


# Wealth Care LLC October 2019 Commentary

## Investment Thoughts

Investment returns through August for the last decade by year:

 @CharlieBilello		ETF Total Returns (2008 - 2019, as of 8/27/2019)												Data Source: YCharts	
ETF	Asset Class	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 YTD	2008-19 Cumulative	2008-19 Annualized
SPY	US Large Caps	-36.9%	26.4%	15.1%	1.9%	16.0%	32.2%	13.5%	1.2%	12.0%	21.7%	-4.5%	15.8%	148.4%	8.1%
VNQ	US REITs	-39.4%	28.0%	28.4%	8.6%	17.6%	2.3%	30.4%	2.4%	8.6%	4.9%	-6.0%	24.3%	131.2%	7.4%
TLT	Long Duration Treasuries	34.0%	-22.1%	9.0%	34.0%	2.6%	-13.4%	27.3%	-1.8%	1.2%	9.2%	-1.6%	23.3%	127.1%	7.3%
IWM	US Small Caps	-34.2%	28.5%	26.9%	-4.4%	16.7%	38.7%	5.0%	-4.5%	21.6%	14.6%	-11.1%	8.8%	124.6%	7.2%
EMB	EM Bonds (USD)	-2.1%	15.4%	10.8%	7.7%	16.9%	-7.8%	6.1%	1.0%	9.3%	10.3%	-5.5%	13.1%	100.6%	6.1%
LQD	Investment Grade Bonds	2.5%	7.9%	9.3%	9.7%	10.6%	-2.0%	8.2%	-1.3%	6.2%	7.1%	-3.8%	16.8%	96.3%	6.0%
PFF	Preferred Stocks	-23.9%	37.6%	13.8%	-2.0%	17.8%	-1.0%	14.1%	4.3%	1.3%	8.1%	-4.7%	12.8%	90.7%	5.7%
HYG	High Yield Bonds	-17.5%	27.4%	11.9%	6.8%	11.7%	5.8%	1.9%	-5.0%	13.4%	6.1%	-2.0%	10.6%	87.0%	5.5%
GLD	Gold	4.9%	24.0%	29.3%	9.6%	6.6%	-28.3%	-2.2%	-10.7%	8.0%	12.8%	-1.9%	20.1%	76.5%	5.0%
BND	US Total Bond Market	5.2%	2.9%	5.3%	7.7%	3.9%	-2.1%	5.8%	0.6%	2.5%	3.6%	-0.1%	9.3%	54.0%	3.8%
TIP	TIPS	-0.5%	7.5%	6.1%	13.3%	6.4%	-8.5%	3.6%	-1.8%	4.7%	2.9%	-1.4%	9.0%	47.5%	3.4%
EFA	EAFE Stocks	-41.0%	27.0%	8.2%	-12.2%	18.8%	21.4%	-6.2%	-1.0%	1.4%	25.1%	-13.8%	8.5%	12.9%	1.0%
BIL	US Cash	1.5%	0.3%	0.0%	0.0%	0.0%	-0.1%	-0.1%	-0.1%	0.1%	0.7%	1.7%	1.5%	5.4%	0.5%
EEM	EM Stocks	-48.9%	69.0%	16.5%	-18.8%	19.1%	-3.7%	-3.9%	-16.2%	10.9%	37.3%	-15.3%	1.5%	-1.2%	-0.1%
DBC	Commodities	-31.8%	16.3%	11.9%	-2.6%	3.5%	-7.6%	-28.1%	-27.6%	18.6%	4.9%	-11.6%	2.8%	-51.4%	-6.0%
Highest Return		TLT	EEM	GLD	TLT	EEM	IWM	VNQ	PFF	IWM	EEM	BIL	VNQ	SPY	SPY
Lowest Return		EEM	TLT	TIP	EEM	TLT	GLD	DBC	DBC	TLT	TIP	EEM	BIL	DBC	DBC
% of Asset Classes Positive		33%	93%	93%	60%	93%	33%	67%	33%	100%	100%	7%	100%	87%	87%

So far, in 2019 we are seeing the best performance in large cap US stocks and in interest sensitive securities (long term bonds and REITs).

### A Reminder on *Normal* Volatility:

S&P 500 stats from 1946 – 2014:

177 declines of 5% or more, or every 5 months

55 declines of 10% or more, or every 1.25 years

21 declines of 15% or more, or every 3.25 years

12 declines of 20% or more, or every 5.75 years

### Catch a Falling Knife -or The Dangers of Owning Individual Stocks

Wow. Look at the price of JC Penney stock in late August. Sixty one cents and heading for bankruptcy. Note it was almost 100X higher just a few years ago. We can find dozens of articles in the last five years proclaiming the company was “turning around”, and a “great value.” The losses of owning such a stock in a non diversified portfolio would more than wipe out the typical gains from several other “winners”.



What's on Sale Today?

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## Emerging markets look cheap relative to U.S. large caps

Based on price/cash flow, emerging market equities currently trade at their most significant discount in years to U.S. large-cap equities.



