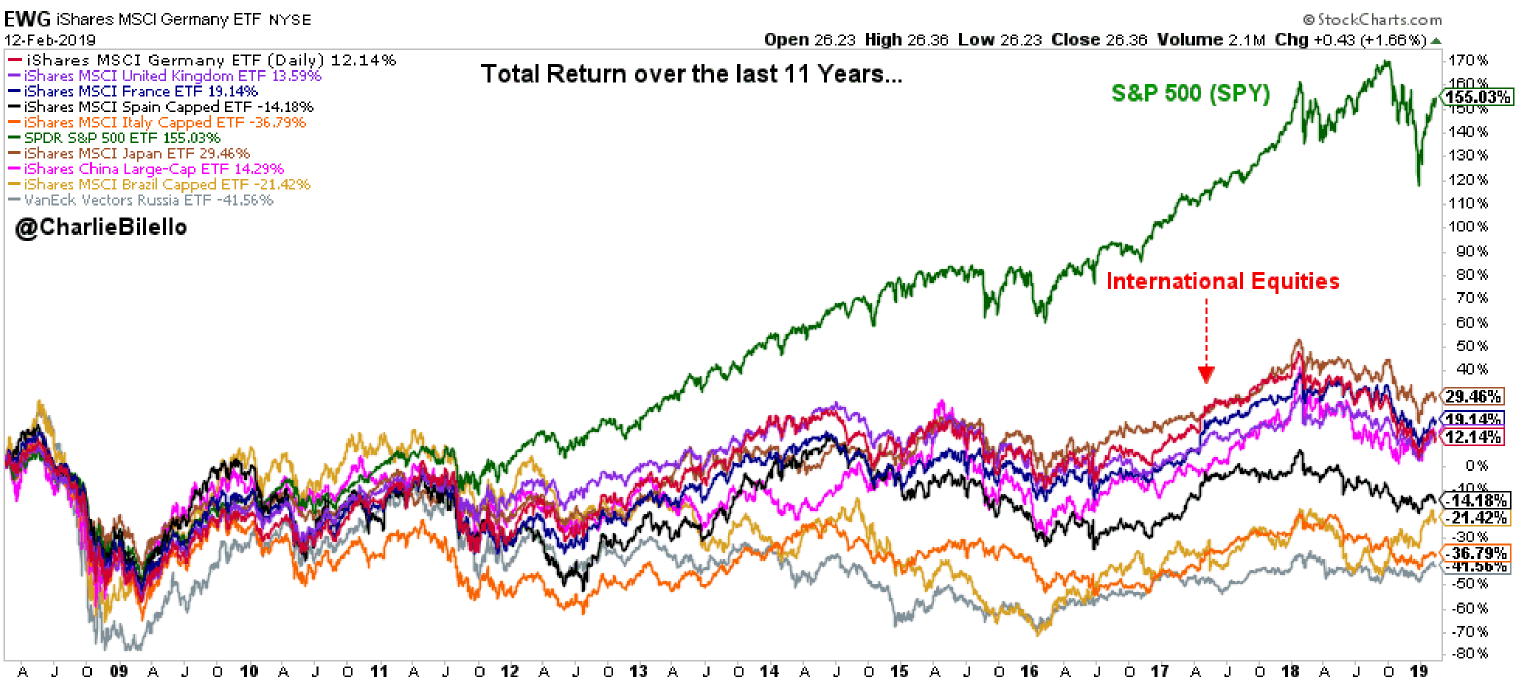
Wealth Care LLC March 2019 Commentary

Investment Thoughts

This Chart Points to Opportunity



The very basis of success in long term investing is to be diversified-and especially into asset classes that are not moving in the same direction. There is just so much history and academic research to back this up!

The chart above beautifully illustrates the marked divergence of performance between the US and foreign markets for the last ten years. This is quite unusual, and unless "everything is different", it will be resolved by a period of overperformance of foreign over US equities. I just can't tell you when. But the smart bet is to overweight foreign equities for a while.

That's what good investing entails, but it is difficult for advisors to actually do. Any allocation in our portfolios to foreign investments has lagged the US investments for years. We get questions about "why do I own those emerging markets" or "why do we own foreign stocks" or "why isn't my portfolio doing as well as the US market in general". Since we invest our own money like yours, we feel the same relative pain. But we know that we can't time when any particular asset class will do well and that owning a diversified portfolio leads to the best long-term results (our goal!).

