October 2017

About Beacon Financial Advisors Ltd.

Beacon is an independent fee-only advisor with a clear mission statement: To provide our clients long-term value-added financial counsel and investment performance with *exceptional service.*

Beacon is a Registered Investment Advisor with the US Securities and Exchange Commission.

Beacon's Advisors

MARCEL HEBERT has a B.S. in Finance, an M.B.A., and is a Certified Financial Planner (CFP) licensee and a Chartered Financial Analyst (CFA) charterholder.

JOSH HEBERT has a B.S. in Accounting, an M.B.A., and is a Certified Internal Auditor (CIA) and a Certified Financial Planner (CFP) licensee.

HARVEY, IRMA, MARIA & KIM

Suppose we consulted a panel of mediums, psychics, and soothsayers for predictions of major events in the US and across the globe around, say, the last week of June 2017. Nothing too hard, only general events, and only for the next 90 days or so. After our esteemed panel retired following several days of collective telepathy and crystal ball gazing, they issued the predictive report including the following list of forecasts:

⇒ Mother Nature—she will be particularly harsh to the US and it's commonwealth states. Three (3) major hurricanes will strike with devastating damage to lives and property in SE Texas (Harvey), Florida (Irma), and Puerto Rico (Maria). Insured and uninsured losses will set all-time records.

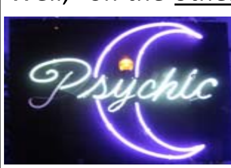
⇒ US Politics—Republicans will fail to remodel our health care system (aka Obamacare), and struggle to advance the promised "tax reform" agenda.

⇒ Geopolitics—North Korea will continue to make threats to the US and it's allies. North Korean strongman Kim Jong-un fires a series of short-range, intermediate and long-range rockets threatening Guam and Hawaii and the Continental US. US President Donald Trump in a speech at the United Nations vows to take care of "little Rocket Man" (singer/songwriter Elton John refuses comment regarding his 1972 soft-rock classic "Rocket Man").

Now let's assume a psychic-staffer "leaked" an advance copy of the predictive report to a panel of economists (aka dismal scientists). Armed with their spreadsheets and algorithms (a few had pocket protectors), the predictive report was read aloud and greeted with collective groans and sighs. As one, the Pouting Pundits of Pessimism including Keynesians and Monetarists together rushed to update their economic forecasts and distribute to Wall Street market strategists. Predictably, the strategists input the revised economic forecasts into their asset pricing models and viola—stocks and bonds are "overpriced". With due haste, client alerts are faxed and emailed cautioning that *"on the one hand, if the US is struck by three (3) major hurricanes and North Korea threatens Guam, asset prices could decline."*

> Give me a one-handed economist! All my economists say, On the one hand on the other.
>
> Harry S. Truman

Well, *"on the other hand"* (as Harry Truman lamented about economists) asset prices might not decline—and boy-O-boy they did not. In Q3 stocks roared (S&P 500 Index 4.5%, MCSI-EAFE 6%), and bonds advanced (US about 1%, international about 1.5%). What is the ***lesson*** you ask? Long-term investors like **BEACON'S** clients needn't react to short-term events. A properly designed balanced, global portfolio should include so-called "risk on" assets like stocks, commodities and corporate and municipal bonds as well as so-called "risk off" assets like US Treasury assets and investment grade bonds. ***Class dismissed!***

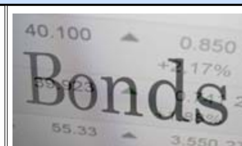


Our STOCK and BOND Fund Partners 2017 Q1, Q2, Q3 & YTD: Balanced, Global Portfolios with Mutual Funds

Q3—US & International Stocks Robust, while US, International Bonds Extend Gains

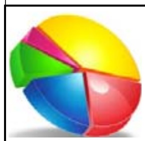
STOCKS benefited from a "risk on" environment as investors focused on forward momentum of economic growth across the globe and largely shrugged off natural disasters and geopolitical risks (see p.1). Through 8/31/17, the global economy* grew by 3.2% versus the same period a year ago according to Haver Analytics (*GDP = Gross Domestic Product)—this was the most robust since the first half of 2011. A September 2017 survey from the Purchasing Managers Index, a deemed useful indicator of GDP's direction, suggests Q4 growth should continue to be strong ("PMI" = The Purchasing Managers' Index is an indicator of the economic health of the manufacturing sector. The PMI is based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment). This global growth backdrop is supportive for a withdrawal of relaxed monetary policy in the US, and for the European Central Bank when it seeks to taper it's relaxed policy.

International stocks were especially strong as the MSCI-EAFE Index advanced over 6% in Q3 and over 21% YTD. **BEACON'S** international fund partners mostly kept pace with these advances. In the US, the S&P 500 Index gained 4.5% for Q3 and over 14% YTD and **BEACON'S** fund partners enjoyed comparatively good returns. REIT and real asset returns have been solid if unspectacular.



BONDS continued a solid-to-robust pattern of returns in Q3 and YTD, especially in US municipals and international bonds. Page 4 of **BEACON'S** 2016 Q4 VIEW was titled: Our STOCK and BOND Fund Partners for 2016: Year Ends with TRUMP BUMP (STOCKS) & SLUMP (BONDS). The 2016 bond-slump* was especially evident in US municipals as Q4 washed-out a hitherto good year for municipals (*expectation individual tax rates would be lowered, making tax-exempt municipal bonds relatively less attractive). However, as the year progressed bond investors' conviction grew that income tax rates for high-brackets would not be lowered all that much. As we write this issue of VIEW, that appears to be the case as the top bracket is likely to remain at 39.6% (or only 35%). As a result, municipal bond prices rebounded and the Q4 2016 losses were recovered in 2017 YTD. Consequently, **BEACON** client portfolios with municipal bonds had comparatively higher returns than tax-deferred accounts (e.g. IRA's, 403b's etc.) AB High Income Municipal (ABTYX) advanced 8.2% YTD, leading our bond partners and nearly doubling it's benchmark index return.

International bonds YTD were solid led by Dodge & Cox Global (DODLX) at 7.7%. Our global bond partner Fidelity Advisor Strategic Income (FSRIX) gained 7% with strong returns from emerging markets. US taxable bond returns were lower.



BEACON'S Balanced Global portfolios enjoyed 3Qtr returns in the 8%-11% range. Positive global trends are evident as economic growth continues at a steady (if moderate) pace and inflation is not yet threatening. Global monetary policy is poised to tighten—yet if inflation remains benign the withdrawal of monetary stimulus from the financial crisis ten-years ago is likely to be a gradual process. As **BEACON** wrote in our Q2 VIEW, international and emerging markets were relatively attractive (to the US) leading to superior Q3 returns as investors focused on valuation advantages. Importantly, **BEACON'S** managers are not investing in "markets" per se but in well-managed businesses whose fundamentals ultimately dictate performance.

BEACON has a new feature in our website www.bfaltd.com in BEACON PARTNERS (our mutual fund partners and their website links). In **PARTNER INSIGHTS** we link to shareholder letters, research papers, and other insight articles written by our mutual fund managers. JENSEN'S 9/17 HOLDINGS UPDATE: Buy Intuit - Sell Automatic Data Processing reveals ADP reached their estimate of full-value, and Intuit's brands like QuickBooks and TurboTax move to cloud-based solutions will help global expansion.