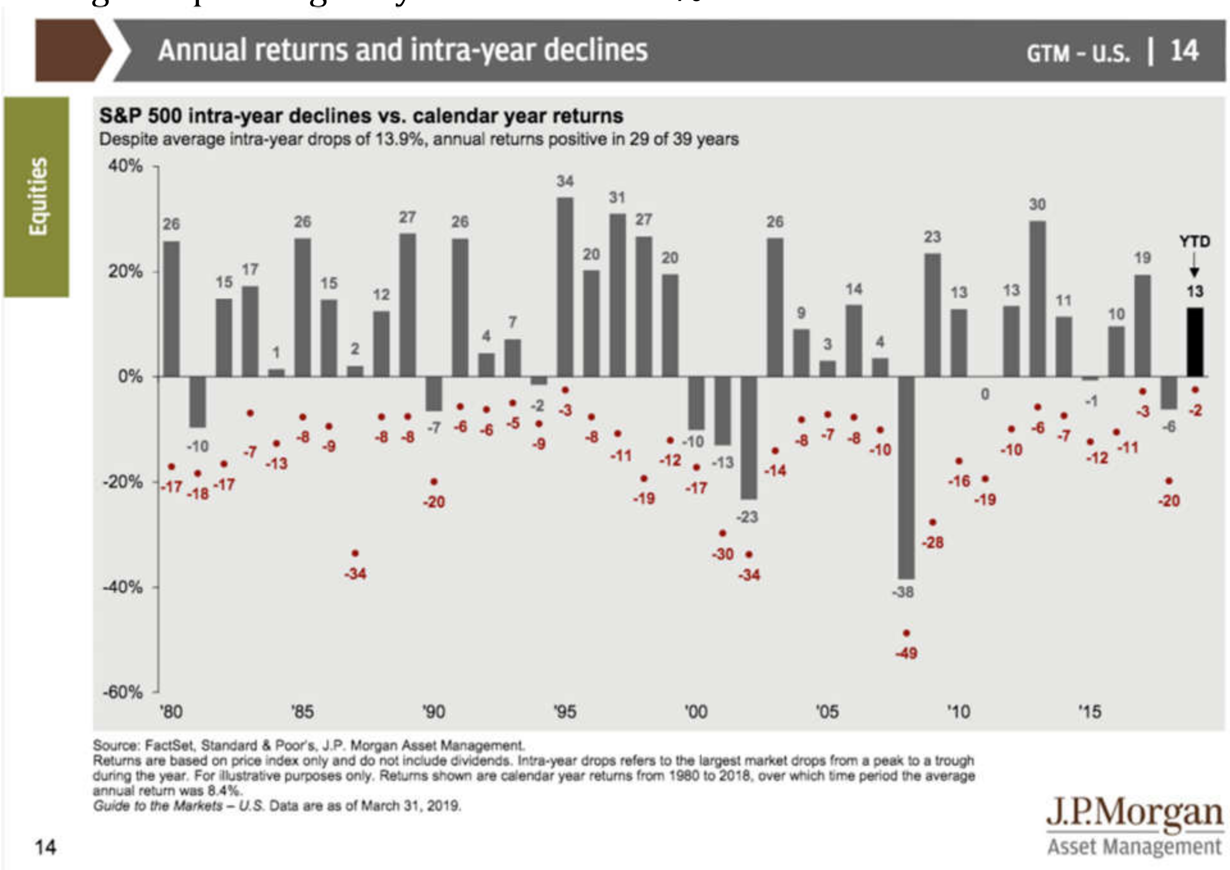
WEALTH CARE LLC

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%.



