

# Jefferson Institute Business Leader's Roundtable

Stephan Quinn Cassaday, CFP, CFS  
President & Chief Executive Officer



8180 Greensboro Drive  
Suite 1180  
McLean, VA 22102

703.506.8200 | 800.672.2102 | fax 703.506.8208  
[www.cassaday.com](http://www.cassaday.com)

Securities offered through Royal Alliance Associates, member FINRA/SIPC. Investment advisory and insurance services offered through Cassaday and Company, a registered investment adviser not affiliated with Royal Alliance Associates.

## Presentation Goals

- ◆ The global investment landscape
  - ❖ Grexit
  - ❖ The US stock market a bubble?
  - ❖ Opportunities outside the US
  - ❖ Interest rates
- ◆ Virginia from a wealth manager's point of view.
- ◆ Questions?

# The Global Investment Landscape

# Greece & The "Grexit"

# The US Stock Market

## Are We in a Bubble?

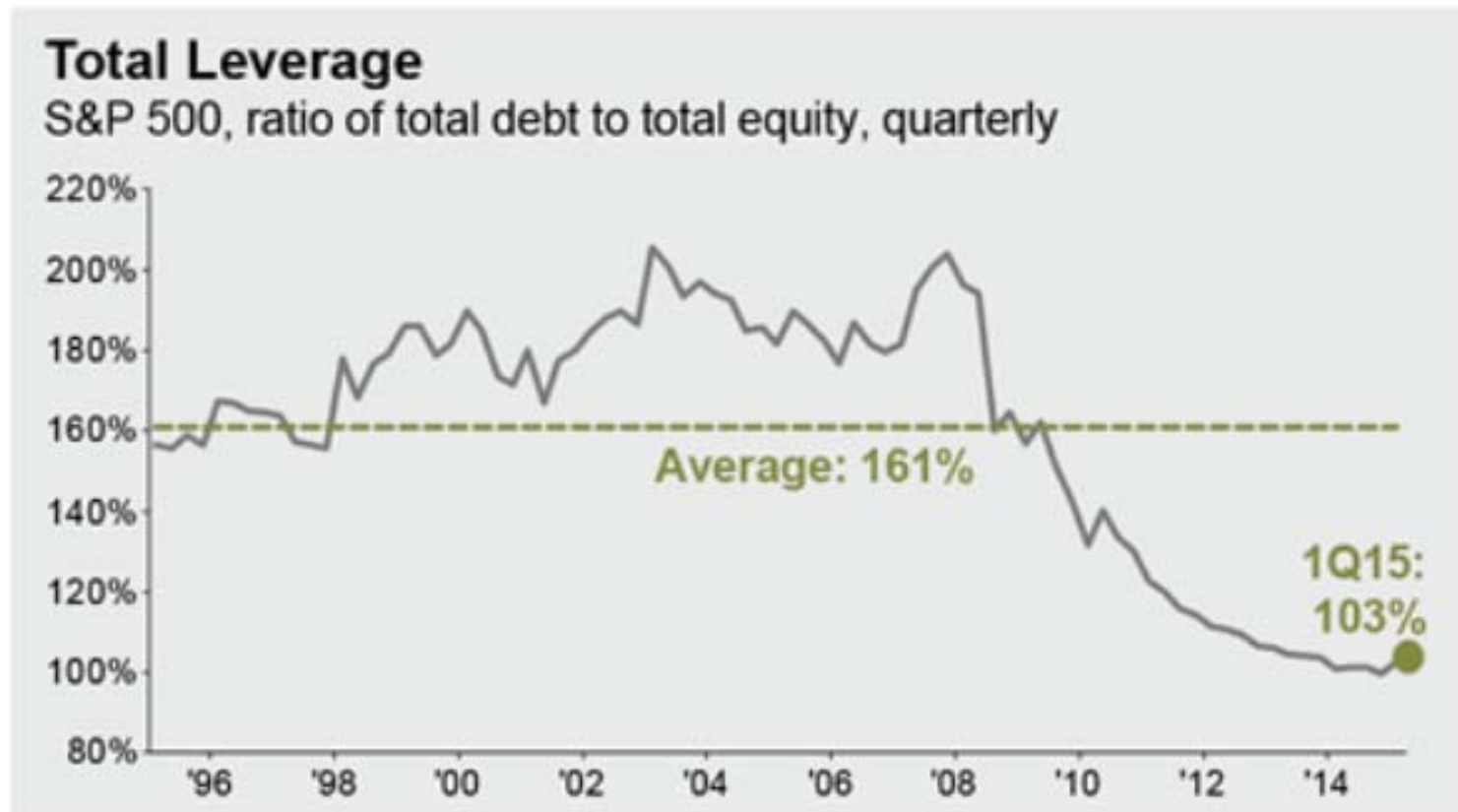


## Are We in a Bubble?

**Current P/E as % of 20-year avg. P/E**

	Value	Blend	Growth
Large	116.4%	104.3%	91.7%
Mid	124.4%	118.1%	98.5%
Small	114.3%	107.1%	97.4%

