

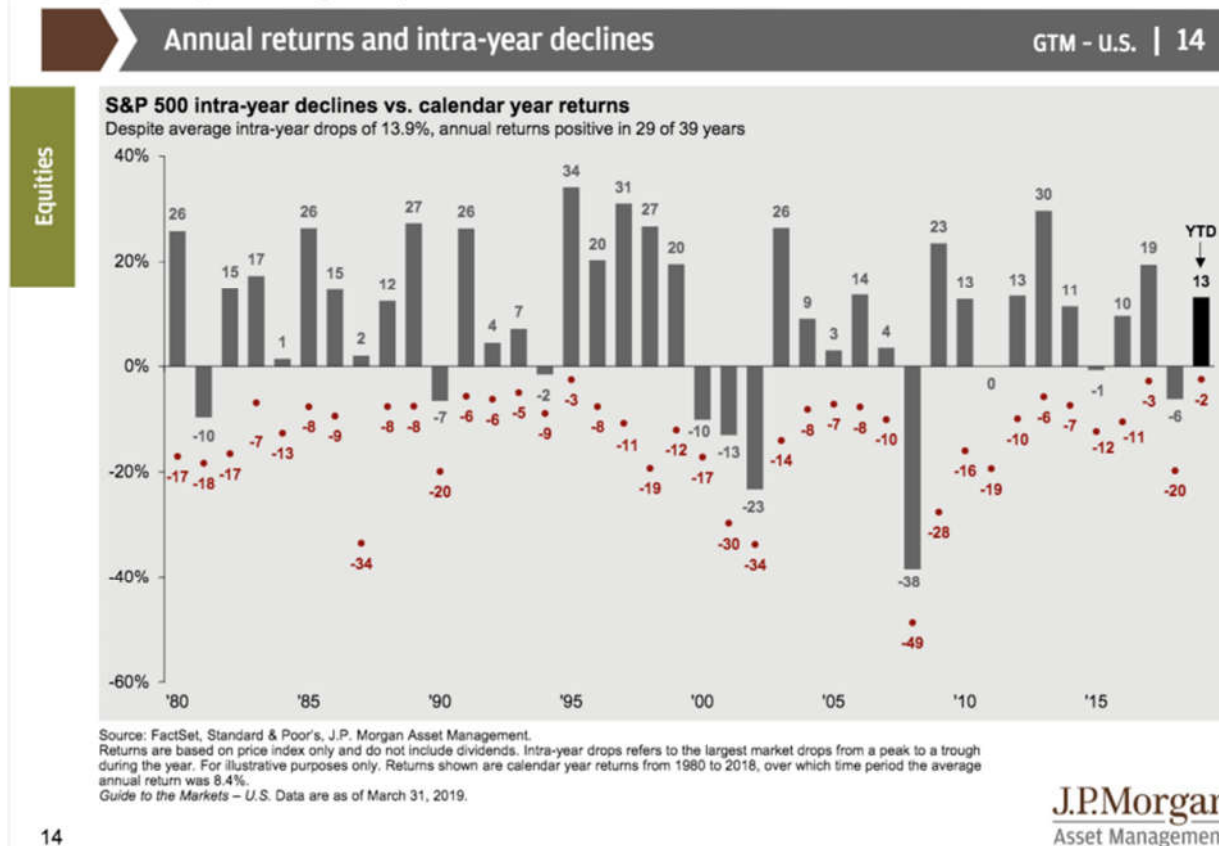


## Wealth Care LLC May 2019 Commentary

### Investment Thoughts

#### S&P 500 Return Information

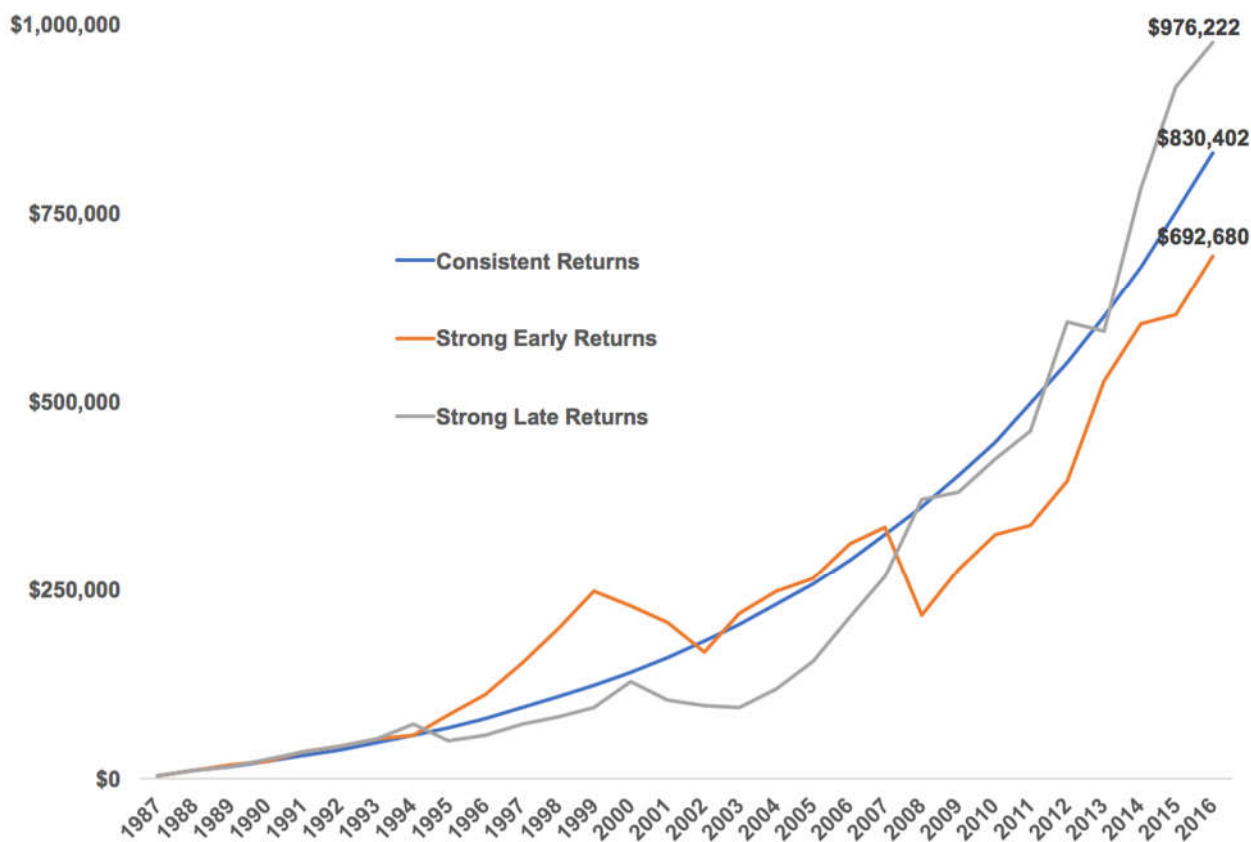
The chart below is interesting. It demonstrates that for the last forty years the S&P 500 index (a great sample of US stocks) was up in 75% of years. BUT in any given year, the index had an average drop during the year of almost 14%.





## Understanding the Sequence of Returns

If you are saving for retirement, it is better that you have the best performance for your investments near the end of your working/accumulating life. This is due to the larger amount of capital exposed to better growth at the end of that time period. Conversely, great performance early on in your savings career affects only the small initial amount of money saved. See this chart:



So, a saver ends up with much more money with strong late returns.

However (and it is a big however), the opposite is true in the de-accumulation phase of retirement. You probably have the highest amount of capital early in retirement, so that great performance early has the most effect (and vice versa).

As Wealth Care LLC clients enter retirement, we pay close attention to their portfolios and market performance for these reasons.

