

STONE BARN TIMES

 Covenant
Wealth Strategies, LLC

SPRING 2017



G. Ward Keever, IV
CLU, ChFC®, RHU, CFS, AIF®

Growth Investing - A Core Part of Your Long-Term Strategy

Long-term investment goals are as unique as the people who set them. Some investors set their sights on building a dream home; others may be looking to launch a new business. Still others seek the more traditional long-term goals of a comfortable retirement or funding a child's education.

No matter how they differ, all long-term investment goals have one thing in common - the need to accumulate wealth. One way to pursue long-term goals is to build a portfolio around a core of growth-oriented stocks.¹

The Potential Power of Growth

Growth investing is a strategy in

which an investor selects stocks based on strong track records of earnings growth. These stocks generally don't pay high dividends, but instead reinvest their earnings for the future. Such companies typically are well-established, serve growing markets, lead their industries with consistent market share gains and technological innovations, and produce strong financial returns.

Growth stocks are generally differentiated from other stocks, such as value stocks, based on their higher price-to-earnings (P/E) ratios. These measurements reflect how much investors may be willing to pay for a stake in a company's present and future success. The higher the ratio, the more investors are likely to spend.

While growth stocks tend to be more expensive, history suggests that they have often rewarded those willing to pay the price. While past performance cannot guarantee future results, for the 30-years ended December 31, 2014, growth stocks returned an average of 11.37% per year.²

Manage Risk Intelligently

All stocks involve a certain level of risk. That's one reason why growth stocks may be more appropriate for investors with long-term time horizons. The longer you hold on to these investments, the lower the risk may be that short-term losses will significantly affect your bottom line.

Another way to manage risk is to diversify your portfolio with other types of investments.³ For instance, consider dividing your stock allocation among large-cap, mid-

cap, and/or small-cap stocks.⁴ Then think about adding bonds and cash instruments as well.⁵ An investment mix that uses all three traditional asset classes may help you pursue desired returns while maintaining a comfortable level of volatility.

A Sound Strategy for a Variety of Needs

A well-crafted investment strategy built around a core group of growth stocks may help get you well on your way toward your long-term goals - whatever they may be.

¹Investing in stocks involves risks, including loss of principal. Because the prices of most growth stocks are based on future expectations, these stocks tend to be more sensitive than value stocks to bad economic news and negative earnings surprises. While the prices of any type of stock may rise and fall rapidly, growth stocks in particular may underperform during periods when the market favors value stocks.

²Wealth Management Systems Inc. For the 30-year period ended December 31, 2014. Growth stocks represented by a composite of the S&P 500/BARRA Growth and Value indexes and the S&P/Citi Growth and Value indexes.

³There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not ensure against market risk.

⁴Securities of smaller companies may be more volatile than those of larger companies. The liquidity of the small-cap market may adversely affect the value of these investments. Mid-cap companies often have greater price volatility, lower trading volume, and less liquidity than larger, more established companies. For these and other reasons, investments in small-cap and mid-cap companies carry more risk than investments in large-cap companies.

⁵Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and are subject to availability and change in price. CDs are FDIC insured and offer a fixed rate of return if held to maturity.