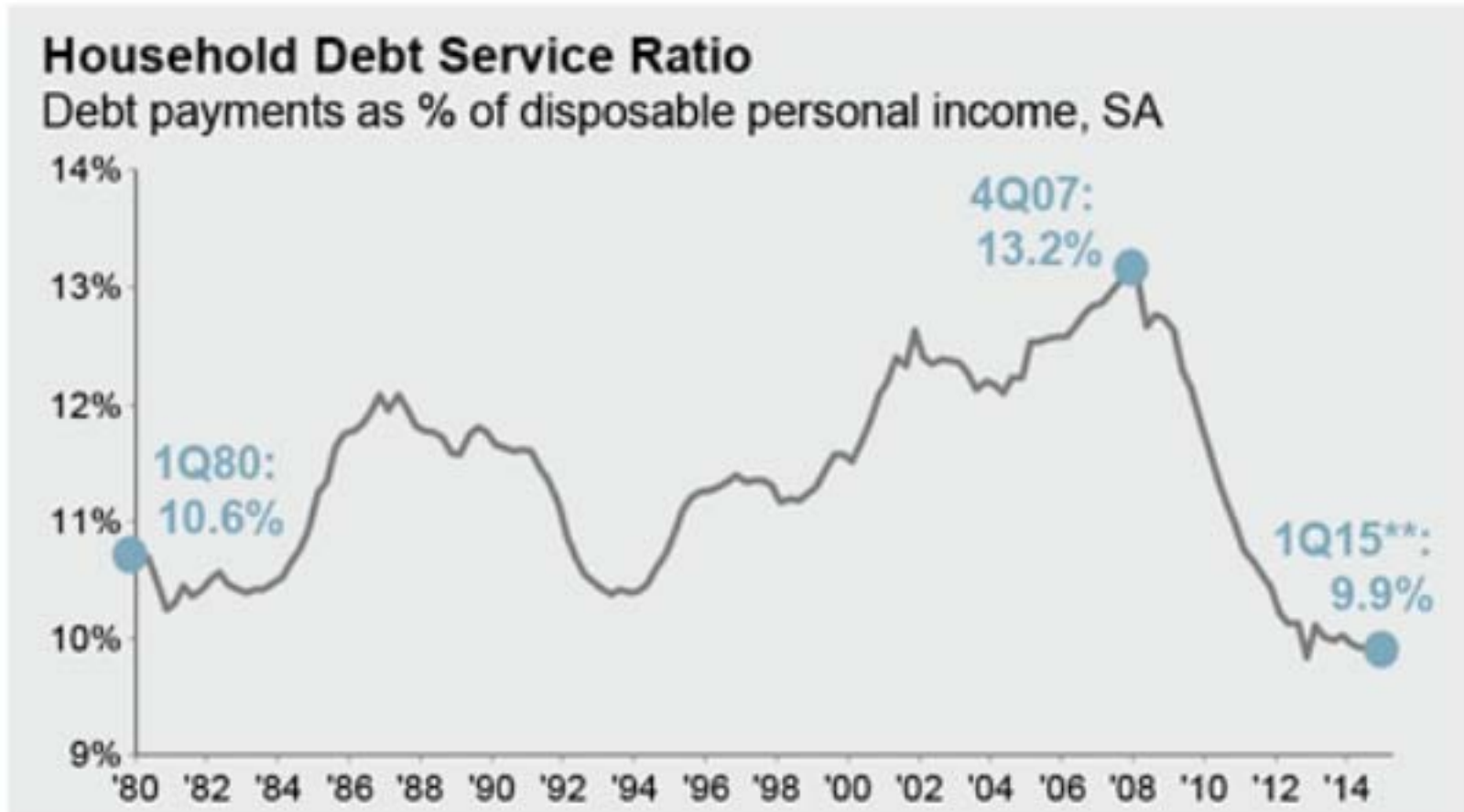
## Are We in a Bubble?



