

INSIGHTS

INVESTMENT OVERVIEW

CONFLICTING SIGNALS FROM AN INDECISIVE FEDERAL RESERVE

While the first month of the fourth quarter has provided investors a much-welcomed reprieve from the gut-wrenching volatility representative of the third quarter, the tentativeness of the US Federal Reserve ("the Fed") has introduced additional doubt into an increasingly interconnected global economy that is simultaneously enduring anemic growth.

Of particular intrigue was the financial market's interpretation of the Fed's intimation when it announced its decision to not raise the federal funds rate on September 17th. By not modestly raising rates, as was widely-expected, the Fed communicated to the market that it had ongoing concerns regarding the growth trajectory of the US economy. The Federal Reserve and other central banks have repeatedly emphasized the importance of basing their actions on the underlying economic data: specifically, labor market conditions (i.e., unemployment) and inflation. As the markets continue to take their cues from the Federal Reserve and other central banks, we expect global market volatility to follow fluctuations in interest rate expectations, as well as the associated implications for global growth prospects.

On September 17th, the Federal Open Market Committee ("FOMC") - the branch of the Federal Reserve Board responsible for determining monetary

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FINANCIAL ADVISORY OVERVIEW

FLIPPING THE SWITCH

Most people work in a career their entire life saving for the magical day of retirement. Then one day they begin taking money out of the account they spent years saving into. The switch has been flipped. Retirement is one of the biggest events an individual will ever experience. It can be technically complicated and emotionally challenging. It requires saving and advanced planning to achieve a successful and enjoyable retirement.

With 10,000 baby boomers retiring each day, we are currently in the middle of the largest generational workforce shift in the history of this country. In 2014, the average retirement age was 62, however it is projected to rise to 66 over the next 10 years. Individuals are working longer due to increased life expectancies, lower lifetime savings, and lower Social Security benefits vs. expenses.

WHAT IS RETIREMENT?

Retirement is a time to focus on paying yourself to do what you love. What do you love to do? That question is unique for every person. At Rinehart, we assist clients with understanding their goals and craft a plan to achieve those goals. Below are questions we typically ask to help you define your ideal retirement scenario:



INVESTMENT TEAM

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CEO & Chief Investment Officer
Elliott Van Ness, CFA
Director of Research & Portfolio Manager
Mary Rinehart, CFP®
Chairman & Portfolio Manager
Brittany Danahey, CFA
Portfolio Manager

WEALTH ADVISORY TEAM

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President & Wealth Advisor
Andrew Savant, CFP®
Wealth Advisor
Neal Deaton, MBA
Wealth Advisor
Lorri Tomlin, RP®
Wealth Associate
Cynthia Sims, JD
Client Service Associate

SPECIAL POINTS OF INTEREST

- Stock & Strategy Spotlight
- Monthly Index Review
- Around Rinehart

INVESTMENT OVERVIEW

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policy - announced it had decided to maintain the federal funds rate at 0.25%, further delaying any action toward monetary policy normalization in the United States.

Despite noticeable improvements in several areas of the US economy, such as household spending, business fixed investment, and the housing sector, the economic turmoil that erupted across international markets during the spring and summer months presented a new challenge for consideration.

By incorporating international economic and financial developments into its assessment and analysis of monetary policy, the FOMC introduced an additional variable that may not have been previously included in consensus expectations. According to data presented in Chart I, the mean consensus estimate for the federal funds rate heading into the FOMC's

announcement on September 17th was approximately 0.32%. Consensus estimates adjusted down sharply after the release of the FOMC's decision and now stand only marginally above the current federal funds rate of 0.25%, indicating increased skepticism amongst economic and financial market forecasters regarding the FOMC's willingness and ability to increase the federal funds rate by the end of 2015. Obviously, economists and market makers were startled by this shift in Fed sentiment,