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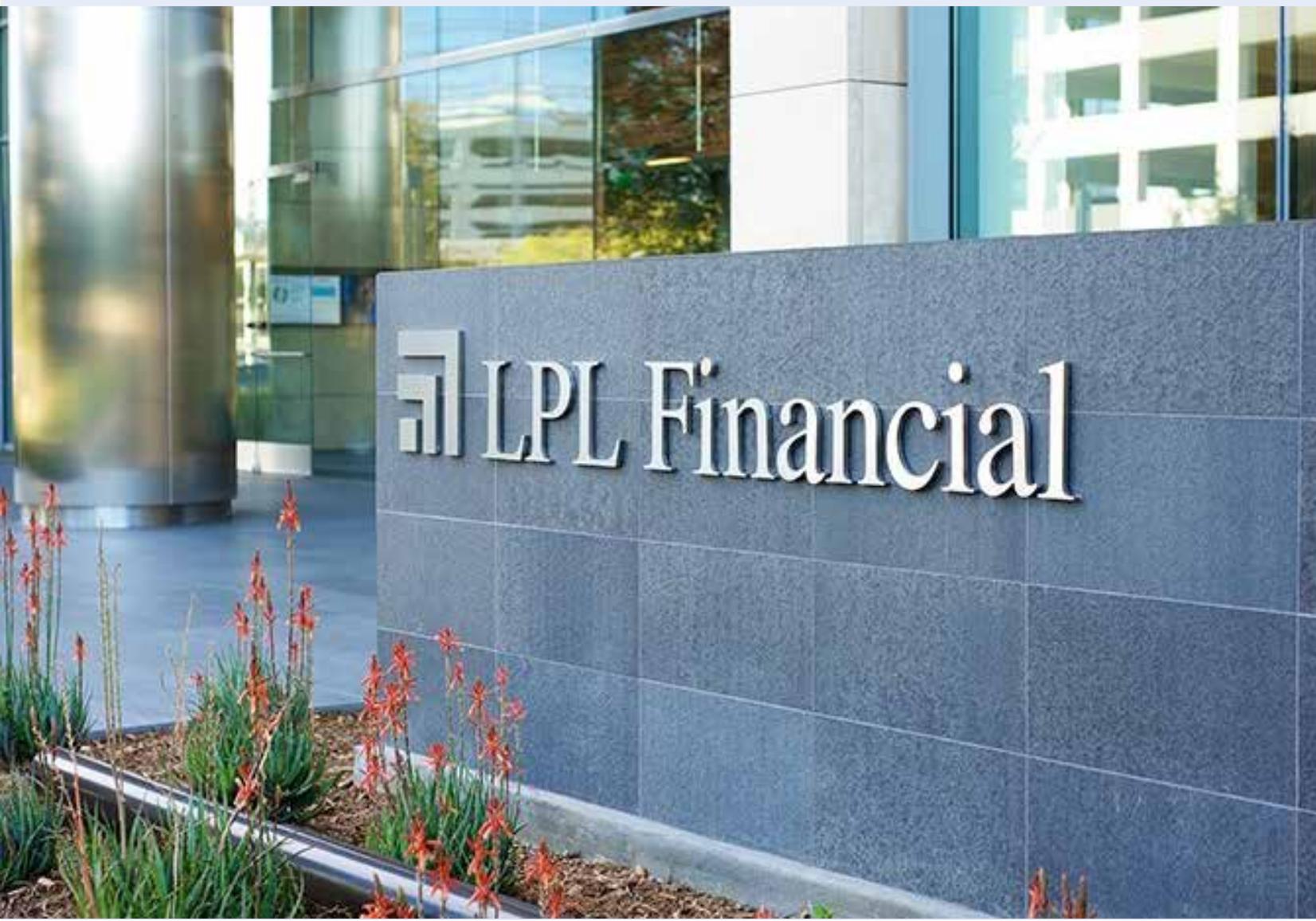
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Barron's Ranks 26 LPL Financial Advisors Among America's Best

LPL Financial is proud to announce that 26 LPL independent advisors were ranked among the Top 1,200 Financial Advisors in America by Barron's, a leading financial magazine. The annual list highlights top-performing financial advisors from across the country based on data and information provided by more than 4,000 of the nation's most successful advisors. Factors considered in determining the rankings include: assets under management, revenue generated for their firms, regulatory record, quality of practice and philanthropic work.

"On behalf of our firm, I congratulate the 26 LPL advisors on receiving this esteemed industry award," said Andy Kalbaugh, LPL managing director and divisional president, National Sales and Consulting. "This recognition showcases the commitment they have made to help their clients work toward their financial goals through building trusting relationships and providing objective financial advice. LPL is proud to support these advisors with the technology, resources and tools that enable them to operate their businesses efficiently and effectively, to be positioned for continued growth and to continue to deliver value to their clients."

Delaware: G. Ward Keever IV, Covenant Wealth Strategies LLC, Wilmington, Del., #5
Thank you to our clients and allied professionals for helping us achieve this honor!





A Few Words from our Investment Research Team

Analyzing a Company's Stock

What makes a company a good investment? Investment professionals consider several factors when they're selecting companies to include in a stock portfolio. Here are some of the criteria they're likely to use.