I'd go so far to say that young families with a very long time horizon should have most of their equity investments in emerging markets right now. But the most reasonable thing we can do for us older folks is to continue a larger allocation than usual, while we wait.

Why You Should Ignore the Market

The chart below illustrates how we have had at least a 10% drop in market prices about every 18 months since the recession of 2008-9. That's over a 2000 point drop in the DOW 30 index. The thing to remember is that it happens often, and 20% drops (4000 pt drops in the DOW) should be expected about every 4-5 years. Watching this normal volatility is harmful to your emotional health and leads to bad decisions. Our latest illustration of this was just a few weeks ago.

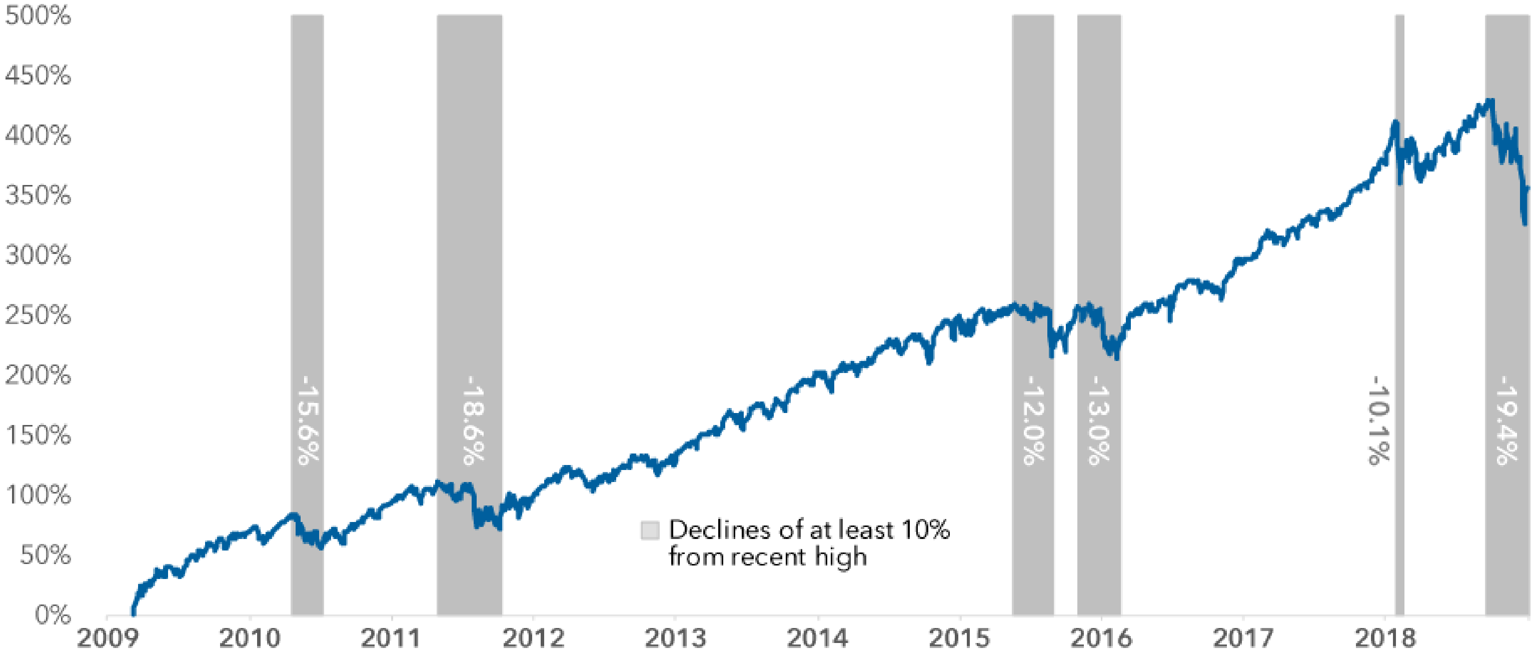
Investing in world equities is a long-term process-five years plus or more. Any shorter time horizon should keep you out of equities. Watching on any short-term basis is a mistake. Yesterday I sent out a nice column by author Nick Murray on how the fairly rapid drop in US

Steven Podnos MD, MBA, CFP® P. 321.543.1099 E. Steven@wealthcarellc.com • Rachel Podnos J.D., CFP® P. 321-505-7592 E. Rachel@wealthcarellc.com
Lauren Podnos, CFP® P. 321-537-7502 E. Lauren@wealthcarellc.com

stock prices in 2018 (mostly in December) has rapidly reversed (almost fully) in the last 2 ½ months.