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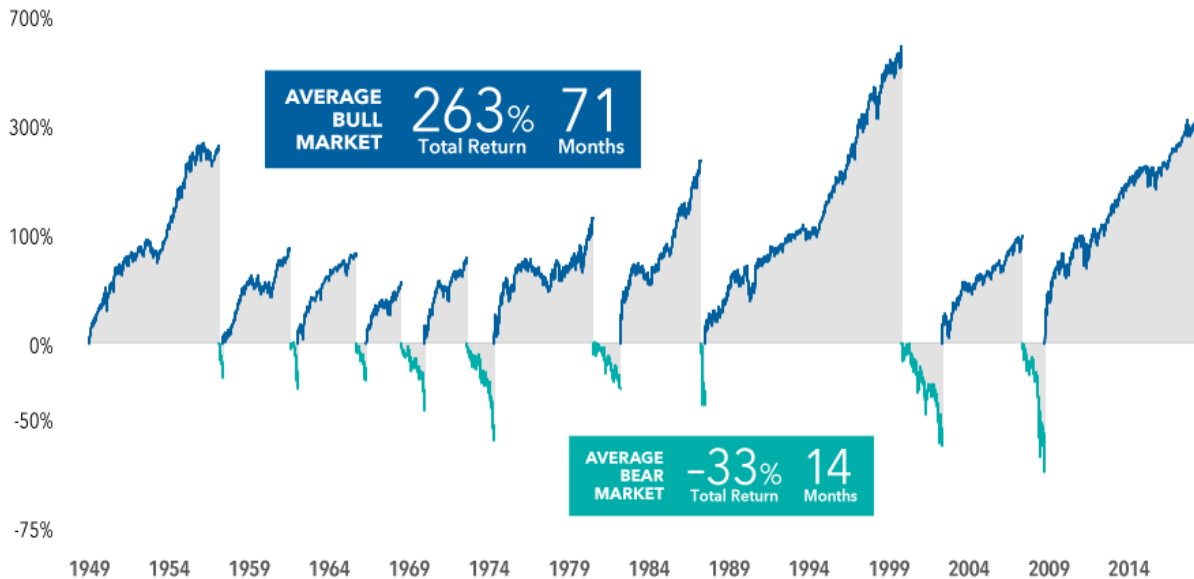


The optimal scenario is a bull market that extends late into your accumulation years and continues for the early part of retirement. Once we figure out how to do this for you-we'll get it done 😊

## Why Markets Go Up in the Long Run

The chart below is a nice visual on how bull markets are usually longer and more powerful than bear markets. Profiting from this means you must ignore the bear markets.

Cumulative price return for each bull and bear market



Sources: Capital Group, RIMES, Standard & Poor's. As of 12/31/18. Bear markets are peak-to-trough price declines of 20% or more in the S&P 500. Bull markets are all other periods. Returns shown on a logarithmic scale.

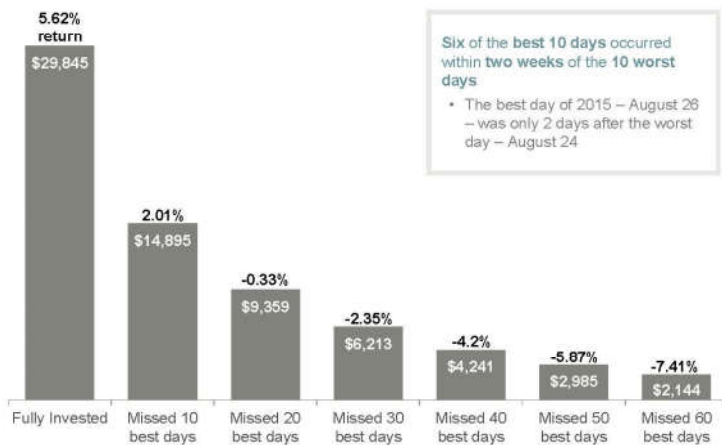


Conversely, being out of the market just a few of the wrong days can markedly influence your overall performance. The chart below shows the total return of owning the S&P 500 index for the last twenty years and the effect of missing just a few of the “best days.” Remarkable. Friends don’t let friends “time” the market.

Impact of being out of the market

Returns of the S&P 500

Performance of a \$10,000 investment between January 4, 1999 and December 31, 2018



Six of the best 10 days occurred within two weeks of the 10 worst days

- The best day of 2015 – August 26 – was only 2 days after the worst day – August 24

