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October 17, 2017

Dear Valued Client,

Writing this quarterly letter has been more challenging than usual in view of all the recent disasters affecting Houston, Mexico, Florida, Puerto Rico, California, Las Vegas, and many other islands across the Caribbean. Earthquakes, hurricanes, wildfires, & flooding have left a path of destruction costing many lives and damaging much property. As one is tempted to do in these situations, I imagined living through similar situations with my family. For me personally, it has been a reminder to be thankful in all circumstances and to prioritize the use of my time and financial resources with greater perspective and focus. When compared to the challenges and crisis others are facing, my wants and worries are petty. No matter the source of inspiration, it's good to take time to reflect, reassess goals, and ensure financial resources are being used efficiently, wisely, and in proportion to your priorities. Perspective and prioritization helps us remove clutter that consumes time, thoughts, and money. If left unchecked, clutter can sap our time and resources quickly. When portfolios have well-defined, realistic goals, it lends a level of accountability across saving, spending, and investing that is much more relevant and relatable than comparisons to an arbitrary benchmark. We are fortunate that our clients are a group of disciplined investors who understand and exemplify this concept. We are grateful for the opportunity to partner with them to plan and prepare for life's uncertainties and see their goals fulfilled.

Equity markets in the United States and abroad have both experienced positive returns in 2017, helping globally diversified portfolios. Just as Tennessee football coach Butch Jones talks about the importance of offense and defense playing complementary football, the durability and momentum of the global economy increases when more countries are growing in synchrony. The International

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Monetary Fund recently raised its estimate for global economic growth to 3.6% for 2017 and 3.7% for 2018, saying "the global upswing in economic activity is strengthening". Since 43% of revenues from S&P 500 companies come from outside the U.S., strength abroad facilitates strength at home and vice versa. Through September 30th, the S&P 500 is up 14.24%, developed international markets are up 20.56%, and emerging markets are up 28.59%. Earnings growth has been a positive driver for equity markets around the globe. According to Factset, S&P 500 earnings growth estimates for the next 12 months are 10.8%, developed international earnings growth estimates are 10.1%, & emerging market earnings growth estimates are 15.6%.

Synchronization of global growth also helps lower currency risks arising from interest rate policy at home. Whenever the Federal Reserve raises interest rates, it typically puts upward pressure on the value of the U.S. dollar versus overseas currencies, which hurts the value of goods exported into overseas markets. Raising U.S. interest rates when overseas economies were still shaky put domestic export and manufacturing industries at risk, causing the Federal Reserve to raise the federal funds rate only once in 2015 & 2016. With overseas economies showing momentum, foreign currency values increased versus the dollar this year with the Euro & Yen gaining 12.08% & 3.52%, respectively. Going forward, this means that the Federal Reserve should be less worried about negative impact from adverse currency fluctuations, suggesting that interest rate increases might occur at a more sustained pace in 2018. Whether that comes to pass will depend in part on the composition of the Federal Reserve Board in 2018, as there are now three vacancies that must be filled after Vice-Chair Stanley Fischer's resignation in October. Janet Yellen's term as Federal Reserve Board Chair ends in February 2018, so a question remains who President Trump will nominate and whether these nominations will undermine the continuity of current monetary policy. Just as football recruits are increasingly hesitant to commit to the University of Tennessee among growing uncertainty around next year's coaching staff, investors could also be hesitant in the coming months as uncertainty over Federal Reserve Board leadership grows.