A Company's Finances

A strong financial position on the part of the issuing company can make a stock attractive to investors. Analysts typically look at the company's cash flow to evaluate how much money the company spends, how much it brings in, and how much "free" cash is left after the bills are paid. Reviewing revenues, net income, and earnings per share helps analysts assess the company's history of sales and earnings growth. Another gauge of financial health is the amount of debt the company has compared to equity.

A Look at the Business

Stocks of companies that are lead-

ers in their industries generally are desirable choices for a portfolio. Analysts look for profitable companies with limited competition whose products or services are valuable to customers. Keeping an eye on earnings estimates helps analysts determine whether the company is likely to experience rising profits or unexpected slowdowns in the future.

Valuing Stock

Analysts use different calculations to assess a stock's relative value. Some of the most common include:

Price-to-earnings ratio (P/E) shows the relationship between the current stock price and the company's projected earnings. The P/E is one of the most widely used ratios, and it is used to compare the financial performance of different companies, industries, and markets. The company's forecast P/E (its P/E for the upcoming year) is generally considered more important than its historical P/E.

Price-to-book ratio (P/B) is a stock's current price divided by its book value (i.e., total assets minus total liabilities) per share. Both can help identify potentially undervalued stocks and also may be reliable indicators of investor sentiment. Like most ratios, it's best to compare P/B ratios within industries. For example, tech stocks often trade above book value, while financial stocks often trade below book value.

Return on equity (ROE) is calculated by dividing a company's earnings per share by its book value per share. The ROE is a measure of how well the company is utilizing its assets to make money. Understanding the trend of ROE is important because it indicates whether the

company is improving its financial position or not.

Dividend payout ratio is calculated by dividing the dividends paid by a company by its earnings. The dividend payout ratio can also be calculated as dividends per share divided by earnings per share. A high dividend payout ratio indicates that the company is returning a large percentage of company profits back to the shareholders. A low dividend payout ratio indicates that the company is retaining most of its profits for internal growth.

The Personal Factor

While metrics are critical to analyzing a company's stock and whether it may be a good addition to an investor's portfolio, personal circumstances -- e.g., an investor's other portfolio holdings, goals, time frame, and risk tolerance -- should always be considered when determining whether a stock is right for a particular portfolio.

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Stock selection is part art, part science. There are many factors that must be considered when evaluating a company including its finances, the industry it operates in, and various valuation metrics.

Covenant Connects Event

SHRED DAY

Spring has SPRUNG and it's time for Spring Cleaning!

We will have a professional shredding company on site to shred your personal documents.

Saturday, April 8, 2017 from 8:30 am - 12:00 pm

In our parking lot at
15 Middleton Drive
Wilmington, DE 19808



Hold the Date!



Thursday, May 18th

4:00-8:00 pm

15 Middleton Drive

More information will be sent out soon.



Christopher Vincent
ChFC® AIF®
Wealth Advisor

Four Reasons Millenials Need an Estate Strategy

You're young, have little in savings and likely have no one yet relying on you financially. So why do you need to think about estate management?¹

Here are four great reasons:

Estate Strategies: They're Not Just for the Elderly

You need a will. You may ask why a will is important if there's not much to pass on. A will is not just about transferring assets. It can be used to accomplish other tasks, such as naming who should manage your social media accounts once you're gone or inherit items you've accumulated, like collectibles or your car.

Don't burden others with burial expenses. Funerals can be expensive,

and if you don't have the savings to meet those costs, that burden gets shifted to others.

Consider a medical directive. This important document states your wishes for end-of-life care. In the case of an unfortunate accident, a medical directive provides instructions about the level of care you want, e.g., palliative care only.

Create a durable power of attorney for health care. In the event that you are unable to make medical decisions for yourself, this gives the individual of your choice the legal power to act as a healthcare proxy for you.

Not only do a medical directive and durable power of attorney for health care ensure you are provided the level of care consistent with your wishes, but they can prevent family discord in the event of differing opinions.

Though the multiple financial goals of many young adults often require more resources than present earnings can meet, these important planning steps can be accomplished at a small cost.

