



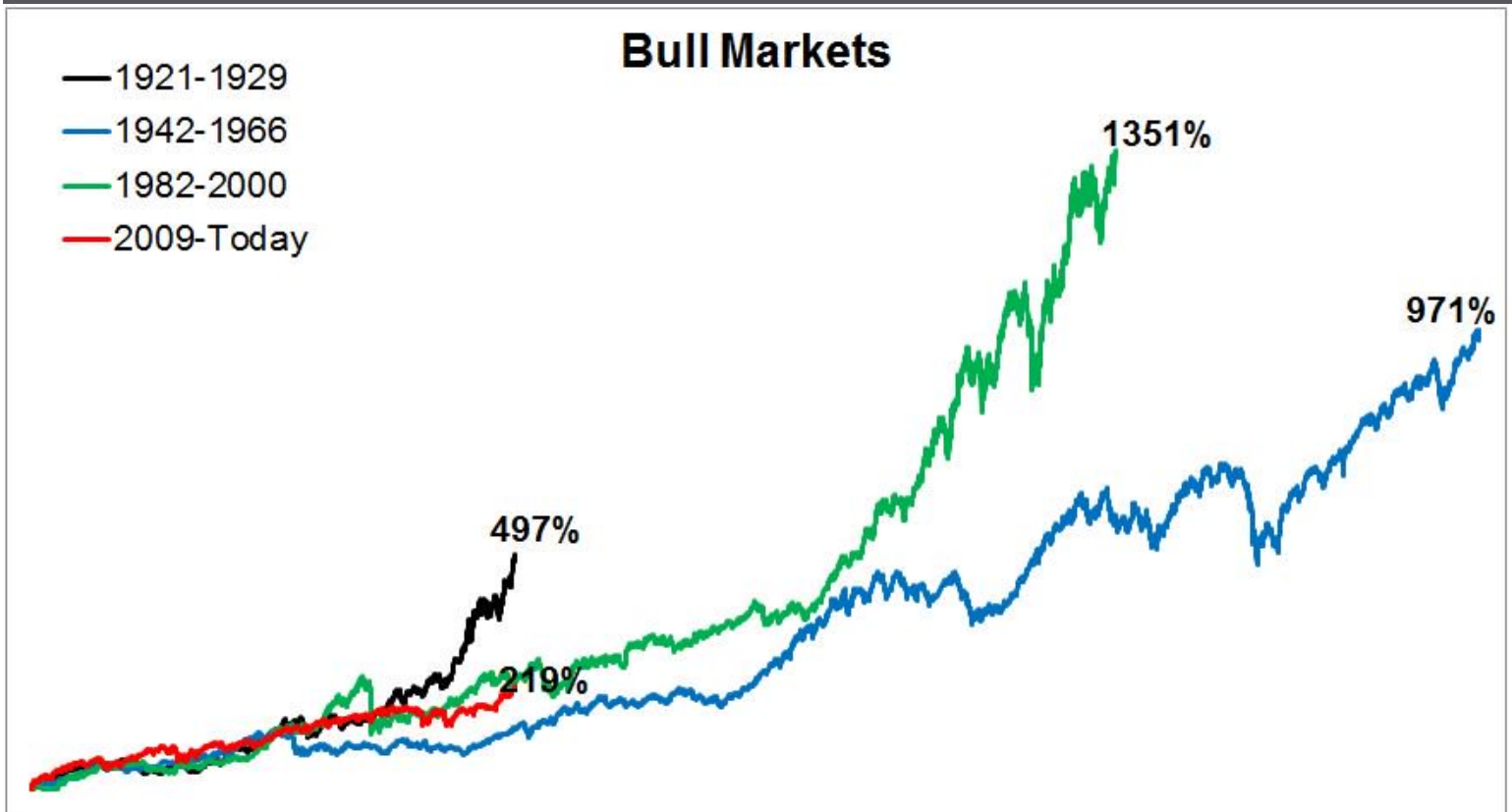
## Wealth Care LLC April 2017 Commentary

### Is The Market Too Expensive?

Who knows? It is not crazy expensive based on valuation (but not cheap either). Although we've had a tripling of the DOW 30 index since its lows of 2009, its performance since 2006 is not exceptional. What starting point do you pick to judge performance?

Good arguments can be made that the market must either keep rising, stay where it is, or drop in price. Nobody knows, and anyone that pretends to know is disingenuous at best.

As an interesting historical view of prior bull markets, look at how early we might be (I'm not saying that we are early, just making an argument).