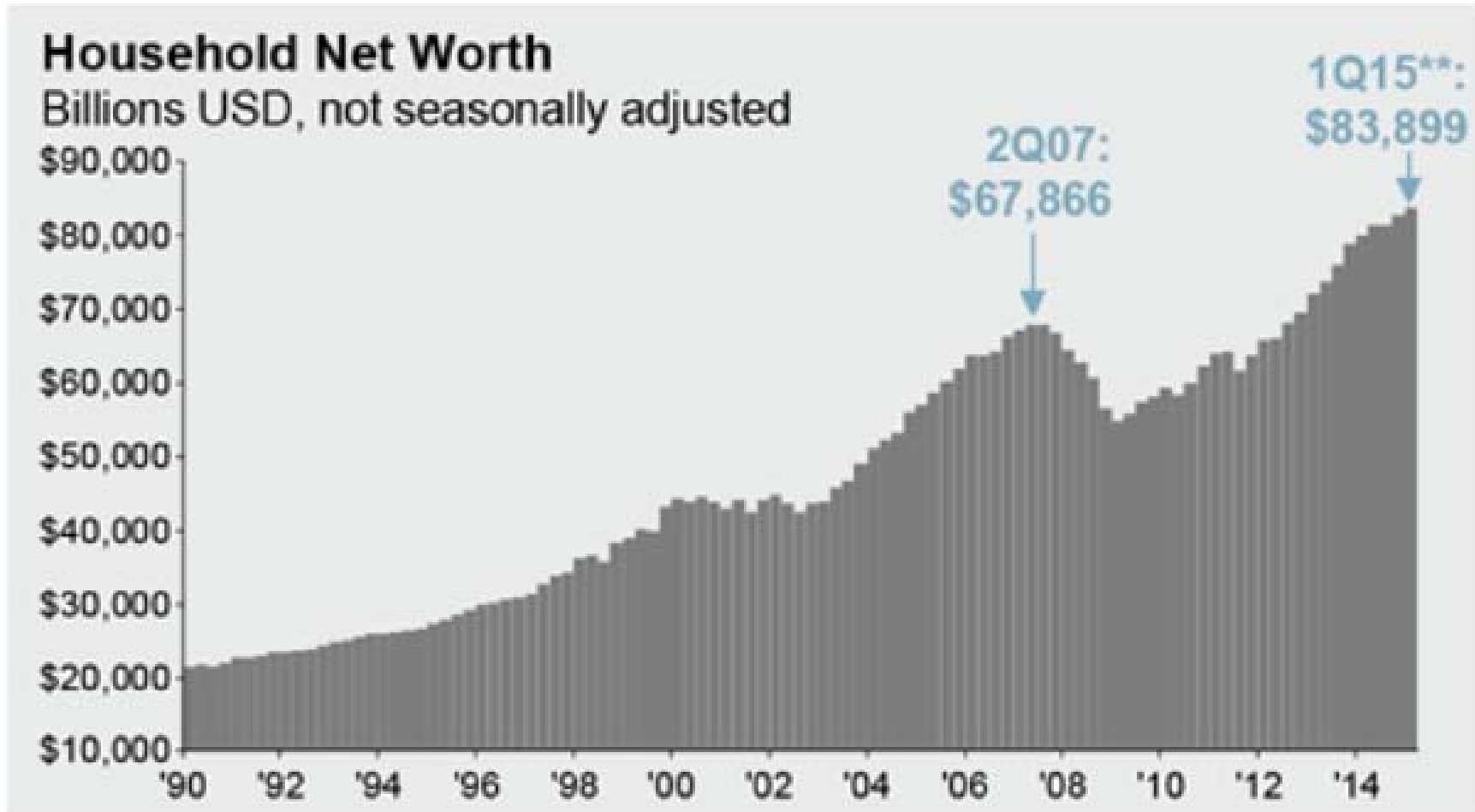
## Are there opportunities?



