

## *A Letter to Investors from Darrell Cronk*

One truism of investing is that uncertainties are always with us, but successful investing is built on the premise that uncertainty can create opportunity. That's how we are looking at the midpoint of 2017, and why we at Wells Fargo Investment Institute are calling our *2017 Midyear Outlook* report "Seize the Opportunities." I invite you to take a look within the following pages as we encourage you, the investor, to assess where you are in your investment plan and what is important to consider for the remainder of the year. As Henry Ford observed, "Obstacles are those frightful things you see when you take your eyes off your goal," and thus we encourage you to keep your sights set on your investment goals and not see uncertainty as a roadblock.

One of the most frequent questions I've received this year is "Where are we in the economic recovery, and is there still room to run?" It's a good question to ask because June will begin the ninth year of the current economic expansion, which officially began in June 2009. People ask the question because they are not certain how much longer we have in the expansion. The U.S. has enjoyed 11 official economic recoveries since World War II, and the one we are in today is the third longest, only surpassed by expansions from February 1961 to December 1969 and March 1991 to March 2001. In general, around the midpoint of most cycles, confidence increases, volatility decreases, monetary policy moves from an easier path to one that tightens, and money flows from more conservative assets to riskier assets. These traits are pretty consistent with our landscape today.

Consider the fact that consumer confidence is setting a 16-year high, volatility is at cycle lows, the monetary tightening path is appearing to accelerate, and flows have only recently turned net positive once again for global equities. This recovery cycle does have some unique characteristics, and we think we are most assuredly past the midpoint. However, we see few signs today that this cycle is in danger of imminently ending, and this is why we feel investors should continue to focus on their investment plans and to seize opportunities that may exist.

Market uncertainty and volatility are always a part of investing. We know that the global economy's normal ebbs and flows as well as geopolitical events can be cause for worry and a feeling of uncertainty. But even in the face of these potential risks, what matters most as investors is how we choose to respond to the inevitable events that move markets.

On behalf of Wells Fargo Investment Institute, it is our privilege to serve you by providing timely investment insights and actionable advice to help you reach your investment goals. We trust that you will find that guidance in the pages of our 2017 Midyear Outlook. Thank you for being our clients, and I wish you much investment success for the remainder of the year.



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