



H HUDOCK

CAPITAL GROUP, LLC

WEALTH PARTNERS WITH PURPOSE

Issue 10
June, 2015

Barbara and Michael Hudock invite you to join them and the Hudock Capital Team for an evening with:

Our core purpose, our passion, is to make a positive and profound difference in the lives of our clients and in the communities we serve.

WORLD RENOWNED ECONOMIST
WHARTON PROFESSOR
AUTHOR



JEREMY SIEGEL

DISCUSSION:
Today's Economy And What We Can Expect Now

June 23, 2015
Community Arts Center
220 West 4th Street :: Williamsport, PA 17701

- 5:30 - 7:00** Private Reception in the Capitol Lounge
- 7:00 - 7:45** Jeremy Siegel on Main Stage
- 7:45 - 8:15** Q&A on Main Stage with Jeremy Siegel

Kindly respond to Jane Hawkins at jhawkins@hudockcapital.com or 570-326-9500

Always believe something wonderful is about to happen.
-Anonymous

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"Protect Yourself from ID Theft & Fraud"
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Jeremy Siegel is the Russell E. Palmer Professor of Finance at the Wharton School of the University of Pennsylvania. He is a graduate of Columbia University, received his Ph.D. in Economics from the Massachusetts Institute of Technology and spent one year as a National Science Foundation Post-Doctoral Fellow at Harvard University. Prof. Siegel has written and lectured extensively about the economy and financial markets, has appeared frequently on CNN, CNBC, NPR and other networks. He is a regular columnist for Kiplinger's and has contributed articles to The Wall Street Journal, Barron's, The Financial Times and other national and international news media. Prof. Siegel served for 15 years as head of economics training at JP Morgan and is currently the academic director of the U.S. Securities Industry Institute.

Prof. Siegel is the author of numerous professional articles and three books. His best known, "Stocks for the Long Run", which published its fifth edition in 2014, was named by the Washington Post as one of the ten-best investment books of all time.

No Equity Bubble

By: *Jeremy J. Siegel*

I would be wealthy if I were given a dime for every time I heard that the stock market is in a “bubble.” Bubble should be reserved to describe assets that are trading at least at twice their true value based on such fundamental factors as earnings, dividends and interest rates. Historically, the US stock market was just entering a bubble in early 2000 when the S&P 500 Index reached 30 times earnings, nearly twice its historical average. Technology stocks were most certainly in a bubble then as the Nasdaq Stock Index was selling for an extraordinary 600 times earnings, nearly 20 times its historical average.

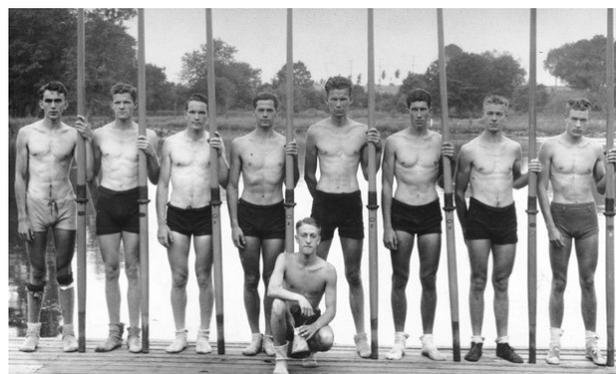
But stocks today are definitely not in a bubble. It is true that stock prices have more than tripled from the lows reached in March 2009, but those lows were reached in the worst bear market since the Great Depression of the 1930s. Today stocks in the S&P 500 Index are selling for about 18 times estimated 2015 operating earnings. This is only about 10% higher than the 16.4 median value since 1954 and below the median when we exclude periods when interest rates were 8% or higher.

Except for the energy sector, which has seen earnings plunge due to the falling price of oil, all nine other industrial sectors of the S&P sell for 20 times earnings or less. The two largest sectors, financial and information technology, which comprise over 40% of S&P 500 earnings are selling at P-E ratios of 14.4 and 17.5, below the average of the overall market. Despite the run-up in the Nasdaq index, S&P 500 technology stocks look particularly attractive as S&P estimates that their 5-year annual earnings growth rate will reach nearly 13%.

It is true that earnings growth for 2015 does not look great. Standard and Poor's projects the 2015 operating earnings on the S&P 500 index will be only \$116, just 3% over last year. The two major causes of the weak earnings growth are the rise in the dollar and the collapse in oil prices. Since over 40% of S&P 500 earnings come from foreign sales, the revenues from these sales are much lower measured in dollars since the dollar is up more than 15% from last year. The second downer for earnings is the collapse in oil prices. Before the sharp fall in energy prices, the energy sector contributed more than 10% of total S&P 500 earnings. This year the contribution from oil firms was negative in the first quarter and is expected to average just 3% for the whole year. In fact, Standard and Poor's reports that although overall S&P 500 earnings rose on 1.4% in the first quarter from year-ago levels, excluding energy sector, earnings would be up a healthy 11.5%.