PLAN TO STAY INVESTED

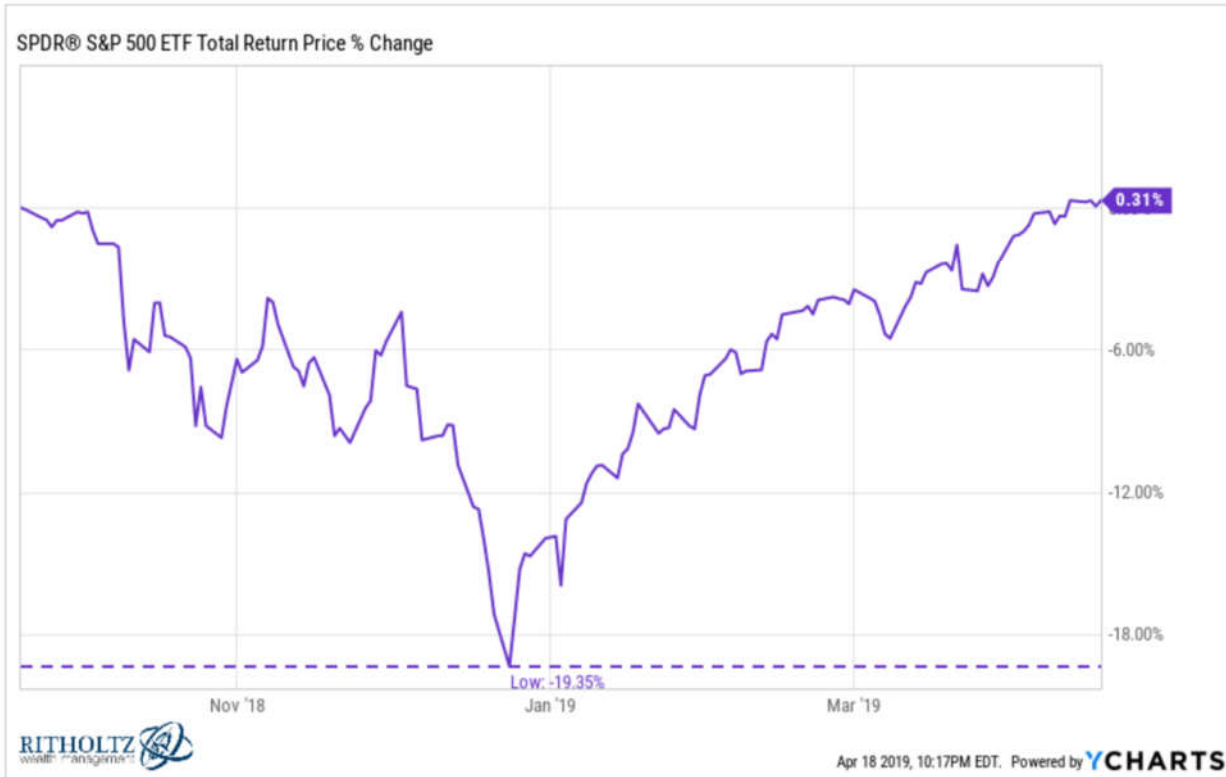
Trying to time the market is extremely difficult to do. Market lows often result in emotional decision making. Investing for the long term while managing volatility can result in a better retirement outcome.

Investing

Source: J.P. Morgan Asset Management analysis using data from Bloomberg. Returns are based on the S&P 500 Total Return Index, an unmanaged, capitalization-weighted index that measures the performance of 500 large capitalization domestic stocks representing all major industries. Indices do not include fees or operating expenses and are not available for actual investment. The hypothetical performance calculations are shown for illustrative purposes only and are not meant to be representative of actual results while investing over the time periods shown. The hypothetical performance calculations for the respective strategies are shown gross of fees. If fees were included, returns would be lower. Hypothetical performance returns reflect the reinvestment of all dividends. The hypothetical performance results have certain inherent limitations. Unlike an actual performance record, they do not reflect actual trading, liquidity constraints, fees and other costs. Also, since the trades have not actually been executed, the results may have under- or overcompensated for the impact of certain market factors such as lack of liquidity. Simulated trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. Returns will fluctuate and an investment upon redemption may be worth more or less than its original value. Past performance is not indicative of future returns. An individual cannot invest directly in an index. Data as of December 31, 2018.



Another Look: Look at the complete turnaround of the S&P 500 just in the last 7 months!  
“Getting out” in December was a very expensive move.



## Miscellaneous

A member of the Wealth Care LLC family has founded Artificial Grass Co. to provide artificial grass and paving services to greater Orlando and the Space Coast. For more information, you can visit <https://agrass.co>.



## Random Notes

This is why mistakes are so valuable. They teach you things that you don't have to learn later in life. **A mistake is a dividend of knowledge that will pay you until the day you die.** So, cherish your mistakes. Learn from them. Value them.-Nick Magguilli

Nassim Taleb coined the term "IYI," also known as Intellectual Yet Idiot. Years ago on this platform the disgraced hedge fund manager Anthony Davian coined the term "smidiot"--short for "smart idiot," which basically means the same thing. People who are so smart, they're idiots.-Jared Dillian

"Financial independence happens the day that you have enough money to walk away from your job and do whatever you want. You don't need enough money to do nothing, you just need enough money to do whatever you want."-- SJosephBurns

A list of the top ten people that got rich watching financial networks:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.

It's amazing how many dollars people will spend to save pennies on their taxes.-Jonathan Clements



**BASED ON MY  
CALCULATIONS,  
I CAN RETIRE ABOUT  
5 YEARS AFTER I DIE.**

(not a Wealth Care LLC client!)

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