⇔

Opportunistic Asset Classes

Equities	
Emerging Market Equities	⇧
Int'l Developed Small Cap Equities	⇧
Fixed Income	
High Yield Bonds	⇔
Bank Loans	⇧
Preferred Stock	⇔
Emerging Market Bonds	⇔
Alternatives	
MLPs	⇩
Commodities	⇩
Direct Real Estate	⇔
Hedge Funds	⇩

⇧ - Positive ⇩ - Negative ⇔ - Neutral

This information discusses general market activity, industry or sector trends, or other broad-based economic, market or political conditions and should not be construed as research or investment advice.

Bolded asset classes are currently held in portfolios. Views and opinions expressed are for informational purposes only and do not constitute a recommendation to buy, sell, or hold any security, they should not be construed as investment advice.

Footnotes

[1] - "Global: GS Economic Indicators Update", Jan Hatzius, Chief Economist Goldman Sachs, April 19, 2017
[2] - "GOAL: Kickstart: Repricing of European political risk Act II" Ian Wright, Portfolio Strategy - Europe Goldman Sachs, April 18, 2017

Disclosures:

Investors should consider the investment objectives, risks and charges and expenses of the funds carefully before investing. The prospectuses for each mutual fund and variable annuity held within these accounts contain this and other information about the funds/underlying investments. Contact your financial adviser at 612-381-8857 to obtain a prospectus, which should be read carefully before investing or sending money.

Treasury securities are backed by the full faith and credit of the U.S. government as to the timely payment of principal and interest. The principal value will fluctuate with changes in market conditions. If they are not held to maturity, they may be worth more or less than their original value.

For any Municipal Bonds: Investors may be subject to state taxes and federal minimum tax.

High Yield Funds: A High Yield Fund yield is high due, in part, to the volatility and risk of the high securities market. High yield funds are also known as “junk bonds.”

Money Market Funds: An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in the fund. Redemption is at the then current net asset value which may be more or less than the original cost.

International Funds: There are additional risks associated with international investing, such as currency fluctuations, political and economic stability, and differences in accounting standards. These are all magnified in emerging markets. Please consult your financial advisor for more information.

Small Cap Funds: Small-cap funds may be subject to a higher degree of market risk than large-cap stocks, or more established companies’ securities. Furthermore, the illiquidity of the small-cap market may adversely affect the value of an investment so that shares, when redeemed, may be worth more or less than their original cost.

REITs: REITS are subject to various risks such as illiquidity and property devaluation based on adverse economic and real estate market conditions and may not be suitable for all investors. A prospectus that discloses all risks, fees and expenses may be obtained from 612-381-8857. Read the prospectus carefully before investing. This is not a solicitation or offering which can only be made in conjunction with a copy of the prospectus.

Tax-free mutual funds: Income may be subject to local, state, and/or the alternative minimum tax.

An investment in MLPs involves risks that differ from a similar investment in equity securities, such as common stock, of a corporation. Holders of equity securities issued by MLPs have the rights typically afforded to limited partners in a limited partnership. As compared to common shareholders of a corporation, holders of such equity securities have more limited control and limited rights to vote on matters affecting the partnership. There are certain tax risks associated with an investment in equity MLP units. Additionally, conflicts of interest may exist among common unit holders, subordinated unit holders and the general partner or managing member of an MLP; for example a conflict may arise as a result of incentive distribution payments

Investing in the bond market is subject to risks, including market, interest rate, issuer, credit, inflation risk, and liquidity risk. The value of most bonds and bond strategies are impacted by changes in interest rates. Bonds and bond strategies with longer durations tend to be more sensitive and volatile than those with shorter durations; bond prices generally fall as interest rates rise, and the current low interest rate environment increases this risk. Current reductions in bond counterparty capacity may contribute to decreased market liquidity and increased price volatility. Bond investments may be worth more or less than the original cost when redeemed.

Investors should be aware that hedge funds often engage in leverage, short-selling, arbitrage, hedging, derivatives, and other speculative investment practices that may increase investment loss. Hedge funds can be highly illiquid, are not required to provide periodic pricing or valuation information to investors, and often charge high fees that can erode performance. Additionally, they may involve complex tax structures and delays in distributing tax information. While hedge funds may appear similar to mutual funds, they are not necessarily subject to the same regulatory requirements as mutual funds.

The risk of loss in trading commodities and futures can be substantial. The high degree of leverage that is often obtainable in commodity trading can work against you as well as for you.

When investing in real estate companies, property values can fall due to environmental, economic, or other reasons, and changes in interest rates can negatively impact the performance.