



## Wealth Care LLC Monthly Commentary-August 2016

### Investment Thoughts

We have had a whirlwind year in market prices. Volatility increased greatly, with the net effect of meaning nothing (as is usual). The swing in prices of the Dow 30 index was three thousand points between the early weeks of the year and mid-July. And in between, the “Brexit” saw prices fifteen hundred points lower than just a month later.

No one was predicting market gains in the first two weeks of the year. Yet we remain in positive territory despite a constant drumbeat of terror events and other bad news.

Watching these swings in prices causes emotional responses and investing mistakes. Do yourself a favor and ignore the financial news. It’s our job to watch your investments, and we’ll let you know when we are actually worried.

### By author Ben Carlson:

My general feelings about the markets are as follows:

Yes, we will have bear markets and crashes in the future.

Yes, we will have periods of low returns in the future.

Yes, we will have recessions in the future.

Yes, risk management is important, but risk avoidance means return avoidance.



No, spending all of your time worrying about these types of events is not a good way to manage your portfolio or live your life.

The problem is that investors are now inundated with people saying smart-sounding phrases like, 'I've seen this movie before and it doesn't end well' or 'So you're telling me this time is different?'. The people who say these things are not going to help you make money. All they do is prey on your worst instincts and fears to make themselves feel better for missing out on one of the biggest bull markets in history.

Investors now spend 90% of their time planning for events that happen 5% of the time.

While preparing for lower returns in the future, many investors have earned lower returns in the recent past.

Investors are being told they need to hedge out their exposure and then hedge those hedges with even more hedges to the point that they're paying a lot of money to basically sit in cash. And I know, cash can be helpful when things do take a turn for the worst. But I'm skeptical that the charlatans who have kept people out of the markets for the past 7 years or so are going to have the fortitude to get back in when things do fall apart in the future. These people are always able to point to a new and depressing dark cloud.

It always makes sense to hope for the best and plan for the worst. But it seems that many investors these days plan for the worst and hope for the worst, as well.

Good luck with that. —

## Patience

There are very rare periods in which the stock market has no real return. They are usually just a few years, and again, rare. These periods can't be ignored, but remain thankfully overwhelmed by the number of long term positive returns in equities. At the same time, during these periods there are also swings up and down in prices that can be impressive. Note that the longest such period recently ended in 2013. And, only someone that was invested *only* in the US market during the entire time would have noticed it.



## Periods when the stock market had 0% returns

Adjusted for inflation and dividends

### In Years



## Miscellaneous Topics

**Don't follow your passion.** The graduation speech every child should hear.

<https://www.youtube.com/watch?v=CVEuPmVAb8o>

**25-incredibly-useful-free-sites-and-services**

<http://www.fastcompany.com/3058645/25-incredibly-useful-free-sites-and-services>

**If you liked Breaking Bad you will think this is funny**

[https://www.youtube.com/watch?v=ot\\_V7Q8a6yc](https://www.youtube.com/watch?v=ot_V7Q8a6yc)



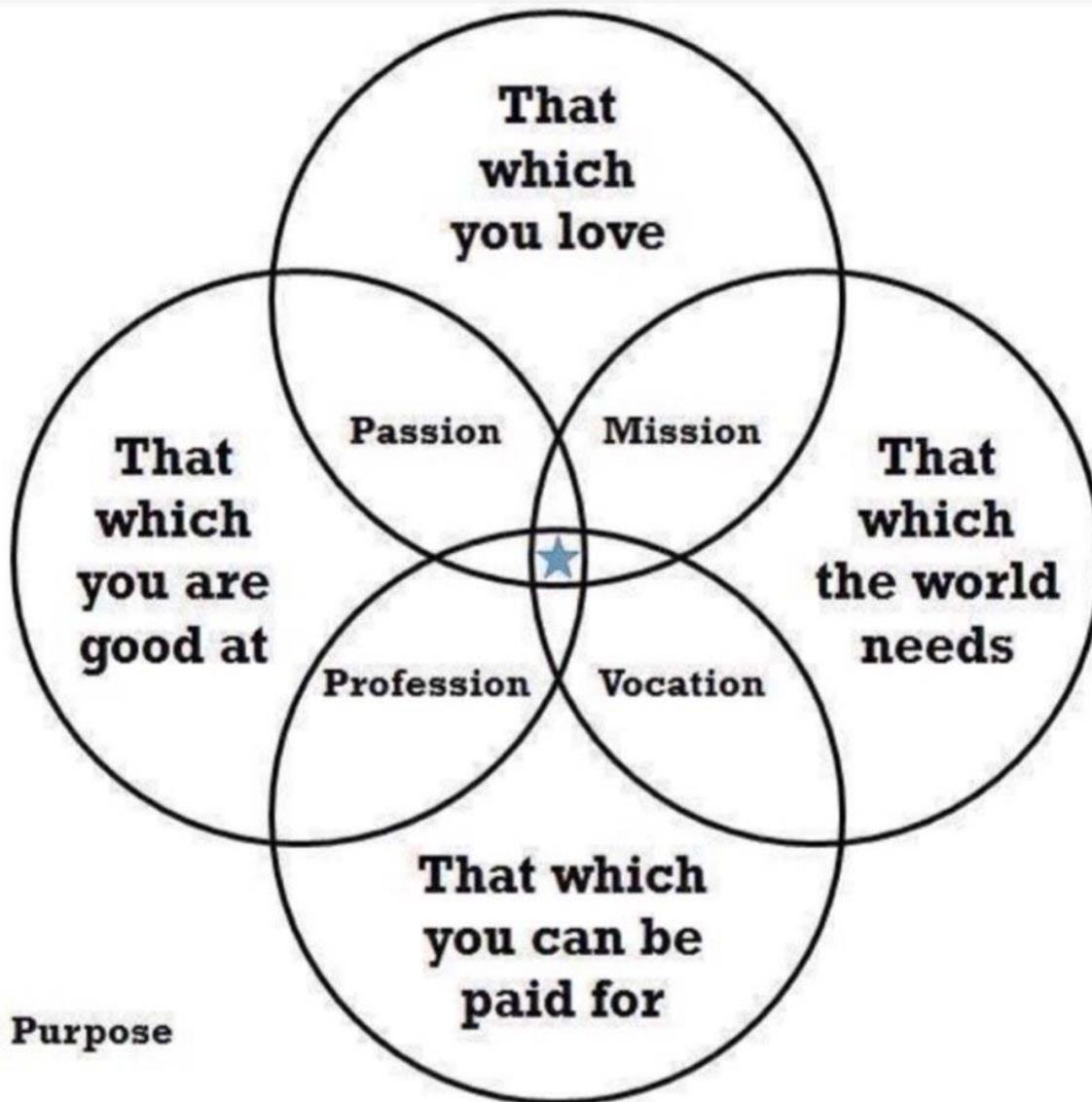
## Random Notes

Volatility is price of admission. The prizes inside are superior longterm returns. You have to pay the price to get the returns. Many aren't willing to do that.-Morgan Housel

Listen earnestly to anything your children want to tell you, no matter what. If you don't listen eagerly to the little stuff when they are little, they won't tell you the big stuff when they are big, because to them all of it has always been big stuff.

~Catherine M. Wallace~

[www.SpirituallyThinking.blogspot.com](http://www.SpirituallyThinking.blogspot.com)



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