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During the quarter, the White House unveiled its tax reform proposal called: "Unified Framework for Fixing Our Broken Tax Code," which also helped boost U.S. equity markets. This proposal provides an initial framework from which tax legislation will be further refined as the bill develops and moves through Congress. A one-page summary of the initial framework for tax reform can be viewed at: https://www.treasury.gov/press-center/press-releases/Documents/Tax-Framework_1pager.pdf

After receiving some criticism after its release, the White House said it would tweak the initial proposal, but remained optimistic that tax reform would be complete by the end of 2017. While there are plenty of Republicans that have been waiting a long time for this opportunity to reform taxes, some criticism came from Republican hawks who do not want to pass tax reforms that increase the deficit. Tennessee Senator Bob Corker is one of those deficit hawks who recently said the following in a committee hearing:

"Unless it reduces deficits - let me say that one more time - unless it reduces deficits and does not add to deficits with reasonable and responsible growth models, and unless we can make it permanent, I don't have any interest in it. I think the greatest threat to our nation is our fiscal issues. It's not North Korea. It's not ISIS. It's ourselves. It's our inability to deal with this longer-term issue, and every year that goes by it gets worse."

Despite the political differences, investors are certainly anticipating fiscal tax reform with a fair degree of certainty. Goldman Sachs estimates that reducing corporate taxes from 35% to 20% will increase S&P 500 earnings by $15 per share, which should help justify high market valuations and prolong the current economic expansion, now 2nd longest in post-war history.

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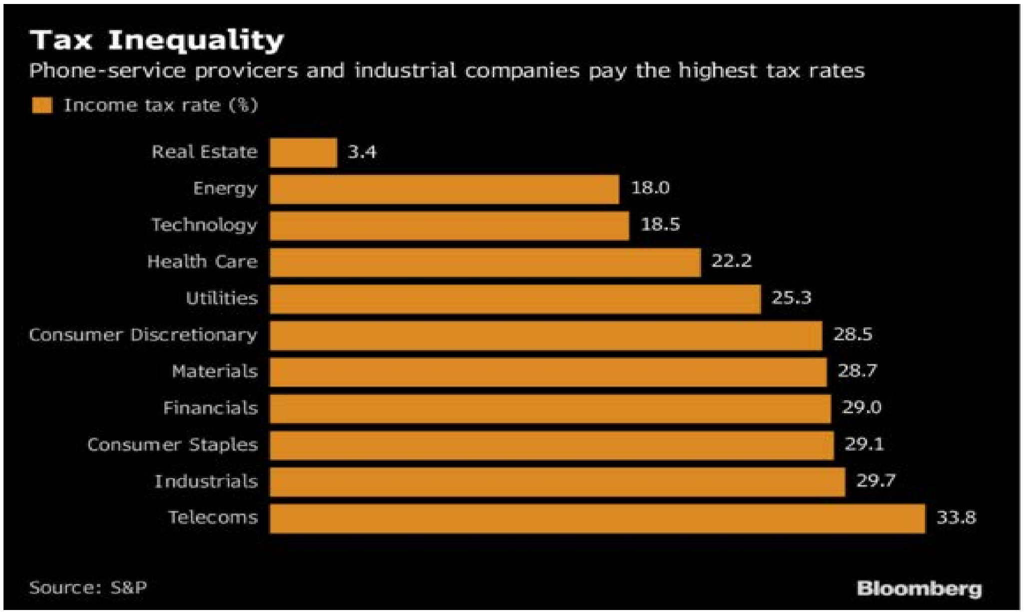
Below is a chart from Bloomberg showing the average corporate tax rate paid by industry.



Some of the initial gains from lower corporate taxes might be nullified if there is the elimination of the interest deduction, which will hurt companies with high interest payments. Non-financial corporate debt as a percentage of gross domestic product (GDP) is 45.3% as of 2Q 2017[1]. This is a level not seen since the financial crisis and reflects debt that has accumulated on corporate balance sheets as companies have taken advantage of low interest rates. One-time repatriation of overseas profits will help technology companies who have billions of dollars sitting overseas. Overall, we expect small cap companies, who generally pay higher corporate taxes on U.S. revenues, will benefit from tax legislation more than large cap companies who pay lower corporate taxes given revenues generated overseas. At the moment, the economy is on sound footing and does not necessarily depend on tax reforms as a pre-requisite for growth, so the economy should be fine even in the