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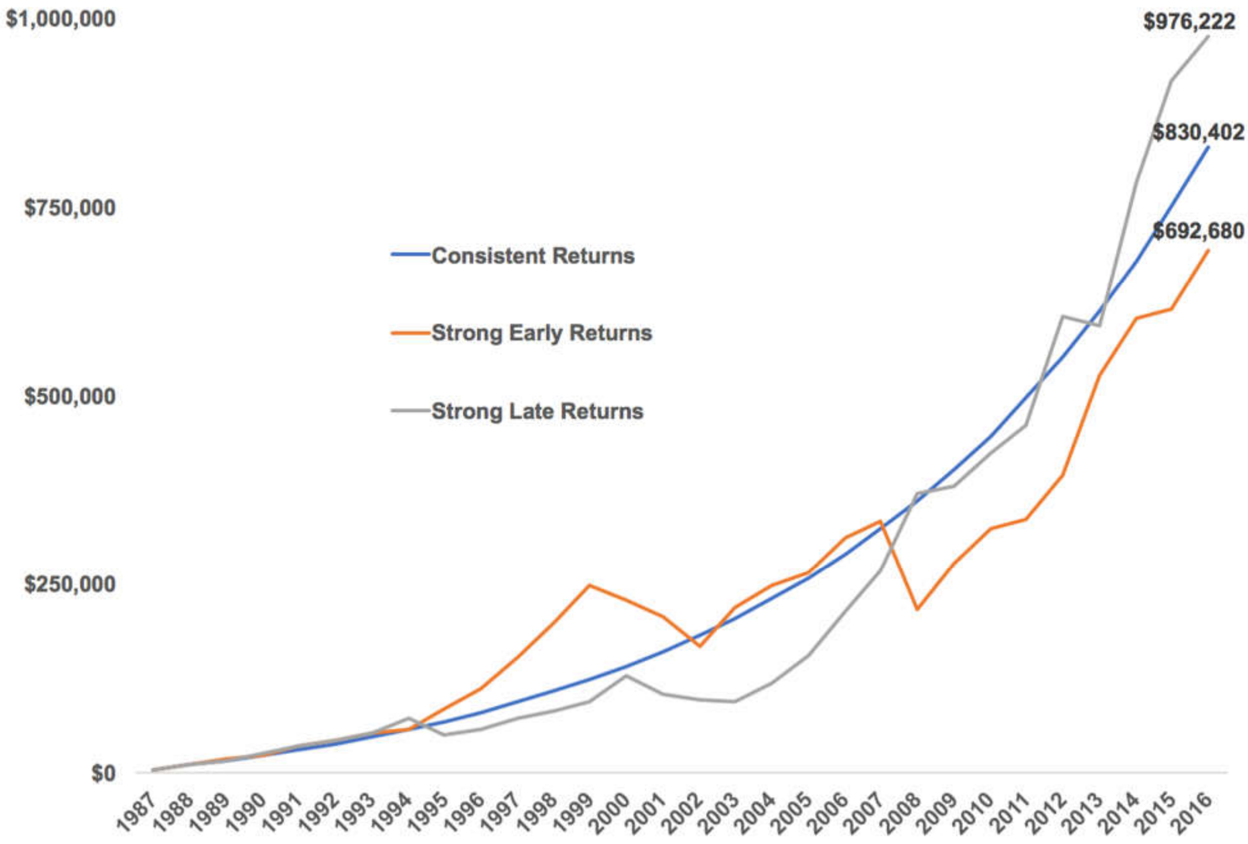
Understanding the Sequence of Returns