# Consumer



# Consumer

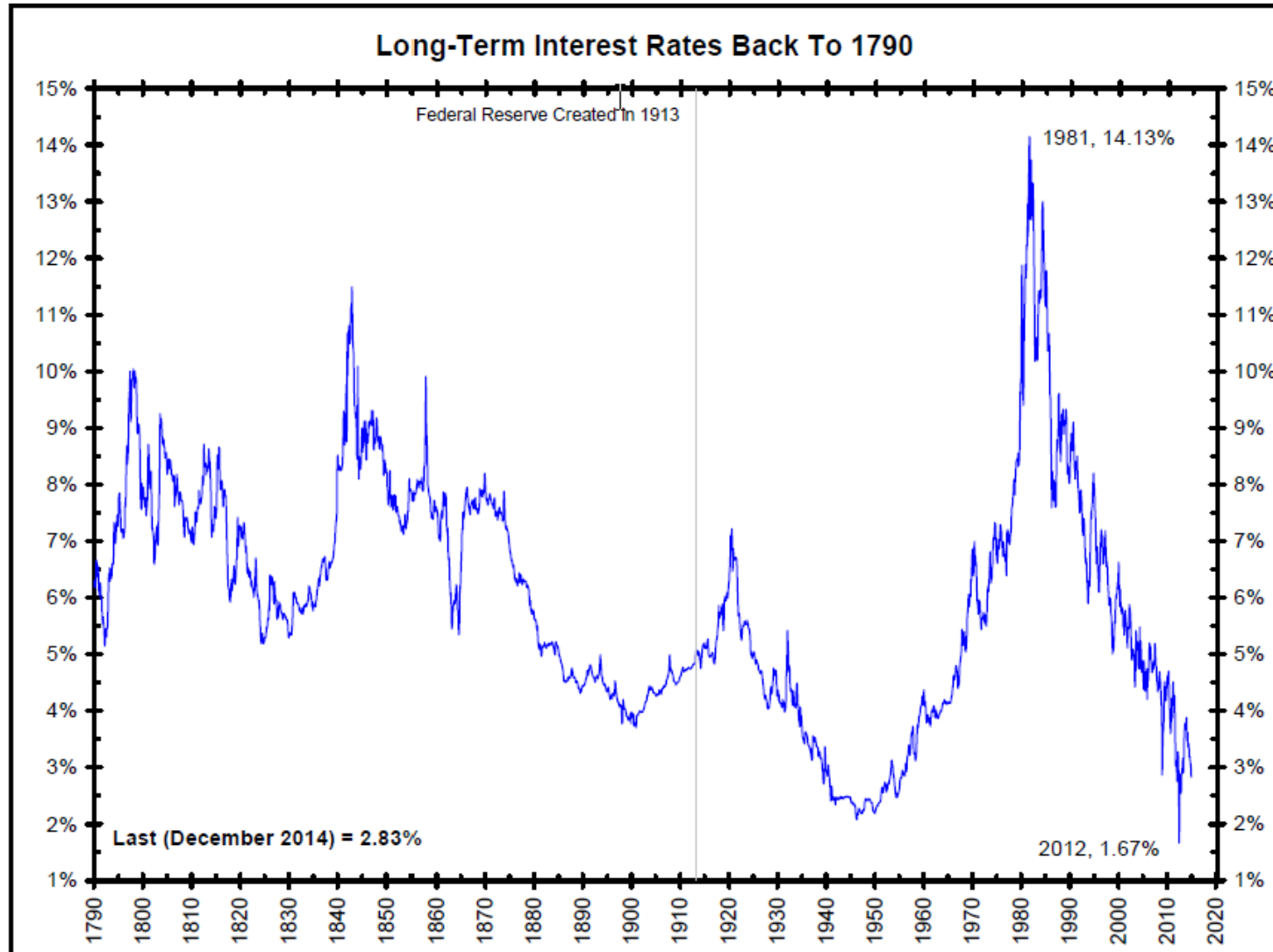


# Opportunities Outside the US?

## Foreign Markets are Cheap

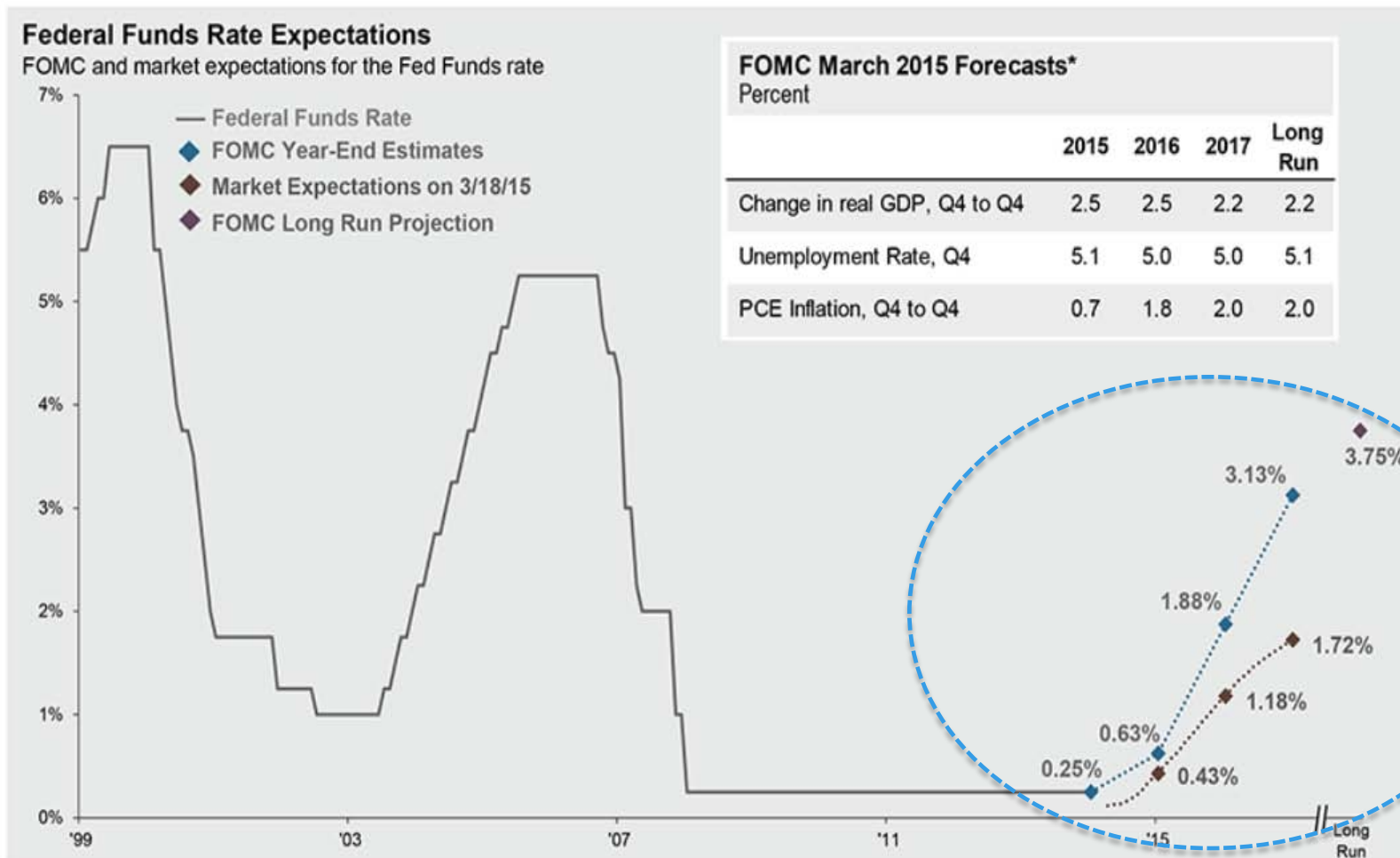
	Current Composite Index	Current			
		Fwd. P/E	P/B	P/CF	Div. Yld.
World (ACWI)	1.12	16.1	2.2	9.1	2.4%
EAFE Index	0.13	16.0	1.8	7.9	3.0%
Australia	-0.23	16.0	2.0	8.2	4.6%
Germany	-0.02	14.2	1.8	7.6	2.7%
France	0.10	16.1	1.6	8.1	3.0%
U.K.	0.23	15.9	1.9	9.4	3.7%
Canada	0.31	16.6	1.9	7.0	2.8%
Japan	1.61	16.3	1.6	8.6	1.6%
Switzerland	1.78	17.6	2.6	11.3	3.1%
United States	2.88	17.2	2.9	11.3	1.9%

