



FOUNTAIN FINANCIAL ASSOCIATES

CELEBRATING 20 YEARS of KEEPING PROMISES

Finger Licking Good



Vinton Fountain

Some of you may have been reading and listening to recent financial news around the subject of corporate penalties and fines for fraudulent behavior. Just last week, an institution announced a proposed settlement of \$1 billion for these inappropriate actions. These actions are remarkable.

Even more remarkable, is the reality that consumers continue to utilize these institutions for the custody of their assets. Independent advice means more than ever but its advantages are often overlooked.

Why does independence matter?

I wish to remind our readers about the value of independence. Let's have some fun to illustrate my point. I would like to polarize the idea of corporate strategy (top down) versus the idea of independence (client focused).

On occasion, I like to splurge and eat fried chicken. OK, I make this choice more often than my doctor would suggest. In any event, my options are plentiful (KFC, Smithfield's, Bojangles, etc.) or even traditional southern fried at home. I keep the fire extinguisher nearby.

If I decided to visit Colonel Sanders at KFC and ask for the best fried chicken in town, I can assure you the employees at KFC won't be recommending an alternate restaurant or the home cooking option. The fine folks at KFC are employees of the corporate franchise and are paid to promote KFC

products. They are not paid or trained to direct you to the best option, cheapest option or variations that may be more attractive to you. The corporate strategy at KFC is to sell more of their product to you. In fact, the business promotes its "secret recipe." For the record, I am a big fan of KFC and its product, but here is my point.

Independence allows one to navigate across many options for the most attractive resources. The independent advice idea is the opposite of top down and is centered on client goals. Independence allows for actions not beholden to the mother ship and the associated bias towards more lucrative products (corporate earnings). An independent fiduciary will put client interests above all others. Large corporations may have conflicting and competing interests such as sales goals, travel rewards and incentives that may not benefit the client. But yet, the large corporation or KFC will rarely refer you to the best resource available unless it serves their corporate interests. But today, people have choices.

*An independent
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The investment industry is changing dramatically and I believe these changes are for the better. An individual can choose from a multitude of options that are superior to the models of old. The evolution of financial advice is dramatically different today than it was when our firm was founded in 1998. I prefer the idea of independent advice without the secret sauce.

Best of luck,

<i>Inside this issue:</i>	<i>Risk and Human Nature</i>	<i>The Eighth Wonder of the World</i>	<i>Upcoming Events</i>
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Risk and Human Nature



Buck Beam

Volatility is one of the few certainties in financial markets. You never know when it's coming, but as investors we eventually face it and when we do, it can change our views about risk. Risk isn't only theoretical, risk happens.

We've written in the past about how we work with clients to decide on an appropriate level of risk, but much of that work is hypothetical. It's one thing to say that you can handle a 10% drop in your account. However, it's another thing entirely to experience that drop. The most recent volatility in the stock market offers a great opportunity to rethink the level of risk we are truly comfortable taking.

To put the most recent market volatility in perspective, the S&P 500 index reached the high of 2872 on January 26 and closed at the recent low of 2581 on February 8. This measure of U.S. stocks declined about 10.2% during that period. That makes it more than the 10% threshold to be called a "correction," but less than the 14.2% decline that we observe in an average year.

Historically, a 10% decline happens about once per year, a 15% decline about once every two years and a 20% decline about once every three and a half years.

Why is this decline any different? The truth is, it's really not. The only thing that makes it feel different is that it is the most recent one. It's been more than two years since the last 10% or greater correction and since then the

market is higher by almost 30%. That doesn't change the fact that when we experience this volatility, human nature kicks in along with the feelings of nervousness and worry.

This may be a perfect time to reflect on the amount of risk that you are comfortable taking. If this most recent market activity is to be expected about once a year, then how do you feel about that? No one enjoys temporarily declining values, but this should not cause you to lose sleep at night or to worry about your future. This volatility is fairly normal (and helpful over the long term). Does it bother you more than a normal move in the markets should? If the answer is yes, then it's

a good time for us to talk. Give us a call and let's discuss the level of risk in your portfolio.

There is not one right answer and we are not suggesting changing portfolio mixtures frequently. However, getting the level of risk right is crucial to your long-term financial plan. Finding a level of risk that will help accomplish your goals and allow you to comfortably stick to your plan when markets exhibit volatility is perhaps one of our most important functions. As your financial advisors, we want to get this right. Your trust and confidence matter

to us. They also matter a great deal to the long-term success of your financial plan.

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Words Worth Repeating

"Nothing is more difficult, and therefore more precious, than to be able to decide."

NAPOLEON BONAPARTE

"There is nothing impossible to him who will try."

ALEXANDER THE GREAT

"All our dreams can come true - if we have the courage to pursue them."

WALT DISNEY

"The price of greatness is responsibility"

WINSTON CHURCHILL

Keeping Promises

The Eighth Wonder of the World



Brice Gibson

As an advisor, I get to see all aspects of investing. There are many variables that generate great returns over time, but maybe the most powerful force in investing are two words "compound interest." As a numbers person, the power of compounding interest is incredible to me. Albert Einstein once said "Compound interest is the 8th wonder of the world. He who understands it, earns it...he who doesn't... pays it."