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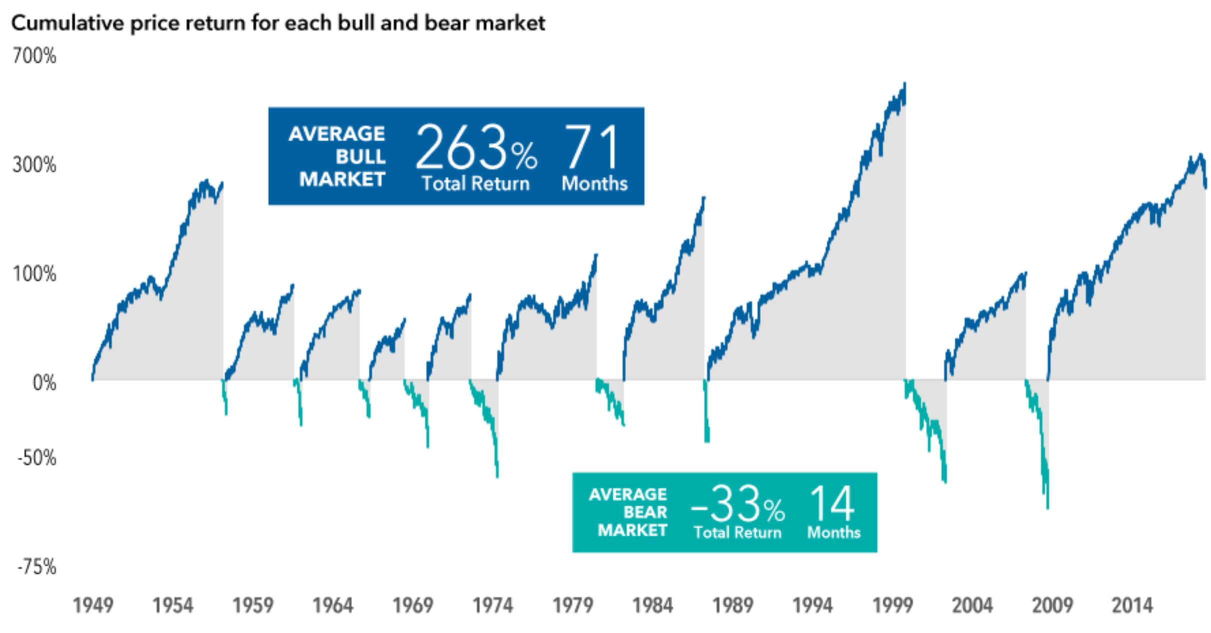
The optimal scenario is a bull market that extends late into your accumulation years and continues for the early part of retirement. Once we figure out how to do this for you-we'll get it done 😉

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.



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.

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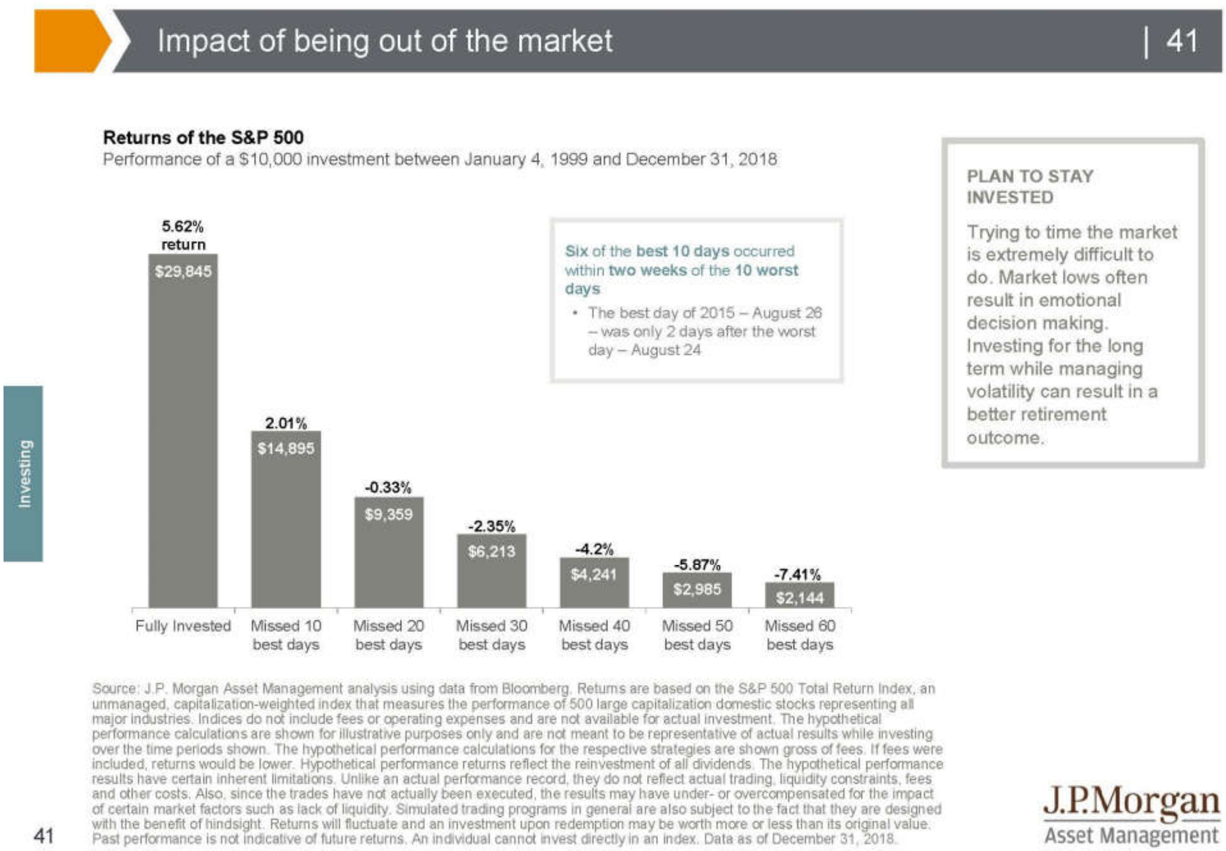
Conversely, being out of the market just a few of the wrong days can markedly influence your overall performance. The chart below shows the total return of owning the S&P 500 index for the last twenty years and the effect of missing just a few of the "best days." Remarkable. Friends don't let friends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