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**Sources:** FactSet and Wells Fargo Investment Institute. Monthly data from August 31, 1998, to April 30, 2019.

### Miscellaneous

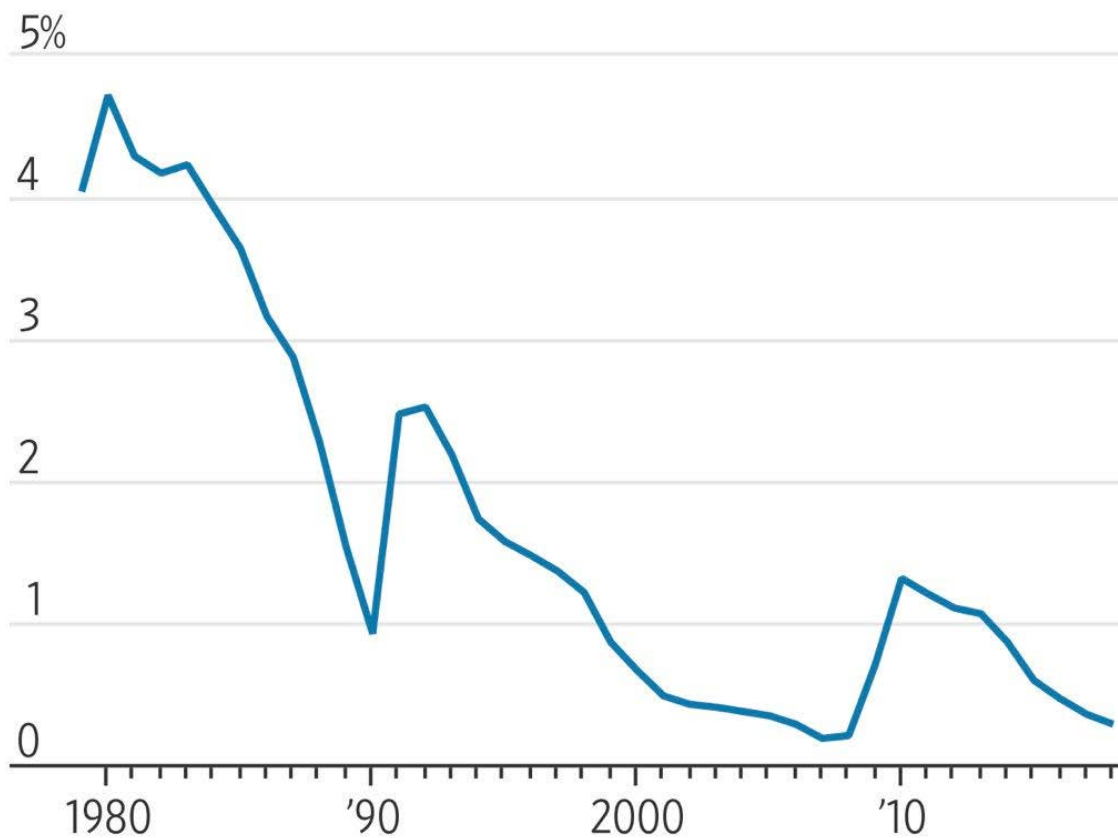
### Mortgage Refinance

Interest rates are historically low out to thirty years. If you have a mortgage that is not close to ending with an interest rate over 4%, talk to us about a loan modification or refinance.

## Minimum Wage Arguments:

Almost nobody earns the minimum wage in this country. Average wages in September came in at over \$22 an hour, and the following chart shows what a “non-issue” this topic is.

### Share of U.S. civilian employees earning the federal minimum wage



Source: Labor Department

## Anti-Aging and Longevity

Through a physician friend, I've developed an interest in keeping up with the science of why we age, and perhaps how to even reverse some of the negative effects of aging. The amount of good information is exploding. My personal beliefs after reading extensively is that the following behavior has no harm and leads to a healthier longer life for most:

Have a lean body weight

Don't smoke

Do regular resistance training (weights usually) at least a couple of times a week-- consider doing some high intensity work also (get your heart rate up)

Eat a low carb diet (especially simple carbs like sugars). Avoid most vegetable oils.

Consider a 12 hour or more period on most days with no food (I skip breakfast)

Moderate amounts of alcohol might help.

Beyond these behaviors, the rest is experimental-but very interesting. One source of information that I enjoy and think is reputable is a (free) newsletter and podcasts by Peter Attia MD (<https://peterattiamd.com/>). Steve

## Random Notes

"Some say the glass is half-full. Some say half-empty. I say the glass is too big"  
— George Carlin

Investing should be more like watching paint dry or watching grass grow. If you want excitement, take \$800 and go to Las Vegas. --Paul Samuelson

Success is walking from failure to failure with no loss of enthusiasm. --Winston Churchill

The Stock Market is designed to transfer money from the Active to the Patient. -- Warren Buffett