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PICNIC 101: Pro Tips for the Perfect Picnic

Danielle Braff
Chicago Tribune



Reusable water bottle You're sitting on the earth, so you should show it some love. Lori Popkewitz Alper, founder and editor-in-chief of Groovy Green Livin, a Web site dedicated to sharing green ideas based just outside of Boston, said she's been using Klean Kanteen stainless steel bottles (price varies at Kleankanteen.com for years, but she also likes the Lifefactory water bottles (starts at \$14.99 for a 9 oz bottle at Lifefactory.com) which are made of high quality soda lime glass, and are wrapped in a protective silicone sleeve.

Reusable napkins Not only do they reduce paper waste, but they also make your picnic look so much fancier. Alper said she's found great ones on Etsy.

Freezer pack You spent the time cooking (or shopping), and you want the food to taste good. Alper recommended the non-toxic ice packs from Kids Konserve (\$9.95 at Amazon.com), which come with a sweat-free cover.

Bandanas These become make-shift hats, napkins, splits, diapers, SOS flats, wine stoppers, props for Capture the Flag and even an air-conditioner if you wet one and put it around your neck, said Hilary Heminway, of Heminway Interiors in Stonington, Connecticut.

Cover the knife If you're tossing sharp objects into the basket like knives and corkscrews, make sure they're covered with a shield of some sort so that when you blindly stick your hand in to reach for them – or even for something else – that you don't cut yourself, Stovel said.

Individual lunch box Fill each one ahead of time, zip it up and place it into the picnic basket, ready to be handed out to guests, Heminway said, recommending that you skip the adorable wicker baskets, which look cute but invite ants to join the picnic.

Tablecloth, flowers and candles These always adds a festive touch, and go a long way toward setting the mood of the picnic, Heminway said.

Choosing a spot Sit by a stream, a lake or a shore, and use the water to double as a fridge for the drinks, Heminway said.

Keep a bag ready to go Sometimes, the best picnics are those that are planned on the spur of the moment. "I have a picnic basket in the garage filled with tablecloths, ground cover, tableware and dishes that I can just grab for a picnic anytime instead of rummaging around the house looking for things to pack," Stovel said.



Randy Eveland

CFP®

Wealth Advisor

How Taxes and Inflation May Affect Your Retirement Portfolio

Benjamin Franklin famously stated that the only two certainties in life are death and taxes. But there's at least one more that could probably be added to the list: inflation.

Inflation is the sustained, ongoing increase in the general level of prices for goods and services. As prices rise over time, the purchasing power of every dollar goes down. Due to inflation, one dollar in ten years will likely purchase less than the same dollar would today.

How Inflation Is Measured

The rate of inflation in the United States is measured by the Consumer Price Index (CPI), which calculates monthly changes in the prices paid for a representative basket of

goods and services. Over the past three decades, inflation in the United States has risen at an annualized rate of 2.69%.¹ This has shrunk the purchasing power of \$1 in 1985 to just \$0.45 today.²

It is critical to understand the effects of inflation on a retirement portfolio, because a retirement account in the future probably won't have the same purchasing power that it has today. For example, a \$1 million portfolio today would need to grow to \$1.7 million in 20 years to have the same purchasing power.²

But inflation is not the only potential hazard to the long-term purchasing power of your retirement nest egg.

The Tax Man Cometh

Let's go back to Mr. Franklin, because taxes may also impact how much money you actually get to put in your pocket when you begin taking distributions from your retirement account in the future.

Many retirement plans allow participants to save money on a tax-deferred basis, but this isn't the same thing as saving on a tax-free basis. When you contribute money to a traditional IRA or 401(k), for example, your contributions are excluded from your current taxable income. In other words, you don't have to pay tax on the money today, but instead are deferring this tax until you begin taking distributions from the account typically during retirement.

In comparison, contributions to a Roth IRA or 401(k) are included in your current taxable income. And since you are paying taxes on the

money now, you don't have to pay taxes again when you withdraw the funds during retirement.³

Pay Me Now, or Pay Me Later

One of the decisions you must make as part of your retirement strategy is whether to invest on a tax-deferred basis, and pay taxes when you withdraw the money, or invest tax free and pay the taxes now?

No one has a crystal ball to predict whether tax rates will be higher or lower in the future. That is why it is important to work with a financial planning expert who, using sophisticated retirement planning tools and software -- and taking your individual circumstances, risk tolerance, and goals into consideration -- can help you work through various inflation and tax scenarios to determine the most appropriate strategies for you.