The energy sector's losses were due to the write-down of oil reserves, the cost of shuttering wells, and the sharp slowdown in exploration which hit the drillers and service providers hard. But there are signs the stability is returning: Rig count has stopped falling and oil has moved back to near \$60 a barrel. As a result, the factors depressing earnings will dissipate this year. If the dollar and oil prices stabilize at their current levels, growth from foreign sales will increase and earnings from the energy sector rebound. In fact, S&P analysts estimate that operating earnings of the S&P 500 should reach to \$133.11 in 2016. To be sure, future earnings estimates often tend to be overly optimistic, but the combination of moderate economic growth, stabilizing currency and oil markets, and continued share buyback programs will likely boost earnings by 10% or more in 2016. The bottom line: The stock market is not in a bubble as earnings and interest rates fully justify current trading levels.

Barbara's Book Corner..



The victory boys...Member's of America's 1936 Olympic rowing team, based on the University of Washington in Seattle.

In the past ten years, I've become fascinated with the history of our world and how we “got here from where we've been.”

Boys in the Boat by Daniel James Brown is the story of the University of Washington's eight-oar crew team going to the Olympics in Berlin in 1936 and their magnificent quest for an Olympic gold medal. I was particularly intrigued by the amazing stories of overcoming adversity against all odds. The incredible teamwork displayed by these eight boys showed that with the right spirit, ANYTHING can be accomplished. Below are excerpts from a review by Jay Parini who does a particularly good job of capturing the essence of the book. If you're looking for a good summer vacation read, this could be the ticket for you!

“In the hands of Daniel James Brown . . . this story becomes a fine-grained portrait of the Depression era, with its economic and climatic horrors set against youthful dreams. Brown finds a representative figure in Joe Rantz, . . . But this story wasn't just about him; it was always about the boat: nine rangy boys – sons of farmers, fishermen, and loggers – who managed to coalesce into a rowing team that would march confidently into the 1936 Olympics under the hawkish eyes of Hitler, emerging victorious over rival crews from Germany and Italy.

Brown digs into his material with impressive energy, trying to understand the dynamics of the sport, which he conveys with enthusiasm. “One of the fundamental challenges in rowing,” he writes, “is that when any one member of a crew goes into a slump the entire crew goes with him.” Such slumps occur, and Brown dramatizes them well, arranging the facts in ways that create a narrative drumbeat that never eases till the end.

The Boys in the Boat is, then, an often inspiring feat of narrative non-fiction, though it could never be as thrilling as the victory of those nine boys from Washington state on a windy day in Berlin once upon a very dark time.”

Barbara

“How people treat you is their karma; how you react is yours.”

-Wayne Dyer

Teaching Heirs

"Protect Yourself from ID Theft & Fraud"

By: *Yes You Can Magazine*

As more major U.S. businesses report instances of electronic data breaches, the odds of consumers having their personal information compromised are on the rise. So are the chances of being a victim of identity theft or fraud. And while a company might offer to provide free credit monitoring for its customers following a privacy breach, it is up to individual consumers to monitor their own accounts for potential unauthorized or criminal activity.

According to the Consumer Financial Protection Bureau, consumers should keep a close eye on their account activity. Report any suspicious transactions (no matter how small) immediately to their bank, credit union or credit card provider. Look for a toll-free customer service number on the back of your credit or debit card. The number should also appear on your monthly statement, along with instructions on how to report fraudulent charges or billing disputes.

If you discover that someone has taken money from your bank account by debit, or charged items to your credit card, you should cancel the card and have it replaced before any more transactions are made. You should also consider changing your PIN to be sure no one can access the account at a later date. Take these additional steps to protect yourself from unauthorized account withdrawals or credit card charges:

- Check your accounts regularly for unauthorized charges or debits. This can be done easily if you have online or mobile access to your accounts. If you receive paper statements, be sure to open them as soon as they arrive and review them closely. Consider signing up for email or text alerts on account activity if your financial institution offers this service.
- Report even small problems right away. Thieves often make a small debit or charge against an account and return for more after the first transaction has cleared successfully.
- Even if you're not sure whether your PIN information was taken, change your PIN just to be on the safe side.
- Report any fraudulent account activity to your financial institution in writing and keep a copy of the letter. If you contact your financial institution or card provider by

phone, keep track of when you called and record the name of the person who helped you.

What is your responsibility in the event of a fraudulent transaction?

If your credit card number, not the actual card, has been stolen, you are not responsible for unauthorized charges under federal law. If an unauthorized debit card transaction appears on your statement (but your card or PIN has not been lost or stolen), you will not be liable for the debit if you report it within 60 days after your account statement is mailed to you.

However, if the charge goes unreported for longer than 60 days, your money, and any future fraudulent charges made by the same person, could be lost.

While it is important to remain vigilant about your account status, be wary of anyone contacting you to verify account information by phone or email. This could result in you being the victim of a common scam called "phishing" to steal your personal information. Banks, credit unions and credit card companies never ask for account information over the phone or via email. If you receive such a request, notify your financial institution or credit/debit card provider immediately and report the incident.