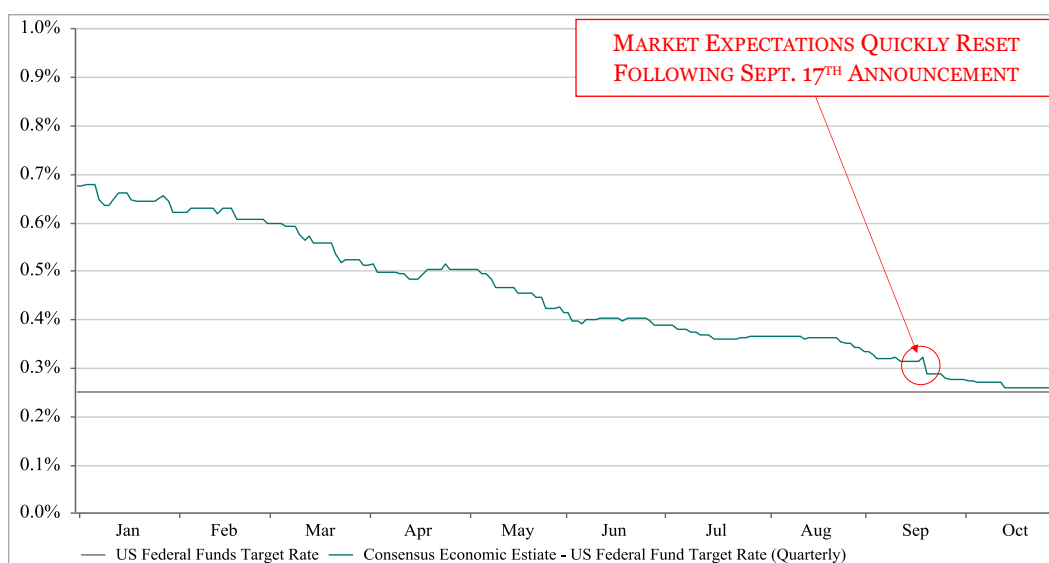
precipitating a **-3.53%** decline in the S&P 500® Price Index through quarter-end.

GLOBAL TURMOIL IMPLICATED, INFLATION REMAINS RESPONSIBLE

In our opinion, the Fed's strategy deviation from market expectations suggests that, despite the improvement in the unemployment rate, inflation is not increasing rapidly enough to warrant an increase in the federal funds rate. The FOMC noted that inflation remained below the Committee's long-term target rate of 2.00% despite noticeable improvements in unemployment and labor resource utilization.

The historically reliable inverse relationship between unemployment and inflation appears to have broken down

CHART I: FEDERAL FUNDS RATE - ACTUAL VS. CONSENSUS



Source: FactSet Research Systems, Inc.

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MONTHLY INDEX REVIEW (USD TOTAL RETURN)

Data as of October 31 st 2015	October 2015	3Q15	2015 YTD	2014
S&P 500	+8.44%	-6.44%	+2.70%	+13.69%
Dow Jones Industrials	+8.59%	-6.98%	+1.04%	+10.04%
NASDAQ Composite	+9.44%	-7.09%	+7.68%	+14.75%
Russell 2000	+5.63%	-11.92%	-2.53%	+4.89%
MSCI Emerging Markets	+7.14%	-17.78%	-9.17%	-1.82%
MSCI EAFE	+7.82%	-10.19%	+2.53%	-4.48%
Barclays US Aggregate	+0.02%	+1.23%	+1.14%	+5.97%

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temporarily. This historical inverse relationship is known as the Phillips Curve, which depicts how decreasing levels of unemployment within an economy should correlate with higher rates of inflation. Chart II provides an illustration of historical unemployment and inflation data for the United States, which includes several

tighten monetary policy in the face of global uncertainty. Similarly, it has long been our belief that it would be difficult and problematic for the Fed to attempt to rapidly raise rates with waning inflation, which has caused us to remain measured in our approach to fixed income allocations across investment portfolios. The risk of sudden and

“Inflation is when you pay fifteen dollars for the ten-dollar haircut you used to get for five dollars when you had hair.”

