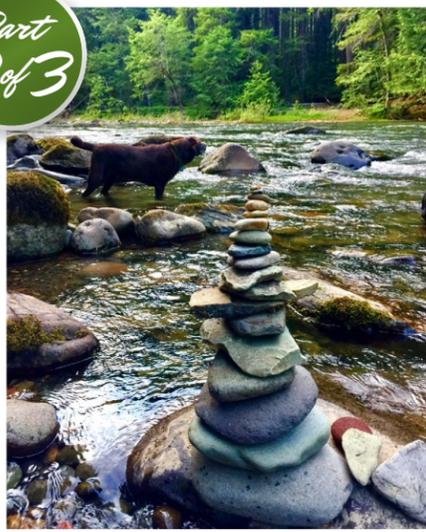


Travel & Adventure / for the Mind, Body, & Soul

by James Pafundi

Part 2 of 3



for the persistence of my wife, I would have been quite happy having never done yoga. On so many levels, I did not find it appealing... at all.

So persistent was the yoga chatter from my wife that I made her a deal: I would agree to go to one yoga session a week if she would agree to go on a Saturday or Sunday morning. In exchange for that one session, all things yoga were off the conversational table for the rest of the week. She agreed, and I painfully stuck to my commitment, knowing it would be worth the serenity I knew I would have for the rest of my week.

Then something amazing happened. I noticed physical changes and biological sensations that I had never felt before, and it felt incredible. I recognized that yoga was doing something different to my body, that something was happening on a different level than I had experienced before, and I was intrigued. Why was my body responding this way? That curiosity set me off on my own journey that I am still on today.

To me, Bikram Yoga is not exercise. It is medicine; medicine that my own physiology is capable of producing if I allow it to. I try for three to four sessions a week. I can't always get them in, but I try, because I know how valuable each session is to me.

So in the end, I guess there was some justification regarding Gina's persistence. For that, I am truly grateful – just don't tell Gina I said so, or I'll be having crow for dinner!

I was surprised to read in last quarter's newsletter that the yoga article was a three part series and I was on the hook for the next installment. I would like to start with what I have learned about myself since starting to practice in April 2015.

First, I've learned that we are all very different, and what works for one of us may not apply to others. I've learned and continue to learn about myself. And really that's the only thing I can talk about... my relationship with yoga, Hatha Yoga and in particular, Bikram Yoga. In the beginning, yoga and I didn't really get along. I really had no interest. If it weren't

America The Beautiful!

by Gina Pafundi

Over the 4th of July weekend, I agreed to go wilderness camping with James for one night. I kind of thought my tent camping days were behind me, but I wanted to be a good partner and support my husband with his passions.

After driving for what seemed like hours, we ended up setting up camp next to the Upper Lewis River, and it was absolutely majestic. The beauty and peace that nature holds is truly incredible. I'm so grateful that James forces me to live outside of my comfort zone and that I got to have this amazing experience!

Happy Summer!

Meet Ellen Grant (formerly Brittany Norvell)

by Gina Pafundi

Summertime brings a different energy to the air. BBQs, burgers, vacations, backyard fun, home improvement projects, and just being outdoors to enjoy the sun. We hope this summer brings you and your family great adventures and lots of fun.

As of this past May, our assistant Ellen Grant (formerly Brittany Norvell) has been with Financial Life Dimensions for three years. Her commitment to client service is paralleled only by her excellent attendance – she hasn't been out sick for even one day since starting with us! We appreciate all that she does, including editing the articles for our fabulous newsletter.

In our last edition, we mentioned that Brittany, now Ellen, changed her name to match that of her writing pseudonym. There has been some talk that we have a new employee! Nope, she just changed her name! Ellen is a pleasure to work with and we are grateful to have her on our team.

We hope you enjoy the summer 2017 edition of the FLD Connection. Soak up some sun, and we'll see you again in the fall!

Economic Commentary



Is a Market Correction Coming?

by James Pafundi

Recently, I have been getting a few clients asking if the market is going to crash. Apparently, there have been a few prominent segments on the financial networks and articles floating around the internet from the likes of Tony Robbins and famous commodity investor Jim Rogers saying a crash is coming soon.

First, let me state unequivocally that I do not know what the future holds. And neither do they. That, however, doesn't mean that I don't have an opinion about the financial markets. It does mean that I don't let my opinions get in the way of my investment strategy.