This article was prepared for Randy Eveland's use. This communication is not intended to be tax advice and should not be treated as such. Each individual's tax situation is different. You should contact your tax professional to discuss your personal situation.

¹United States Department of Labor -- Bureau of Labor Statistics. For the 30-year period ended June 30, 2015.

²Wealth Management Systems Inc. based on price inflation for the 30-year period ended June 30, 2015.

³Withdrawals from qualified plans taken before age 59½ are generally subject to a 10% additional federal tax -- on top of any regular income taxes owed -- although there are a few exceptions to this rule.

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SPOTLIGHT ON

MEET: SHELLY SANTORO



Shelly at mile 59 of the Susan G. Komen three day walk in Philadelphia in October 2016.

The Santoro family out to dinner in one of their favorite restaurants at the beach.



One of Shelly's favorite places to go... the beach in Rehoboth, DE.



Shelly's Favorites

Hobbies: Over 30 years instructing in the fitness profession helping people lead active lives, and enjoying my five grandsons

Places to Visit: Wall Street, Venice, Capri, and just about any beach

Favorite Ice Cream: Butter Pecan

Favorite Restaurants: Dilworthtown Inn, Cafe Napoli

Favorite Quote: "I've learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel." - Maya Angelou



NEWS & EVENTS



Welcome Baby Nolan!

On November 11, 2016, Randy and his wife Liz welcomed their third little one to their growing family.

Nolan David Eveland entered the world a little over nine pounds and is growing by leaps and bounds. His two older brothers, Jack and Alex, love to hold and kiss him. Congratulations Randy and Liz!

Brian Levitt from Oppenheimer Funds was our guest speaker for our December 2016 Stone Barn Speaker Series event.

He provided insight to market trends in his presentation titled “Economic Outlook: Longest Cycle on Record”. We had a great evening with a full house and the Covenant team enjoyed wishing everyone a Merry Christmas season.



Ward and the team at Covenant Wealth Strategies is a recipient of the 2017 Million Dollar Round Table “Top of the Table” award.

The Million Dollar Round Table (MDRT), is a global, independent association of more than 49,500 of the world’s leading life insurance and financial services professionals from more than 500 companies in 70 countries.

MDRT members demonstrate exceptional professional knowledge, strict ethical conduct and outstanding client service. MDRT membership is recognized internationally as the standard of excellence in the life insurance and financial services business



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NEWS & EVENTS



Ward recently attended the **LPL Financial Summit Conference** in Maui, Hawaii. Summit celebrates top producers based on annual production at the Chairman's Council and Executive Council club levels. Representing



the pinnacle of success, this exclusive event convenes a prestigious community of leaders to network, share learnings, and discuss solutions for our industry's most pressing challenges. Ward had a chance to meet one of the keynote speakers, Bert Jacobs, the owner and founder of the company "Life is Good". Ward extended his trip to Maui and enjoyed a vacation with his wife Debbie. They

took several tours of the island including a private helicopter tour of the island. The tour included landing on the side of Mt Haleakala in a 1000 acre Black Angus cattle ranch!

Ward, Keva, Randy and Eileen attended the **PEAK Advisor Alliance Excell Conference** in October 2016. They met with various other advisors from around the country and attended conferences on business growth and development as well as marketing and human resources. Ward also had a chance to go a few rounds with one of the key note speakers, Sugar Ray Leonard. Our team has been a member of PEAK for many years and finds these conferences valuable for our business.



We held our annual **Food Drive** in November to Benefit the Food Bank of Delaware. We had boxes and bags of food and cleaning supplies. Cathy and Peter delivered the donations as well as a monetary gift from Covenant on behalf of our clients. Thank you to all who participated.

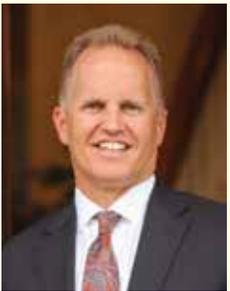
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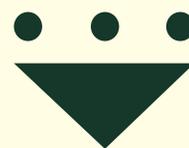
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