# Interest Rates



Data Source: The Foundation for the Study of Cycles

# Rate Expectations

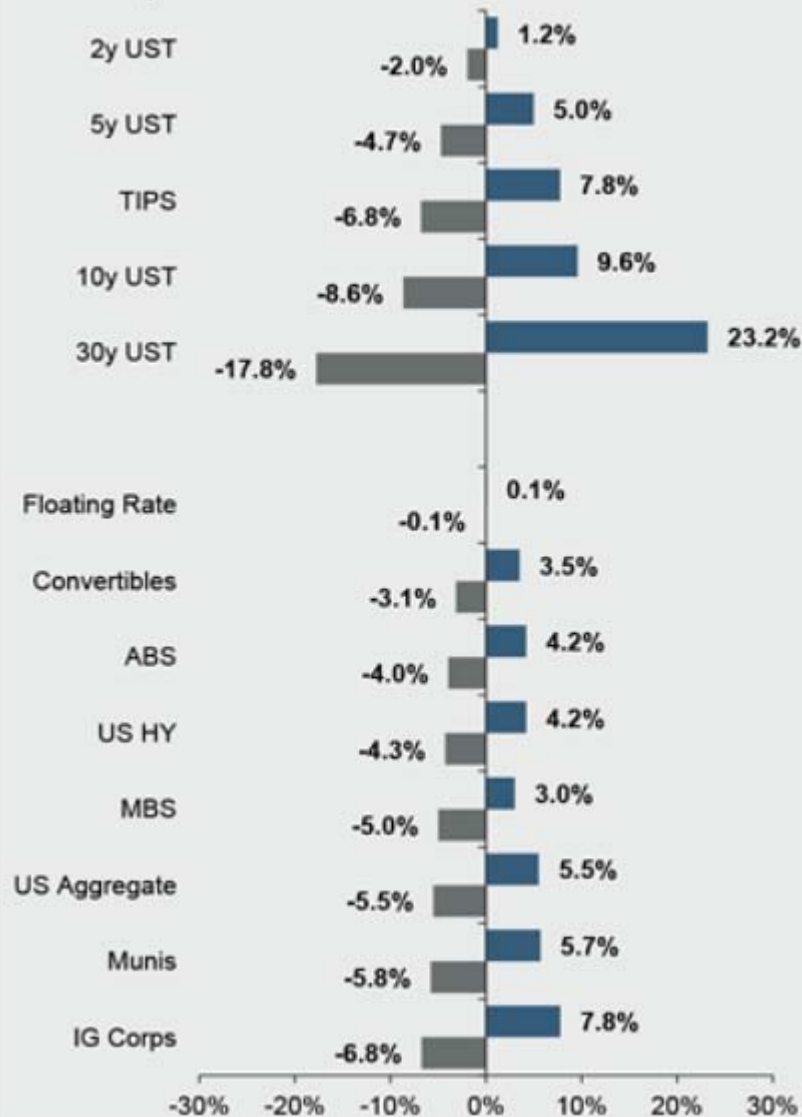


# Fed Tightening and Stock Performance

The Five Major Federal Reserve Tightening Phases (1975 - 2007)

Initial Quarter	Final Quarter	Term in Years	Beginning Rate	Final Rate	Change	Beginning S&P	Final S&P	Annual Return	Total Gain	Max Index Decline
12/31/1975	3/31/1980	4.25	4.88	20.00	15.13	90.19	102.09	2.96	13.20%	-8.40%
9/30/1986	3/31/1989	2.50	5.88	9.75	3.88	231.32	294.87	10.19	27.50%	-23.20%
9/30/1993	6/30/1995	1.75	3.00	6.00	3.00	458.93	544.75	10.30	18.70%	-4.40%
12/31/1998	12/29/2000	2.00	4.75	6.50	1.75	1,229.23	1,320.28	3.64	7.40%	-8.10%
6/30/2003	6/29/2007	4.00	1.00	5.25	4.25	974.50	1,503.35	11.45	54.30%	-2.60%
<b>Averages</b>		<b>2.90</b>						<b>7.71%</b>	<b>24.22%</b>	<b>-9.34%</b>
<i>Source: Pioneer Investments</i>										

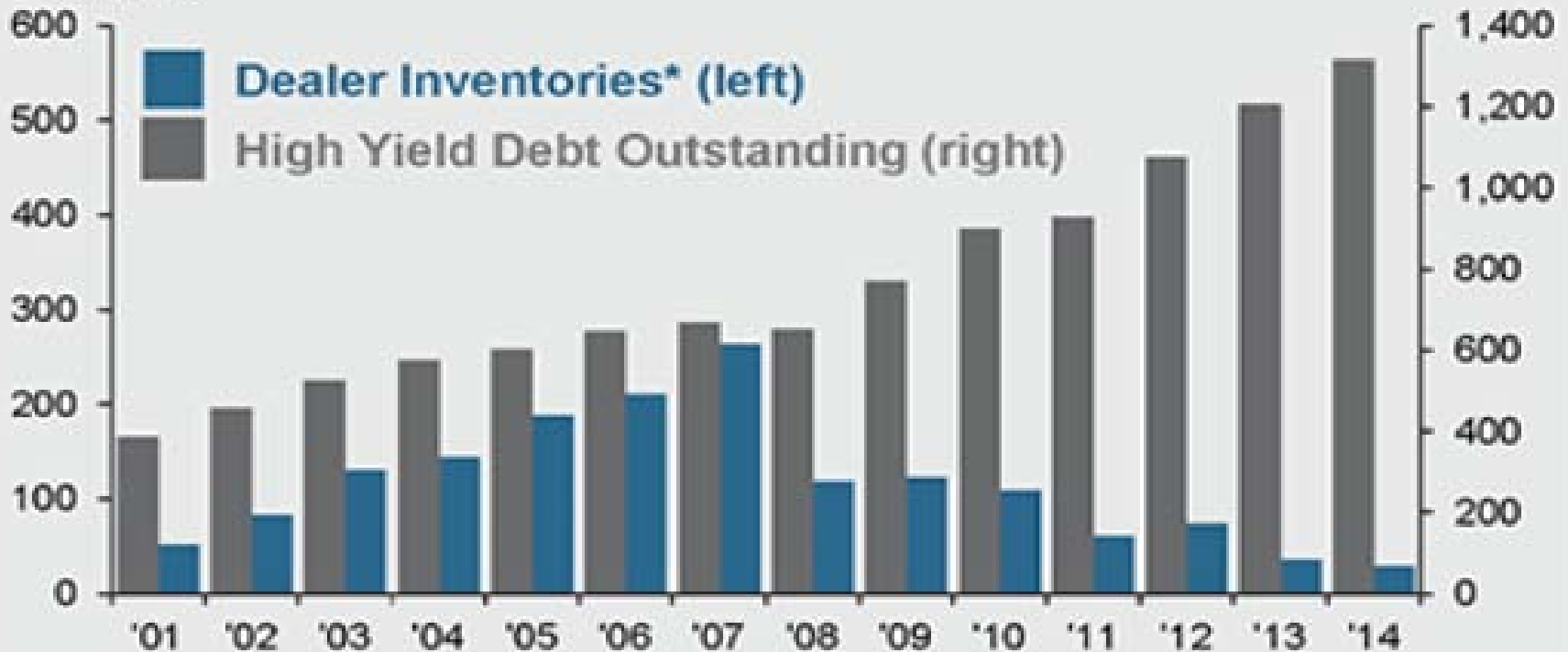
**Price Impact of a 1% Rise/Fall in Interest Rates\***