Sam Ewing

instances over the past 40 years where this inverse relationship has held true. The most recent recovery in labor market conditions and decline in unemployment, however, have yet to produce a concurrent increase in rates of inflation, suggesting little need for aggressive policy tightening.

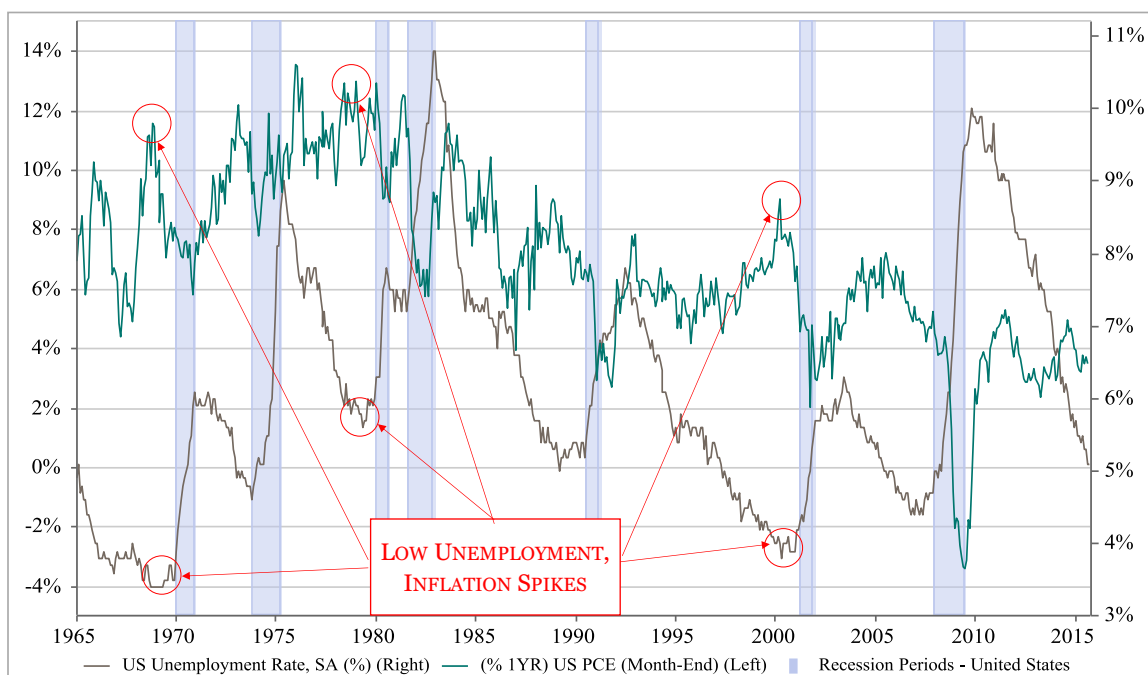
As such, the Investment Team remains of the opinion that the Fed does not see rampant or uncontrolled inflationary pressures as a significant enough concern to spur them to

significant inflation remains low, in our opinion, which keeps our view on interest rate increases modest.

Rather, it would seem to us that the Fed’s delay signals residual deflationary concerns that are paramount given several significant economic factors, such as the continued relative strength of the US dollar and the continued weakness in energy and commodity prices.

As other central banks continue to pursue

CHART II: INVERSE RELATIONSHIP BETWEEN UNEMPLOYMENT & INFLATION



Source: FactSet Research Systems, Inc.

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ABOUT RINEHART

Rinehart Wealth Management is an experienced, boutique Registered Investment Advisor dedicated to independent, comprehensive wealth management. Founded in 1985 by Mary Rinehart, the firm, from its inception, has had a singular focus: to provide highly customized investment management and financial planning solutions to clients.