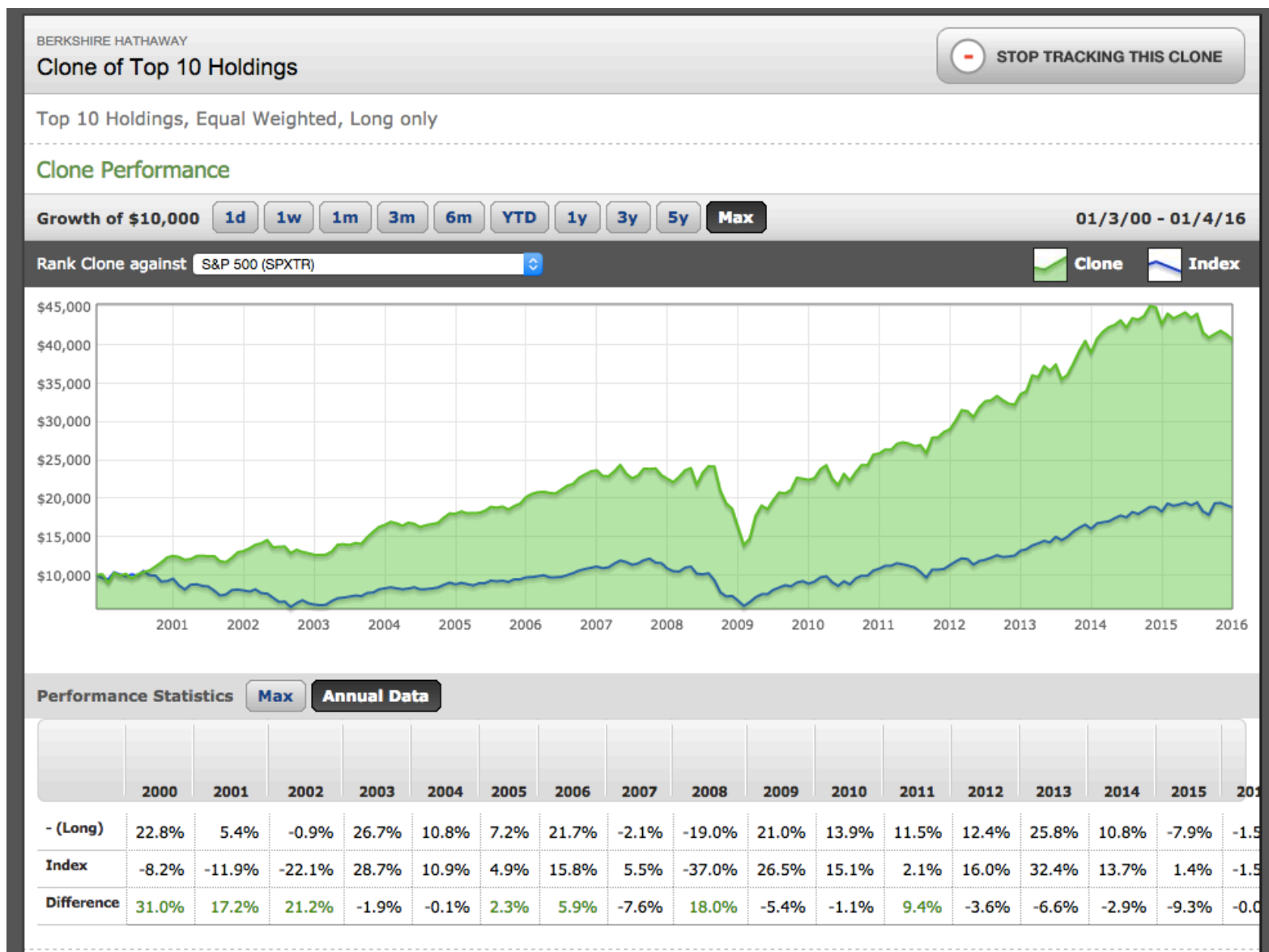
## Lessons from Warren Buffet

Fund manager Meb Faber had some interesting comments in February. He printed the chart below showing the marked outperformance of just holding the top investments of Berkshire Hathaway (Buffett's company) for the last sixteen years vs. the S&P 500 index. Faber's comments were to note that the holdings underperformed the index for seven of the last ten years, and wonders how many investors would have "stuck" with the investment.

STEVEN PODNOS MD, MBA, CFP®



I'd agree with the lesson that investing successfully is a long term (more than ten years) process. I'd also suggest the possibility that Mr. Buffett may have benefitted from being in the right place at the right time. If his company continues to underperform year after year, this may become more obvious. Much the same happened to legendary investor Peter Lynch at Fidelity. In his early years his stock picks and fund wildly outperformed the S&P 500 index. But as the fund grew in size, the outperformance ceased. He retired in time to keep his reputation intact.