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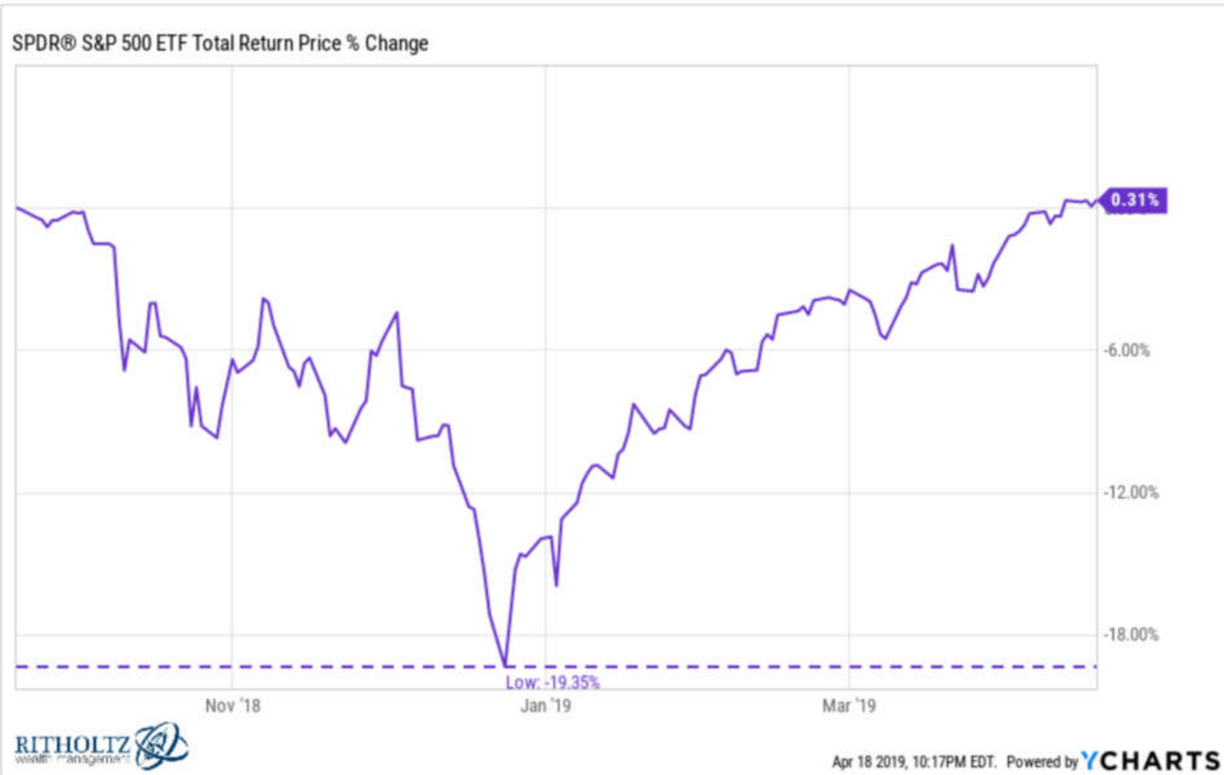
Another Look: Look at the complete turnaround of the S&P 500 just in the last 7 months! "Getting out" in December was a very expensive move.