New Faces at Hudock Capital:

John Kolb began his career with Hudock Capital Group, LLC in February, 2015 as a registered associate. In his role he actively partners with clients to research and analyze investment portfolios. He performs financial analyses of client assets in support of comprehensive client relationship services. John graduated magna cum laude from Shippensburg University with a Bachelor of Science degree in Business Administration with an emphasis on Finance. During his education he gained investment experience building and managing stock portfolios in his investment management class and the University's Investment Club where he was elected president in 2009. After graduation John moved back to Lycoming County and worked with Edward Jones as a financial advisor.

Before joining Hudock Capital, John also worked with Sovereign Bank and M&T Bank as a relationship banker. He currently holds a Series 7, and Series 66 as well as Pennsylvania Life and Health. John lives in Trout Run, with his wife Kate and their two children Dylan and Claire. He loves the outdoors and enjoys gardening, hiking, fishing and hunting.

Hudock Capital News:



Shelley S. Whitnack, CFP®, Relationship Manager at Hudock Capital Group, LLC in Williamsport, PA has been authorized by the Certified Financial Planner Board of Standards (CFP Board) to use the CERTIFIED FINANCIAL PLANNER™ and CFP® certification marks in accordance with CFP Board certification and renewal requirements. Ms. Whitnack has worked at Hudock Capital Group, LLC since 2009 and is responsible for developing client relationships through financial planning.

The CFP® mark identifies those individuals who have met the rigorous experience and ethical requirements of the CFP Board, have successfully completed financial planning coursework and have passed the CFP® Certification Examination covering the following areas: the financial planning process, risk management, investments, tax planning and management, retirement and employee benefits, and estate planning. CFP® professionals also agree to meet ongoing continuing education requirements and to uphold CFP Board's Code of Ethics and Professional Responsibility, Rules of Conduct and Financial Planning Practice Standards.

CFP Board is a nonprofit certification organization with a mission to benefit the public by granting the CFP® certification and upholding it as the recognized standard of excellence for personal financial planning. CFP Board currently authorizes more than 70,000 individuals to use these marks in the United States. For more about CFP Board, visit www.CFP.net.





PLEASE
PLACE
STAMP
HERE

400 Market Street
Suite 200
Williamsport, PA 17701

509 S. Main Street
Athens, PA 18810

Phone: 570-326-9500
Toll Free: 866-855-0569
Fax: 570-326-9577

www.hudockcapital.com

If you have any suggested topics for or feedback about the Hudock Capital Newsletter please feel free to call us and share!

After the Closing Bell

As your wealth partners with purpose, Hudock Capital strives to provide you with meaningful opportunities to learn from experts within our industry. That's why I'm so pleased to welcome Professor Jeremy Siegel to Williamsport on June 23.

Professor Jeremy Siegel has been part of my professional life since the mid-80's when I was a regular participant in the Merrill Lynch Training School in Princeton. Professor Siegel is the Russell E. Palmer Professor of Finance at the Wharton School of the University of Pennsylvania. I've participated in his classes and our firm has been a regular reader/subscriber of his research for over 20 years. He has appeared frequently on CNN, CNBC, and NPR; he is the author of three books and has contributed articles to The Wall Street Journal, Barron's, The Financial Times and other national and international news media.

I am thrilled to bring Professor Siegel to Williamsport to meet exclusively with our clients at a private reception to be held on June 23rd at 5:30 pm in the Capital Lounge at the Community Arts Center. Following our private reception, we will be sponsoring a public presentation by Professor Siegel for our community and for local university students from Lycoming College, Bloomsburg University, Penn College, and Bucknell. This is an exciting opportunity for all of us to interact with and learn from one of the leading experts in our industry.

Please see the first page of our newsletter for further information on Professor Siegel and details regarding this special event. We sincerely hope to see you there!

Have a wonderful summer!

Warm regards,

Barbara

Upcoming Events

- **Annual Charity Golf Tournament**
Wynding Brook Golf Club - Milton, PA
-August 7th, 2015
- **J.U.L.I.E.T. Events**
Danville:
-October 7th, 2015
Williamsport:
-October 8th, 2015
Athens:
-October 14th, 2015
- **Holiday Events**
The Club at Shepard Hills:
-December 8th, 2015
Williamsport Country Club:
-December 11th & 12th, 2015

Please see our website (www.hudockcapital.com) for updated event information or call our office at 866-855-0569 or 570-326-9500. Please remember that past performance may not be indicative of future results. You should not assume that any discussion of information contained in this newsletter serves as the receipt of, or as a substitute for, personalized investment advice from Hudock Capital Group, LLC. Hudock Capital Group, LLC is neither a law firm nor a certified public accounting firm and no portion of the newsletter content should be construed as legal or accounting advice. Securities offered through representatives of Comprehensive Asset Management and Servicing, Inc. ("CAMAS"), 2001 Rte. 46, Parsippany, NJ, 07054, member FINRA/SIPC (800-637-3211). Hudock Capital Group is independent of CAMAS. (06/15)