STEVEN PODNOS MD, MBA, CFP®



## Bad Call

The S&P 500 bottomed at 677 on 3/09/09, the end of a 17-month bear market in which the stock index fell 57%. A weekly survey of stock investors indicated 70% of them were bearish as of 3/04/09, the highest bearish measurement ever recorded by this study (source: American Association of Individual Investors).

## Pension Changes

In 2017, profit sharing plans allow a total contribution of up to 36,000 dollars. If you are over 49 years of age, this means you can contribute \$60,000 in total (24K to salary deferral). There is no change to IRA contributions.



## The US Stock Market since before the Great Recession

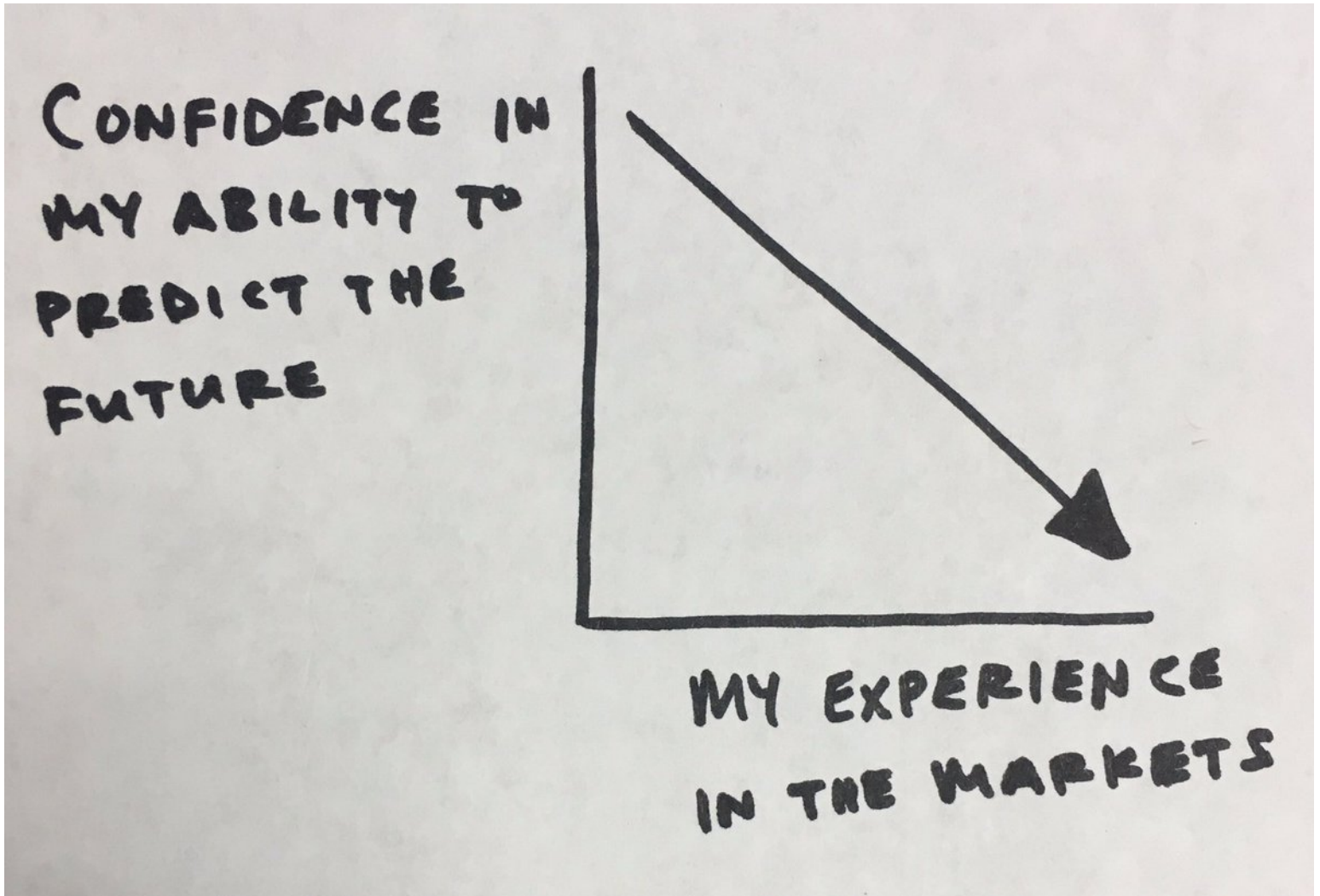


Source: MarketWatch

STEVEN PODNOS MD, MBA, CFP®



Random Thoughts



-Ben Carlson

STEVEN PODNOS MD, MBA, CFP®



If you don't educate your kids about money, one day a broker will teach them lessons they'll never forget. - Jonathan Clements

Steven Podnos MD CFP® for Wealth Care LLC 4-1-2017

STEVEN PODNOS MD, MBA, CFP®