## Rising Rates Impact on Bonds?

# Bond Liquidity

**U.S. corporate debt market liquidity**  
 \$ billions



# Virginia from a Wealth Manager's POV

# United Health Foundation Health Rankings

# NATIONAL RESULTS AND TOP 10 WELL-BEING SUMMARIES

## TOP LARGE COMMUNITIES

---

1. San Jose-Sunnyvale-Santa Clara, CA
2. San Francisco-Oakland-Fremont, CA
3. Washington-Arlington-Alexandria, DC-VA-MD-WV
4. Minneapolis-St. Paul-Bloomington, MN-WI
5. Denver-Aurora, CO
6. Raleigh-Cary, NC
7. Boston-Cambridge-Quincy, MA-NH
8. Austin-Round Rock, TX
9. Seattle-Tacoma-Bellevue, WA
10. San Diego-Carlsbad-San Marcos, CA



# NATIONAL RESULTS AND TOP 10 WELL-BEING SUMMARIES

## TOP CONGRESSIONAL DISTRICTS

---

1. California District 14
2. California District 48
3. Colorado District 02
4. Virginia District 08
5. California District 12
6. California District 45
7. California District 18
8. Hawaii District 01
9. District of Columbia 01
10. Virginia District 10



# NATIONAL RESULTS AND TOP 10 WELL-BEING SUMMARIES

## TOP STATES

---

1. North Dakota
2. South Dakota
3. Nebraska
4. Minnesota
5. Montana
6. Vermont
7. Colorado
8. Hawaii
9. Washington
10. Iowa