One thing you have to understand is that, since the post-WWII period, stocks are going down or recovering from going down 60% of the time, and are in an uptrend making new highs the other 40% of the time. Personally, I prefer the market environment of the 40% for obvious reasons. Who knows, you may even agree with me!

Much of the time, bear markets begin during the 40% up-markets. So, when you hear opinion-givers predict a down draft in stock prices while the stock markets are making new highs, it actually makes a lot of sense. Many would not predict a down market after stocks have sold off by 20% or 30% or as stocks are making new lows. We all know a market correction is coming some time in the future, and history tells us it most likely will occur when the market is trending up and making new highs like now. That environment, just before the downturn, also happens to be when investors who are participating in those up-markets are benefiting the most.

If you have a plan, if you are investing with a purpose and have a strategy in place to deal with these inevitable downturns, then when it happens you will be prepared. Peter Lynch, famous investor for the Fidelity Magellan fund, said, "Far more money has been lost by investors preparing for corrections, or trying to anticipate corrections, than has been lost in corrections themselves." So, until that downturn happens, I am going to actually enjoy the new all-time stock market highs. Won't you join me?

Source: Yardini Research, Inc. "S&P 500 Bull and Bear Markets and Corrections."

The economic forecasts set forth in the communication may not develop as predicted and there can be no guarantee that strategies promoted will be successful. The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and may not be invested into directly. Stock investing involves risk including loss of principal.



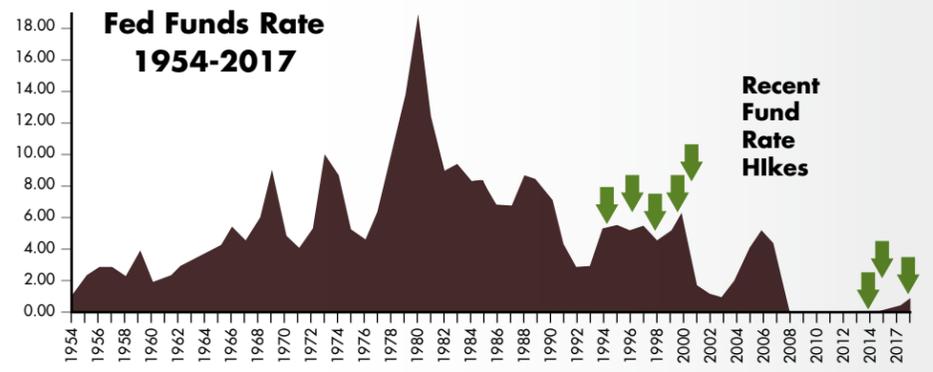
James D. Pafundi • Gina M. Pafundi, Branch Operations Manager
 Securities and financial planning offered through LPL Financial,
 a Registered Investment Advisor, Member FINRA/SIPC
 1516 Hudson St., Suite 202 • Longview, Washington 98632
 ph. 360-425-0100 • fx. 877-640-3380
 james.pafundi@lpl.com • gina.pafundi@lpl.com • ellen.grant@lpl.com



Recent Fed Rate Hikes In Question – Monetary Policy

by James Pafundi

Over the past 27 years, the Federal Reserve has raised its key rate, the Federal Funds Rate, 35 times, each to slow down inflationary pressures and to curtail elevating price levels. The Fed increased rates aggressively and consistently in 1994 to hold off a rapidly expanding economy, lifting rates six times for the year. A decade later, the Fed raised 8 times in 2005 in order to temper a rapidly expanding housing market where easy mortgage lending had essentially gone out of control. The Fed's most recent rate increases this year, in March and June, are the first since December 2016. The Fed also raised in December 2015.



The level of the Federal Funds rate is much lower now than it had been during previous increases, with the Fed Funds rate reaching a target of 1.00-1.25%. The Fed Fund target levels reached 4.25 in December 2005, with the target rate reaching 6% in February 1995 following six increases in 1994.

and economists is the fact that current inflation, as measured by the Consumer Price Index (CPI), is running closer to 1.8%, as reported by the Bureau of Labor Statistics (BLS). Some believe that if the Fed tightens too much too soon, then the rate increases could create recessionary pressures, opposite of the Fed's intent. The CPI during the Fed increases in 2005 was 3.4% and in 1994 was 2.6%.

core CPI index has actually fallen, from 1.9% to 1.7%, still below the Fed's 2.0% inflation target. Deflationary factors are becoming more apparent throughout the economy in sectors such as finance, education, health care, and now food services and groceries.