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.

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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.
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10.

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

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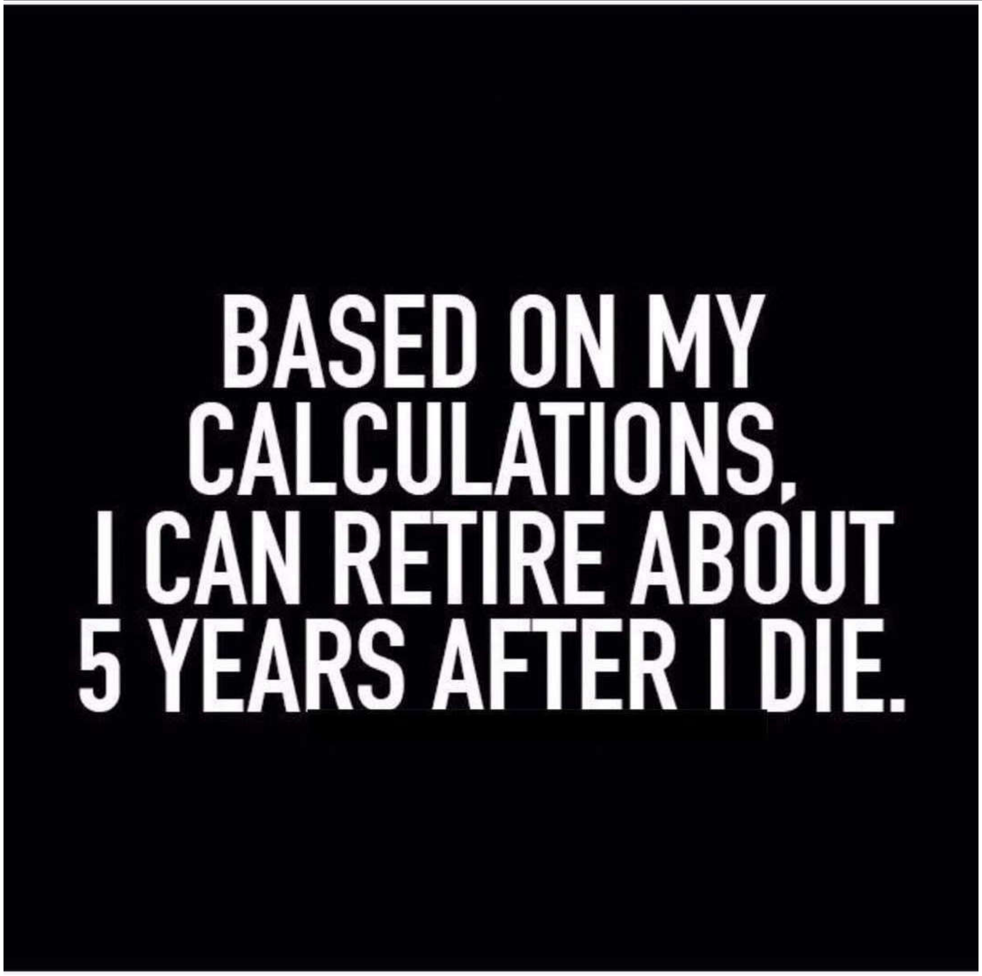

(not a Wealth Care LLC client!)

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