There have been six market corrections since the start of the bull run in 2009

S&P 500 cumulative total return



Sources: RIMES, Standard & Poor's. As of 12/31/18.

www.WealthCareLLC.com | F. 815.301.3777
Steven Podnos MD, MBA, CFP® P. 321.543.1099 E. Steven@wealthcarellc.com • Rachel Podnos J.D., CFP® P. 321-505-7592 E. Rachel@wealthcarellc.com
Lauren Podnos, CFP® P. 321-537-7502 E. Lauren@wealthcarellc.com

Miscellaneous

Cornelius Vanderbilt was worth the equivalent of $200 billion when he died in 1877.

Forty-eight years after his death, one of his direct descendants died penniless … When 120 of the Commodore's descendants gathered at Vanderbilt University in 1973 for the first family reunion, there was not a millionaire among them.

This had almost nothing to do with philanthropy and everything to do with absurd, almost unbelievable, spending. -Morgan Housel

There are 4 types of wealth:
1. Financial wealth (money)
2. Social wealth (status)
3. Time wealth (freedom)
4. Physical wealth (health)

Be wary of jobs that lure you in with 1 and 2 but rob you of 3 and 4. -James Clear

Travel Insurance Resource

A good site for educational information on travel insurance, as well as getting comparative quotes:

https://www.travelinsurancereview.net/

www.WealthCareLLC.com | F. 815.301.3777
Steven Podnos MD, MBA, CFP® P. 321.543.1099 E. Steven@wealthcarellc.com • Rachel Podnos J.D., CFP® P. 321-505-7592 E. Rachel@wealthcarellc.com
Lauren Podnos, CFP® P. 321-537-7502 E. Lauren@wealthcarellc.com

Random Notes

I love money. I love everything about it. I bought some pretty good stuff. Got me a $300 pair of socks. Got a fur sink. An electric dog polisher. A gasoline powered turtleneck sweater. And, of course, I bought some dumb stuff, too. --Steve Martin

Some Great Investment Truths by writer Ben Carlson:

- If you need to spend your money in a relatively short period of time it doesn't belong in the stock market.
- If you want to earn higher returns, you're going to have to take more risk.
- If you want more stability, you're going to have to accept lower returns.
- Any investment strategy with high expected returns should come with the expectation of losses.
- No investment strategy can outperform at all times.
- "I don't know" is almost always the correct answer when someone asks you what's going to happen in the markets.
- If you invest in index funds you cannot outperform the market.
- If you invest in active funds, there's a high probability you will underperform index funds.
- Proper diversification means always having to say you're sorry about part of your portfolio.
- Compound interest is amazing, but it takes a really long time to work.
- Reasonable investment advice doesn't really change all that much but most of the time people don't want to hear reasonable investment advice.
- Successful investing is more about behavior and temperament than IQ or education.
- Predicting the future is hard.

Steven Podnos MD, MBA, CFP® P. 321.543.1099 E. Steven@wealthcarellc.com • Rachel Podnos J.D., CFP® P. 321-505-7592 E. Rachel@wealthcarellc.com
Lauren Podnos, CFP® P. 321-537-7502 E. Lauren@wealthcarellc.com

Opportunity is missed by most people because it is dressed in overalls and looks like work. --Thomas Edison

Give a man a fish and he will eat for a day. Teach a man to fish
and he will sit in a boat all day, drinking beer.

Steven Podnos MD CFP® for Wealth Care LLC 3-1-2019

www.WealthCareLLC.com | F. 815.301.3777
Steven Podnos MD, MBA, CFP® P. 321.543.1099 E. Steven@wealthcarellc.com • Rachel Podnos J.D., CFP® P. 321-505-7592 E. Rachel@wealthcarellc.com
Lauren Podnos, CFP® P. 321-537-7502 E. Lauren@wealthcarellc.com