Boutique Firm:

Being a boutique wealth management firm allows us the flexibility to provide more personalized service and offer unique investment solutions to clients in a Fee-Only environment.

Team Approach:

Because each client’s situation is different, the team of advisors is hand-selected to ensure areas of expertise are appropriately aligned with the client’s specific needs and interests.

Proprietary Investment Research:

The differentiating factor of our portfolio management process is the proprietary investment research driving the portfolio construction. All investment research and analysis is done entirely in-house by our Investment Team.

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increasingly accommodative monetary policies and quantitative easing (e.g., European Union and Japan) in an effort to stimulate economic growth, predicting the course of FOMC policy may continue to prove illusive without inflation.

Please contact Cynthia Sims at 704-374-0646 or csims@rinehartwealthmanagement.com if you have any difficulty registering.

THIRD QUARTER ECONOMIC OVERVIEW

As always, we look forward to discussing this topic, as well as other pressing economic issues during our Quarterly Economic Overview webinar: the details and registration information are provided below.

THIRD QUARTER 2015 ECONOMIC OVERVIEW WEBINAR

Date: Wednesday, November 11th

Time: 11:00 AM EST

Registration:

Please refer to the link included in the original email or look out for additional registration reminders that will be sent out prior to the webinar.

A recording will be available after November 12th in the Webinar Archive on our website.

STOCK & STRATEGY SPOTLIGHT

Company Name:

Piedmont Natural Gas Co., Inc.

Ticker:

PNY

2015 YTD

+47.93%

Company Description:

Piedmont Natural Gas Co., Inc. ("PNY") is an energy services company primarily engaged in the distribution of natural gas to residential, commercial, and industrial and power generation utility customers across North Carolina, South Carolina, and Tennessee. Through its subsidiaries, PNY invests in joint venture, energy related businesses, including unregulated retail natural gas marketing, regulated interstate natural gas transportation and storage, and intrastate natural gas transportation businesses. On October 26th, Duke Energy Corp. ("DUK") announced that it had entered into a definitive agreement to acquire PNY for approximately \$4.8 billion in cash and \$1.8 billion in assumed debt obligations. Pending approval by federal and state regulators, the acquisition is expected to close in the fourth quarter of 2016. Per the terms of the acquisition, PNY shareholders will receive \$60 in cash per share held, representing a premium of over 42% from the previous close on October 23rd. We have been long-term advocates of and investors in PNY due to its stellar track record of delivering solid operating results (Net Income 3-Yr. CAGR = +8.2%) and diligently returning capital to shareholders (Dividends Per Share 3-Yr. CAGR = +3.4%).

Source: FactSet Research Systems, Inc.

FINANCIAL ADVISORY OVERVIEW

FLIPPING THE SWITCH

- What is important to you?
- When do you want to retire?
- What will a typical day in retirement look like?
- What do you want to accomplish during your lifetime?

Once we understand what to plan for, we construct a comprehensive financial plan to achieve these goals. The earlier you start planning for your retirement, the higher the probability you will achieve your goals.

An area that people tend to overlook when preparing for retirement is the emotional toll that it can take. Some people feel that they are no longer contributing to society now that they are not working, which can lead to a sense of worthlessness. Retirees typically had a long career working as a member of a team, but in retirement that sense of belonging is missing. According to a recent study, this feeling is the reason that as many as 60% of retirees are planning to go back to work in some capacity after retiring. Therefore, it is important that you financially ready to retire and that you have new goals for your life that will insure you are also emotionally ready to retire.

This recent shift has led to redefining retirement as we know it. Most retirees do not want to retire from work and play golf every day. They are wanting to stay active and involved during this new phase in their life. There have been countless studies that have linked staying active through work, volunteering, learning something new, exercise, etc. with increasing life expectancy, greater health benefits, and a reduction in the probability of dementia. Mitch Anthony, author of *The New Retirementality* says “Retirement is no longer an event, it is a segue into an altered definition of life as we know it.”