Sources: Federal Reserve, BLS, IMF

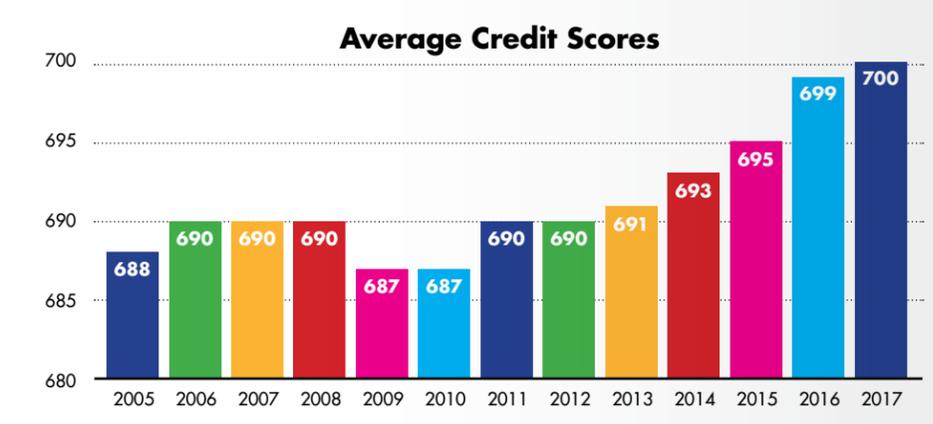
Some economists and entities, such as the IMF, believe that deflation, not inflation may become an issue again. Over the past twelve months, the

The economic forecasts set forth in the presentation may not develop as predicted.

Credit Scores On The Rise For Americans – Consumer Finance

by James Pafundi

Higher scores lead to more available credit as consumers tend to receive more financing offers and promotions. Eight years after the financial crisis, consumers that suffered bankruptcies and repossession are seeing their credit scores improve. Theoretically, as credit scores increase, consumer expenditures also increase, but some believe it might be different this time. More favorable and higher credit scores are usually held by older consumers, who actually spend less as they enter retirement and empty nester years.



The onslaught of lower rates for over eight years now has also buffered consumers with the help of lower interest payments and more going towards paying down principal balances.

The economic forecasts set forth in the presentation may not develop as predicted.

Sources: Fair Issac, Experian, Equifax, TransUnion

Book Corner

by James Pafundi

The Undoing Project
by Michael Lewis

This is a book about the backstory of another book, *Thinking Fast and Slow* by Daniel Kahneman, which I read and reviewed previously. *The Undoing Project* was not a book I was very interested in reading at first. How fascinating could it be? But after the first few pages, I was pleasantly surprised... I couldn't put it down.

If *The Undoing Project* had not been written by one of my favorite authors, Michael Lewis, I would have never picked it up. But I knew Michael must have been thinking the same thing and yet he still decided to write a book about what is essentially the backstory of another book. Let me tell you, it did not disappoint!

What the book is really about is the collaboration of two men, their relationship as friends and colleagues, and how their differences and similarities created the field of behavior economics, revolutionized Big Data studies, advanced evidence-based medicine, and led to a new approach to government regulation. Of course I find their economic theory fascinating, but their dependence on each other to achieve something greater than their individual parts is truly the magic behind it all.

What's Cooking

by Gina Pafundi

This is my all-time favorite salad. With grilled chicken, mangos, avocados, green onions dressed in an orange muscat champagne vinegar, and olive oil, it's delicious and healthy! I have always served this with my

homemade tomato pesto pizza and it is a nice complement. This recipe is the perfect summer dish for any occasion, and it really is a meal in and of itself. Enjoy!



Ingredients

- Herb lettuce (*If the store does not have herb lettuce, then you can use spring greens and add your favorite herbs such as parsley, cilantro, basil, or dill.*)
- Grilled chicken, chopped into chunks. (*I marinate with salt, pepper, lemon, and rosemary several hours before. You can grill on the bbq or in a frying pan.*)
- Mango
- Avocado
- Green Onion
- Orange Muscat Vinegar
- Olive Oil

Directions:

Combine all the ingredients in a bowl. Whisk the vinegar and olive oil, and toss!

