



Wealth Care LLC Monthly Commentary-November 2015

Investment Thoughts

October had the best portfolio return of any month in four years (about 8%). We never can know just when the market will do well. In fact, this last month is a good illustration of how to view market pessimism. All during August and September, there was increasing pessimism about the future of the market that reached a crescendo just as the new quarter began.

Two respected financial research firms (GMO and Research Affiliates) both came out with multiyear forecasts looking forward.

Both felt that the US markets had little to grow and that the most attractive growth would be in the Emerging Markets. Understanding the cyclic nature of markets, this makes good sense.



The Callan Periodic Table of Investment Returns

Annual Returns for Key Indices Ranked in Order of Performance (1995–2014)

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
S&P 500 Growth	S&P 500 Growth	S&P 500 Growth	S&P 500 Growth	MSCI Emerging Markets	Russell 2000 Value	Russell 2000 Value	Barclays Agg	MSCI Emerging Markets	Barclays Agg	MSCI Emerging Markets	Russell 2000 Growth	Barclays Agg	MSCI Emerging Markets	Russell 2000 Growth	S&P 500 Growth				
38.13%	23.97%	36.52%	42.16%	66.42%	22.83%	14.02%	10.26%	56.28%	25.53%	34.54%	12.59%	39.78%	5.24%	79.62%	29.09%	7.84%	18.63%	43.36%	14.89%
S&P 500	S&P 500	S&P 500	S&P 500	Russell 2000 Growth	Barclays Agg	Barclays Agg	Barclays Corp High Yield	Russell 2000 Growth	Russell 2000 Value	MSCI EAFE	MSCI EAFE	MSCI EAFE	Barclays Corp High Yield	Barclays Corp High Yield	Russell 2000	Barclays Corp High Yield	Russell 2000 Value	Russell 2000	S&P 500
37.58%	22.96%	33.36%	28.58%	43.09%	11.63%	8.43%	-1.41%	48.54%	22.25%	13.54%	26.34%	11.17%	-26.16%	58.21%	26.85%	4.98%	18.03%	38.82%	13.69%
S&P 500 Value	S&P 500 Value	Russell 2000 Value	MSCI EAFE	S&P 500 Growth	Barclays Corp High Yield	Barclays Corp High Yield	MSCI Emerging Markets	Russell 2000	MSCI EAFE	S&P 500 Value	S&P 500 Value	Russell 2000 Growth	Russell 2000 Value	Russell 2000 Growth	Russell 2000 Value	S&P 500 Growth	S&P 500 Value	Russell 2000 Value	S&P 500 Value
36.99%	22.00%	31.79%	26.00%	28.24%	6.08%	3.26%	-5.00%	47.25%	20.23%	5.92%	23.48%	9.13%	-28.32%	34.47%	34.30%	4.65%	17.68%	34.37%	12.36%
Russell 2000 Growth	Russell 2000 Value	S&P 500 Value	S&P 500 Value	MSCI EAFE	Russell 2000	Russell 2000	Russell 2000 Value	Russell 2000 Value	Russell 2000	S&P 500	S&P 500	Russell 2000 Growth	Russell 2000	MSCI EAFE	MSCI Emerging Markets	S&P 500	S&P 500	S&P 500	Barclays Agg
31.04%	21.37%	29.38%	14.69%	26.96%	-3.02%	2.49%	-11.43%	46.03%	18.33%	4.91%	20.81%	7.05%	-33.79%	31.78%	19.20%	2.11%	17.32%	32.75%	5.97%
Russell 2000	Russell 2000	Russell 2000	Barclays Agg	Russell 2000	Barclays Corp High Yield	MSCI Emerging Markets	MSCI EAFE	MSCI EAFE	S&P 500 Value	Russell 2000 Value	Russell 2000	Barclays Agg	S&P 500 Growth	S&P 500 Growth	Barclays Corp High Yield	S&P 500 Value	Russell 2000	S&P 500	Russell 2000
28.45%	16.49%	22.36%	8.70%	21.26%	-5.86%	-3.97%	-15.94%	38.39%	15.71%	4.71%	18.37%	6.97%	-34.92%	31.57%	15.12%	-0.48%	16.35%	32.39%	5.69%
Russell 2000 Value	Barclays Corp High Yield	Russell 2000 Growth	Barclays Corp High Yield	S&P 500	S&P 500	Russell 2000	Russell 2000	S&P 500 Value	Russell 2000	Russell 2000	S&P 500	S&P 500	S&P 500	Russell 2000	S&P 500 Value	Russell 2000 Growth	S&P 500	S&P 500	Russell 2000
25.79%	11.33%	12.95%	1.87%	21.04%	-9.11%	-9.23%	-20.48%	31.79%	14.31%	4.55%	15.79%	5.49%	-37.00%	27.17%	15.10%	-2.91%	16.00%	31.99%	4.89%
Barclays Corp High Yield	Russell 2000 Growth	Barclays Corp High Yield	Russell 2000 Growth	S&P 500 Value	MSCI EAFE	S&P 500 Value	Barclays Corp High Yield	Barclays Corp High Yield	Barclays Corp High Yield	Russell 2000 Growth	Russell 2000 Growth	S&P 500 Value	Russell 2000 Growth	Russell 2000 Value	S&P 500	S&P 500	Russell 2000	Barclays Corp High Yield	Russell 2000 Value
19.18%	11.26%	12.76%	1.23%	12.73%	-14.17%	-11.71%	-20.85%	28.97%	11.13%	4.15%	13.35%	1.99%	-38.54%	26.47%	15.06%	-4.18%	15.81%	22.78%	4.22%
Barclays Agg	MSCI EAFE	Barclays Agg	Russell 2000	Barclays Corp High Yield	S&P 500 Growth	S&P 500	Barclays Corp High Yield	Barclays Corp High Yield	S&P 500 Value	S&P 500 Value	S&P 500 Growth	Russell 2000 Value	S&P 500 Growth	Barclays Corp High Yield	Barclays Corp High Yield				
18.46%	6.05%	9.64%	-2.55%	2.39%	-22.08%	-11.89%	-22.10%	28.68%	10.88%	4.00%	11.85%	1.87%	-39.22%	21.17%	15.05%	-5.50%	14.61%	7.44%	2.45%
MSCI EAFE	MSCI Emerging Markets	MSCI EAFE	Russell 2000 Value	Barclays Agg	Russell 2000 Growth	S&P 500 Growth	S&P 500 Growth	S&P 500 Growth	S&P 500 Growth	Barclays Corp High Yield	S&P 500 Growth	Russell 2000	MSCI EAFE	Russell 2000 Value	MSCI EAFE	MSCI EAFE	Russell 2000 Growth	Barclays Agg	MSCI Emerging Markets
11.21%	6.83%	1.78%	-6.43%	-0.82%	-22.43%	-12.73%	-23.59%	25.66%	6.13%	2.74%	11.61%	-1.57%	-43.38%	20.58%	7.75%	-12.14%	14.58%	-2.02%	-1.82%
MSCI Emerging Markets	Barclays Agg	MSCI Emerging Markets	MSCI Emerging Markets	Russell 2000 Value	MSCI Emerging Markets	MSCI EAFE	Russell 2000 Growth	Barclays Agg	Barclays Agg	Barclays Agg	Barclays Agg	Russell 2000 Value	MSCI Emerging Markets	Barclays Agg	Barclays Agg	MSCI Emerging Markets	Barclays Agg	MSCI Emerging Markets	MSCI EAFE
-5.21%	3.64%	-11.59%	-25.34%	-1.49%	-30.61%	-21.44%	-30.26%	4.10%	4.34%	2.43%	4.33%	-9.78%	-53.18%	5.93%	6.54%	-18.17%	4.21%	-2.27%	-4.90%