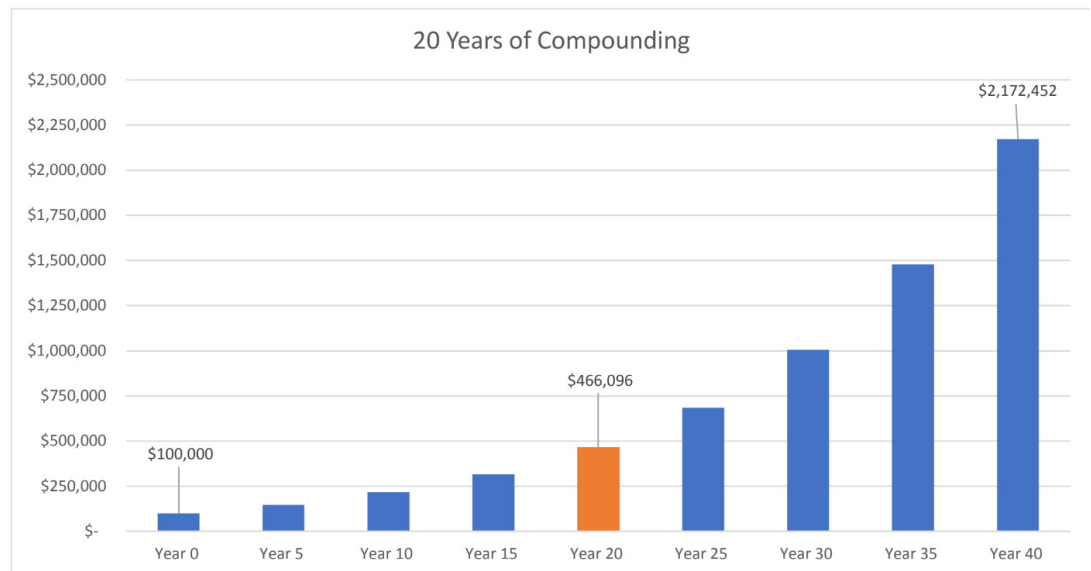
for the next 20 years. If you didn't make any withdrawals over this period, your initial \$100,000 investment would be worth \$466,095. The actual average return of the S&P 500 from 1998-2017 was 8.81% so you would actually have done even better if you had used the higher return. Your investment would have more than quadrupled in 20 years, all while going through the Tech Bubble bursting and the Great Recession. The chart also illustrates what the next 20 years would look like if you continued to earn 8% on the \$100,000 investment. After 40 years the value would be \$2,172,452. The longer you let compounding interest work for you, the better it gets.

Einstein's quote comparing compound interest to the 8th wonder of the world is a bold comparison, but it is one of the reasons many investors are so successful. So how does it work? You would think that compounding interest must be very complicated, but it's quite simple. Compounding interest makes "interest on interest." It is the addition of interest to the original principal that is then reinvested instead of being paid out. Interest reinvested grows at a much

faster rate than simple interest, since you now have more money earning more interest. Most great forces in our world start very small. Think of compounding interest as a snowball. A snowball starts as a snowflake. Once it can roll down a hill, it will naturally do the work for you becoming a bigger and bigger unstoppable force. Compounding interest utilizes momentum.

Building wealth works very similarly to the way a snowball forms. It is usually tough and slow to accumulate in the beginning, but once you build your snowball, it attracts more wealth naturally. It takes time. Very few get rich overnight. Time is your most significant ally and the best way to maximize compounding, so start soon. Warren Buffet once quoted "I always knew that I was going to be rich, so I was never in a hurry to."

As we celebrate 20 years as a firm, this chart illustrates 20 years of compounding if you were one of our first clients in 1998 and put compounding interest to work for you. The bar chart assumes that you made a one-time investment of \$100,000 in 1998 and got an 8% return every year



Compounding interest is a remarkable force and your friend as an investor. Its simplicity may help make average people millionaires. It doesn't discriminate. Take advantage of this force. The financial habits that you put into place define your wealth. The choice is yours, you can put the power of compounding interest to work for you to build wealth, or you can let interest work against you and always fight it. I don't know about you, but I would rather roll down a hill building wealth as I go, then fight my way uphill climbing to the top for lower returns. Take the 8th wonder of the world and do something great with it to help yourself, your family, and have a better life. It starts with you.

Brice

Client Group Summary			Asset Allocation	
Account Number	Mill Value			
	\$ 1,848,458			
Inception Date	Mar 26, 2009			
Total Value	\$ 1,848,458			
Net Investment	\$ 863,570			

Equity	
Large-Cap Value	29.
Mid-Cap Growth	7.
International	15.
Intl Developed Mkts	6.
Global Equity	9.
Fixed Income	35.
Long Term	6.
Intermediate Term	14.
Short Term	13.

Electronic Quarterly Performance Report

We are excited to announce that our Quarterly Performance Reports are now available to clients via electronic delivery through our new FFA Client Portal. If you would like to receive these reports electronically instead of traditional mail delivery, please call or email the office to let us know. We are happy to provide these valuable reports to you in whichever medium you prefer.

FFA Annual Shred Event

This year we hosted FFA's annual Shred Event at our office on April 28 - the weather was beautiful and over 50 clients and guests showed up to safely dispose their unwanted documents. Information security and paper recycling is important to us - thank you to everyone who made this year's event successful.



Advisors Brice, Chris & Buck at the 7th Anniversary Shred Event held at our FFA Office on April 28.



Vinton Fountain presents a donation check to Airlie Gardens on behalf of participants of FFA's Shred Event.

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