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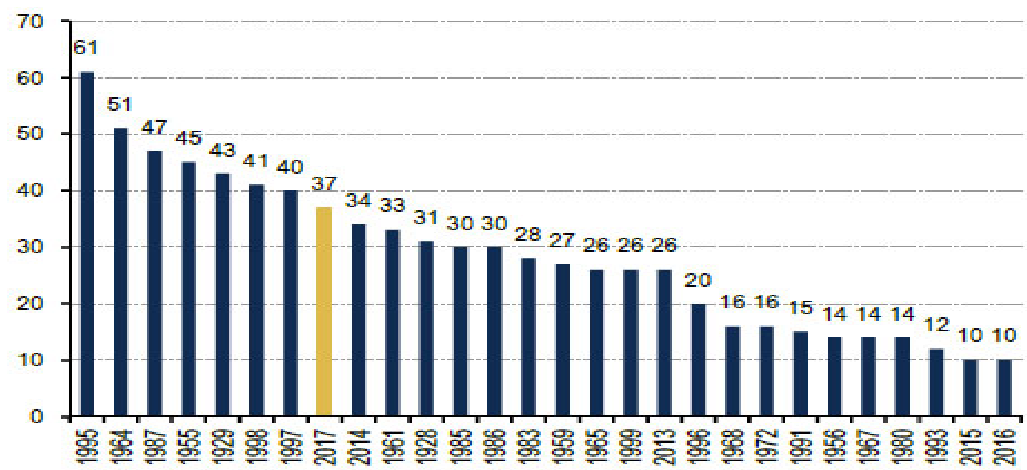
event nothing is passed. More updates on potential tax reform legislation will be provided as it develops and moves through Congress.

In closing, one of the most unusual aspects of this year's gains has been the absence of market volatility. Even in years when the stock market is up, it is quite common to experience intra-year declines of 10% or more. Year to date, the intra-year decline on the S&P 500 is just 3%[2], which is the lowest intra-year decline in the stock market since 1995. The chart below depicts the number of new highs in the S&P 500 during the first 9 months of 2017 relative to other notable years with new highs. Years like 2017 do not come along often in market history.

Chart 19: The S&P has closed at a new record 37 times so far in 2017, the most we've seen by the end of Q3 since 1997



Source: BofA Merrill Lynch Global Research. Data from 30-Dec-1927 to 25-Sep-2017. The bars represent the number of record closes the S&P 500 recorded in Q1, Q2, and Q3 in each year.

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We look forward meeting with you in the coming quarter. Thank you for the trust that you have placed in us.

Sincerely,

C&J Wealth Advisors

J. Mark King, CFP®
Jeff Loos, ChFC®, LUTCF
Scott Smith, CIMA®

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1: Data taken from JP Morgan Asset Management 4Q Guide to the Markets, which sourced its information from Bureau of Economic Analysis & the Federal Reserve.

2: Data taken from JP Morgan Asset Management 4Q Guide to the Markets, which sourced its information from FactSet, Standard & Poor's, & JP Morgan Asset Management.

The S&P 500 consists of 500 stocks chosen for market size, liquidity and industry group representation. Each stock's weight in the index is proportionate to its market value. The S&P 500 is one of the most widely used benchmarks of US equity performance. The MSCI World Index is a market capitalization-weighted index designed to provide a broad measure of equity market performance throughout 23 countries in the developed world.

The opinions and forecasts expressed may not actually come to pass. This information is subject to change at any time, based on market and other conditions and should not be construed as a recommendation of any specific security or investment plan. The advisor does not guarantee the accuracy and completeness, nor assume liability for loss that may result from the reliance by any person upon such information or opinions. Past performance does not guarantee future results.

Diversification can be thought of as spreading your investment dollars into various asset classes to add balance to your portfolio. Although it doesn't guarantee a profit, it may be able to reduce the volatility of your portfolio.