FINANCIAL PLANNING

Preparing for retirement also involves preparing your financial resources to

adequately fund your lifestyle. Defining your goals helps to create a budget and a cash flow projection to fund those goals. Most individuals fund their retirement lifestyle with qualified plan savings, social security benefits, investment accounts and pension income. All of these funding vehicles require careful planning and selection to maximize benefits. For example, electing when to take social security benefits to receive the maximum combined benefit between spouses is paramount to efficiently funding retirement. Retirees will also have to make numerous decisions regarding the election and rollover of employer provided retirement 401(k)s, pensions, deferred compensation, and stock options; with some companies requiring election decisions five years prior to retirement.

Other areas to consider when “flipping the switch” are taxes and insurance needs. Taxes can play a significant role in the outcome of your financial plan over your lifetime. Your Rinehart team can help with tax planning strategies including tax efficient investments, tax bracket optimization, and lifetime charitable gifting. Selecting the necessary health insurance coverage and long-term care insurance are also important decisions to make during this stage of life.

Retirement is one of the most significant events you will ever experience, therefore careful preparation and planning is needed to insure you successfully achieve your life goals. The earlier you create a plan, the more flexibility you will have during retirement. Whether you are thinking of retiring next year or in ten years, contact your Wealth Advisor to put a plan in place.

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AROUND RINEHART

MAKE A WISH LUNCHEON

CEO Daniele Donahoe will be honored November 2nd for her role as a 2015 Make-A-Wish Ambassador. Daniele is committed to raising money to fund wishes for critically ill children in our community and to provide them with hope, strength and joy. The luncheon will be hosted at the Ritz Carlton. For more information on Daniele's fundraising efforts [click here](#).



3RD ANNUAL BEE MIGHTY FUNDRAISER & GALA



The 3rd annual "Bee Something For Bee Mighty"

will take place November 14th at the Charlotte Country Club. Rinehart is a proud sponsor of this event which is managed by the Novant Health Foundation and provides funding for medical therapy and equipment to the Neonatal Intensive Care Unit. For more information on Bee Mighty, please [click here](#).

VERSE & VINO

RWM is sponsoring the Charlotte Mecklenburg Library's first "Verse & Vino" fundraiser.



The event will be held at the Charlotte Convention Center Thursday, November 5th and includes a book signing by five New York Times critically acclaimed bestselling authors. For more information on this important initiative, [click here](#).

2015 OFFSITE OUTLOOK

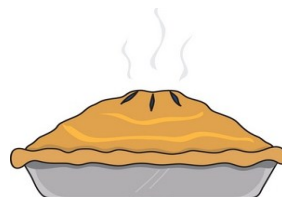
Our team will meet at the Duke Mansion this month to review a successful 2015 and to set the stage for 2016 and beyond. We feel it is important to allocate time for high level, long-term planning to ensure we are well positioned and adding value to our clients. We look forward to unveiling our initiatives early in 2016.



ENRICHMENT SERIES

RWM's Brittany Danahey will be the guest speaker at our next "Women, Wealth & Well Being Enrichment Series". Brittany will focus on understanding your performance and separating emotion from investing. The event will take place at our office Thursday, November 5th from 5:30-7:00p.m. If interested in attending, please [click here](#).

WOMENS WEALTH —AND WELL BEING—



2ND ANNUAL "STOP BY, SAY HI, GRAB A PIE"

Please reserve your Thanksgiving pie and stop in November 25th! We will have a pie waiting for you as a thank you for allowing RWM to serve your wealth management needs. Please email Cynthia at csims@rinehartwealthmanagement.com or contact us at 704-374-0646 and indicate if you would like an apple or pumpkin pie.

Rinehart Wealth Management

Wealth management is our only business; therefore, our attention is undivided and our intentions are transparent.

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Information provided in this newsletter should not be considered or interpreted as advice for your particular financial situation. Please consult a professional advisor for advice regarding your specific financial needs.

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