# Virginia

## The facts on Virginia's Tax Climate

5.75%

Individual  
income Tax  
Top rate

6%

Corporate  
Income Tax  
Flat rate

5.3%

Sales tax

\$1392

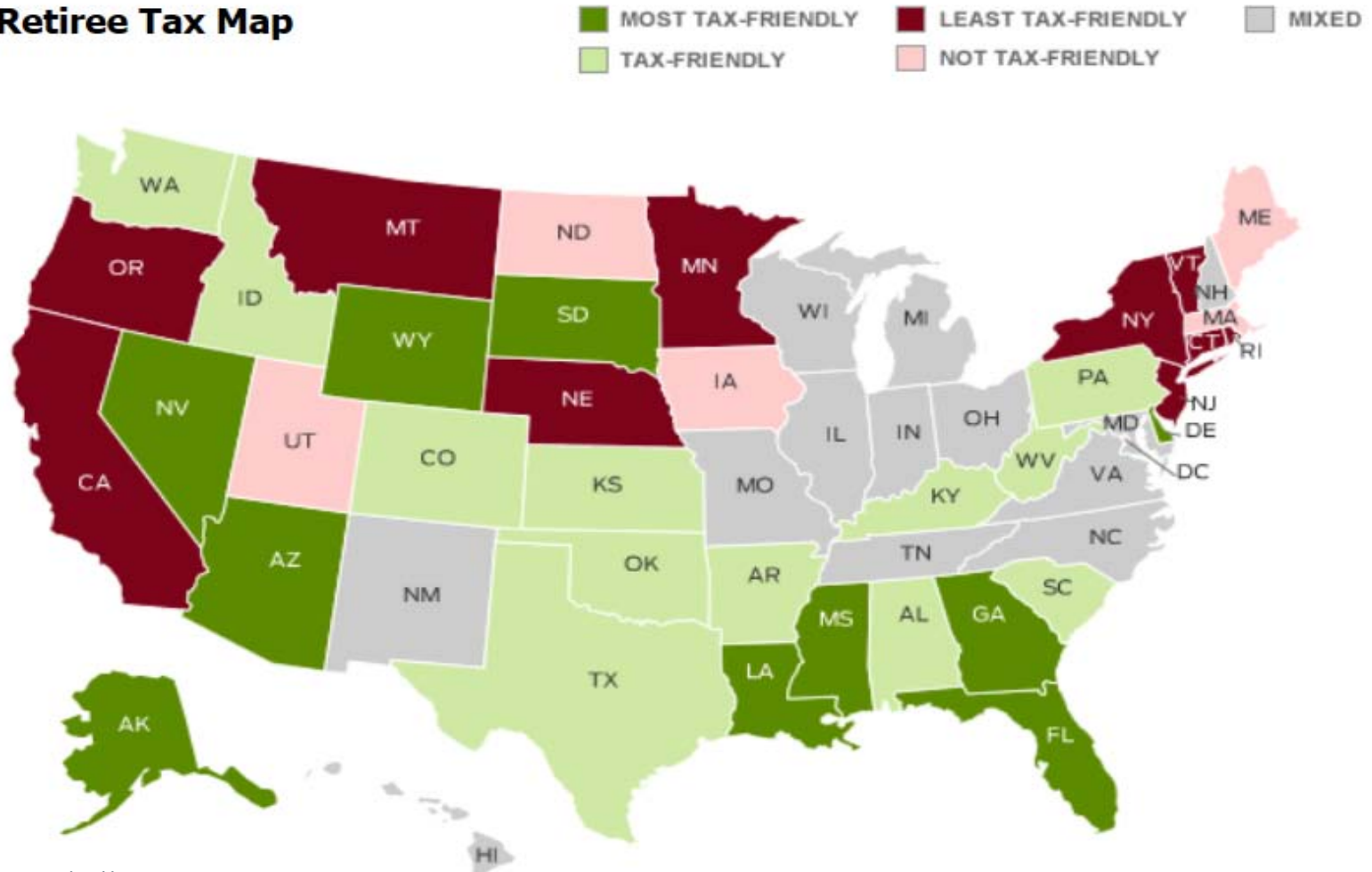
Property Tax  
Collections Per  
Capita

### Virginia's Individual Income Tax System

Virginia's personal income tax system consists of four brackets and a top rate of 5.75%. That rate ranks 25th highest among states levying an individual income tax. Virginia's state and local income tax collections per person were \$1254 in 2012 which ranked 10th highest nationally.

Source: The Tax Foundation

## Retiree Tax Map



Source: Kiplinger.com

# Affordability

Equivalent income in the city you are moving to: **\$37103.75.**

You may take a **25.79%** decrease and still maintain your standard of living.

Product	Washington-Arlington-Alexandria DC-VA-MD-WV Metro Div.	Asheville NC Metro	Difference
Home Price	\$783,055.00	\$335,887.00	\$447,168.00
Payment + Interest	\$2,906.00	\$1,236.00	\$1,670.00
Apt. Rent	\$2,001.00	\$797.00	\$1,204.00

Source: BankRate.com

# Affordability

Equivalent income in the city you are moving to: **\$32889.05.**

You may take a **34.22%** decrease and still maintain your standard of living.

Product	Washington-Arlington-Alexandria DC-VA-MD-WV Metro Div.	Tampa-St. Petersburg-Clearwater FL Metro	Difference
Home Price	\$783,055.00	\$213,724.00	\$569,331.00
Payment + Interest	\$2,906.00	\$787.00	\$2,119.00
Apt. Rent	\$2,001.00	\$870.00	\$1,131.00

Source: BankRate.com

# Affordability

Equivalent income in the city you are moving to: **\$36203.17.**

You may take a **27.59%** decrease and still maintain your standard of living.

Product	Washington-Arlington-Alexandria DC-VA-MD-WV Metro Div.	Wilmington NC Metro	Difference
Home Price	\$783,055.00	\$286,398.00	\$496,657.00
Payment + Interest	\$2,906.00	\$1,050.00	\$1,856.00
Apt. Rent	\$2,001.00	\$708.00	\$1,293.00

Source: BankRate.com

# Affordability

Equivalent income in the city you are moving to: **\$35122.48.**

You may take a **29.76%** decrease and still maintain your standard of living.

Product	Washington-Arlington-Alexandria DC-VA-MD-WV Metro Div.	Blacksburg-Christiansburg-Radford VA Metro	Difference
Home Price	\$783,055.00	\$273,666.00	\$509,389.00
Payment + Interest	\$2,906.00	\$997.00	\$1,909.00
Apt. Rent	\$2,001.00	\$867.00	\$1,134.00

Source: BankRate.com

Thank You!