The Callan Periodic Table of Investment Returns conveys the strong **case for diversification** across asset classes (stocks vs. bonds), investment styles (growth vs. value), capitalizations (large vs. small), and equity markets (U.S. vs. international). The Table highlights the uncertainty inherent in all capital markets. Rankings change every year. Also noteworthy is the difference between absolute and relative performance, as returns for the top-performing asset class span a wide range over the past 20 years.

A printable copy of *The Callan Periodic Table of Investment Returns* is available on our website at www.callan.com.

Prognostications like this are not enough to make one go “all in”, but do reinforce our beliefs and current asset allocations.

Watching Your Portfolio/Blueleaf

We are very excited to continue the transition to Blueleaf Portfolio Monitoring (from Morningstar). By the end of November, every client of Wealth Care LLC will have received an invitation to login.

Blueleaf is a modern state of the art program that will allow you to see your portfolios in as much detail, and as often as you want. This access will replace the stodgy quarterly reports from Morningstar.



Just the same, I really want to tell you not to look very often. In a great book on investing, Ben Carlson relates that we know that we feel loss about twice as hard as we relish gain. That is, we suffer twice as much when losing one hundred dollars than when we gain the same.

We also know that the stock market goes up 53% of the days, and down 47%. So if you watch your portfolio daily, you will have remorse almost twice as much as a positive response.

If you look only once a year, then you will be up three out of four years. Better.

If you look only every five years, you will be up 90% of the time. Even better!

So, don't watch too closely.

We will be exploring using a client portal feature of Blueleaf that will let us and you exchange documents in a safe way. Cybercrime is rapidly getting worse, and this looks like a benefit for us all.

Miscellaneous

Thermacell

A hunter friend of mine introduced me to this unique mosquito and bug repellent device. It uses a small interior butane flame to produce an odorless fume that works very well to keep a roughly 15 x 15 square foot free of bugs.

<http://geardiary.com/2015/07/12/thermacell-repellent-camp-lantern-must-have-for-a-mosquito-summer/>



Some Great Free Cultural and Educational Media on the Web

www.openculture.com

<https://medium.com/@kristynazdot/the-37-best-websites-to-learn-something-new-895e2cb0cad4>

An Easy Way to Give Stocks/Funds as a Gift

<https://www.sparkgift.com/#>

Random Notes

According to Morgan Housel there are four types of investment returns:

- *Consistently bad.*
- *Mostly bad and occasionally good.*
- *Mostly decent and occasionally good.*
- *Consistently good and fraudulent.*

"Money is not the most important thing in the world. Love is. Fortunately, I love money." - Jackie Mason

"Money frees you from doing things you dislike. Since I dislike doing nearly everything, money is handy." - Groucho Marx

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"I used to have a drug problem, but now I have enough money." - David Lee Roth

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