



## Wealth Care LLC Monthly Commentary-December 2017

### Investment Thoughts

As we approach the end of the year, we continue in a global bull market. November ended with a bang! It has been a very good year to invest in stocks (but who thought so a year ago?). Under the radar, Emerging Markets have ended their slumber, rising in price significantly more than even US stocks over the last two years.

Interest rates should go up in the short term with a new Federal Reserve Chairman, and if I had to pick a direction, I'd say long term rates will go up as well. Traditionally, a tight labor market leads to wage inflation, which then leads to general inflation. In our global economy, that might not be so certain, but we need to be watching.

### Taxes

I expect that the tax reform bill will pass before the end of the year. The exact terms of the bill are uncertain, and will be worked out in a conference committee before it appears on President Trump's desk. It is also likely to start next year rather than in 2017, but who knows?

Clients of Wealth Care LLC will get notice of changes to make in your financial lives once we have some certainty. We'll also do some general discussion of taxes in the upcoming year in these commentaries.



## Why We Mostly Use Index Funds for US Stocks

Here is another retroactive look at how hard it is to beat market averages with active management in the highly efficient US stock market. The investor has about a 15% chance at best over periods of three or more years to beat the index, and I'd call that bad odds.

**Report 1: Percentage of U.S. Equity Funds Outperformed by Benchmarks**

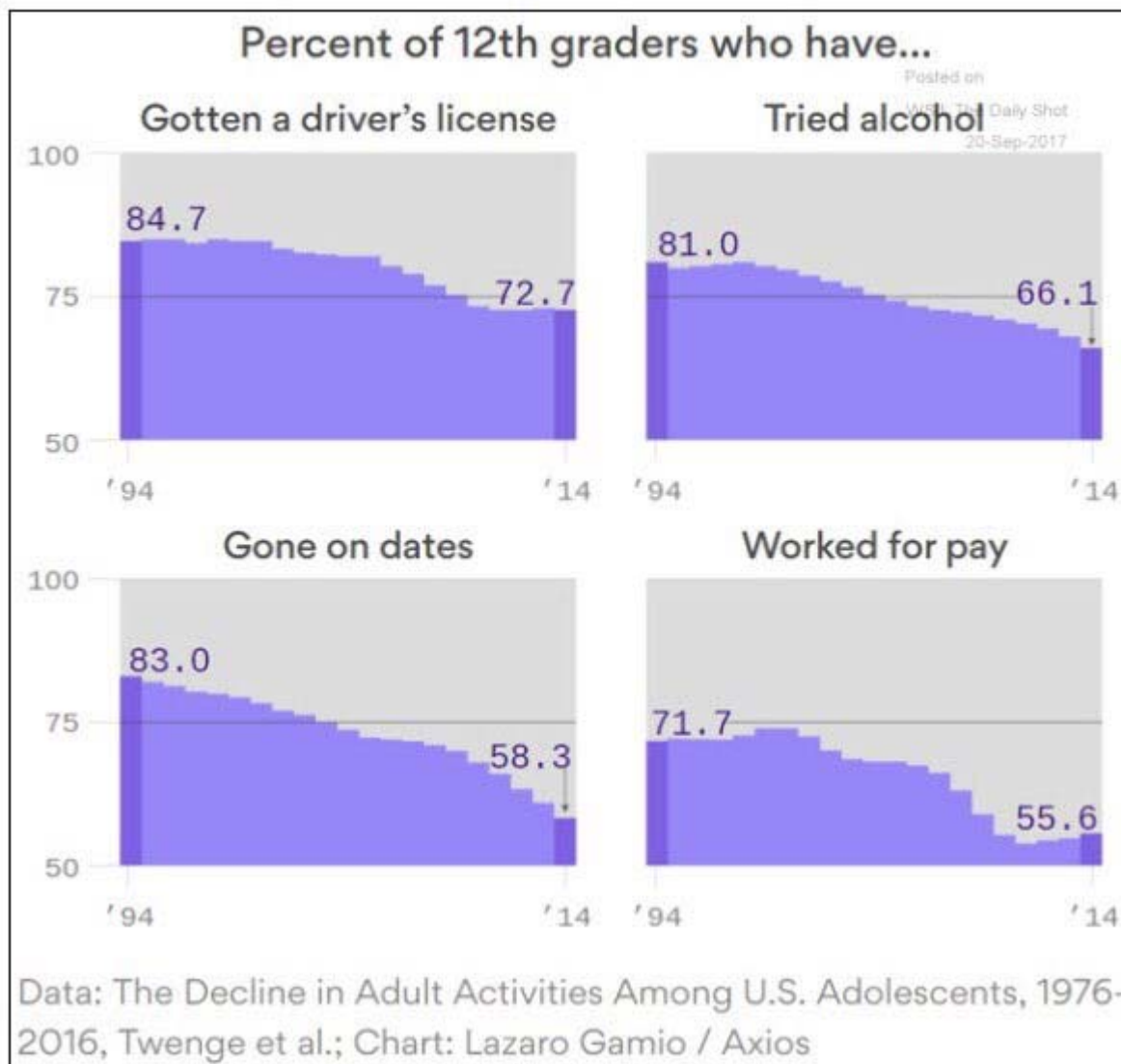
FUND CATEGORY	COMPARISON INDEX	1-YEAR (%)	3-YEAR (%)	5-YEAR (%)	10-YEAR (%)	15-YEAR (%)
All Domestic Funds	S&P Composite 1500	47.51	85.61	84.41	85.42	84.57
All Large-Cap Funds	S&P 500	56.56	81.85	82.38	85.08	93.18
All Mid-Cap Funds	S&P MidCap 400	60.69	87.21	87.21	95.16	94.40
All Small-Cap Funds	S&P SmallCap 600	59.55	88.74	93.83	94.06	94.43
All Multi-Cap Funds	S&P Composite 1500	50.09	85.93	84.81	87.79	87.38
Large-Cap Growth Funds	S&P 500 Growth	37.86	74.81	76.43	92.31	95.06
Large-Cap Core Funds	S&P 500	60.82	90.71	85.09	91.63	96.32
Large-Cap Value Funds	S&P 500 Value	52.29	87.19	88.63	64.25	83.06
Mid-Cap Growth Funds	S&P MidCap 400 Growth	49.28	85.37	85.16	98.29	96.11
Mid-Cap Core Funds	S&P MidCap 400	68.55	89.47	87.25	95.83	97.01
Mid-Cap Value Funds	S&P MidCap 400 Value	67.86	81.82	86.21	88.75	86.96
Small-Cap Growth Funds	S&P SmallCap 600 Growth	49.73	88.02	90.05	95.48	99.35
Small-Cap Core Funds	S&P SmallCap 600	65.98	91.49	95.43	93.63	96.15
Small-Cap Value Funds	S&P SmallCap 600 Value	62.73	92.45	95.20	93.33	79.66
Multi-Cap Growth Funds	S&P Composite 1500 Growth	54.31	86.03	81.77	91.50	88.61
Multi-Cap Core Funds	S&P Composite 1500	55.04	93.65	87.34	88.09	89.24
Multi-Cap Value Funds	S&P Composite 1500 Value	39.29	82.86	79.83	82.68	85.02
Real Estate Funds	S&P United States REIT	43.53	71.95	84.71	85.19	82.00

Source: S&P Dow Jones Indices LLC, CRSP. Data as of June 30, 2017. Table is provided for illustrative purposes. Past performance is no guarantee of future results.



**What Do You Make of This?**

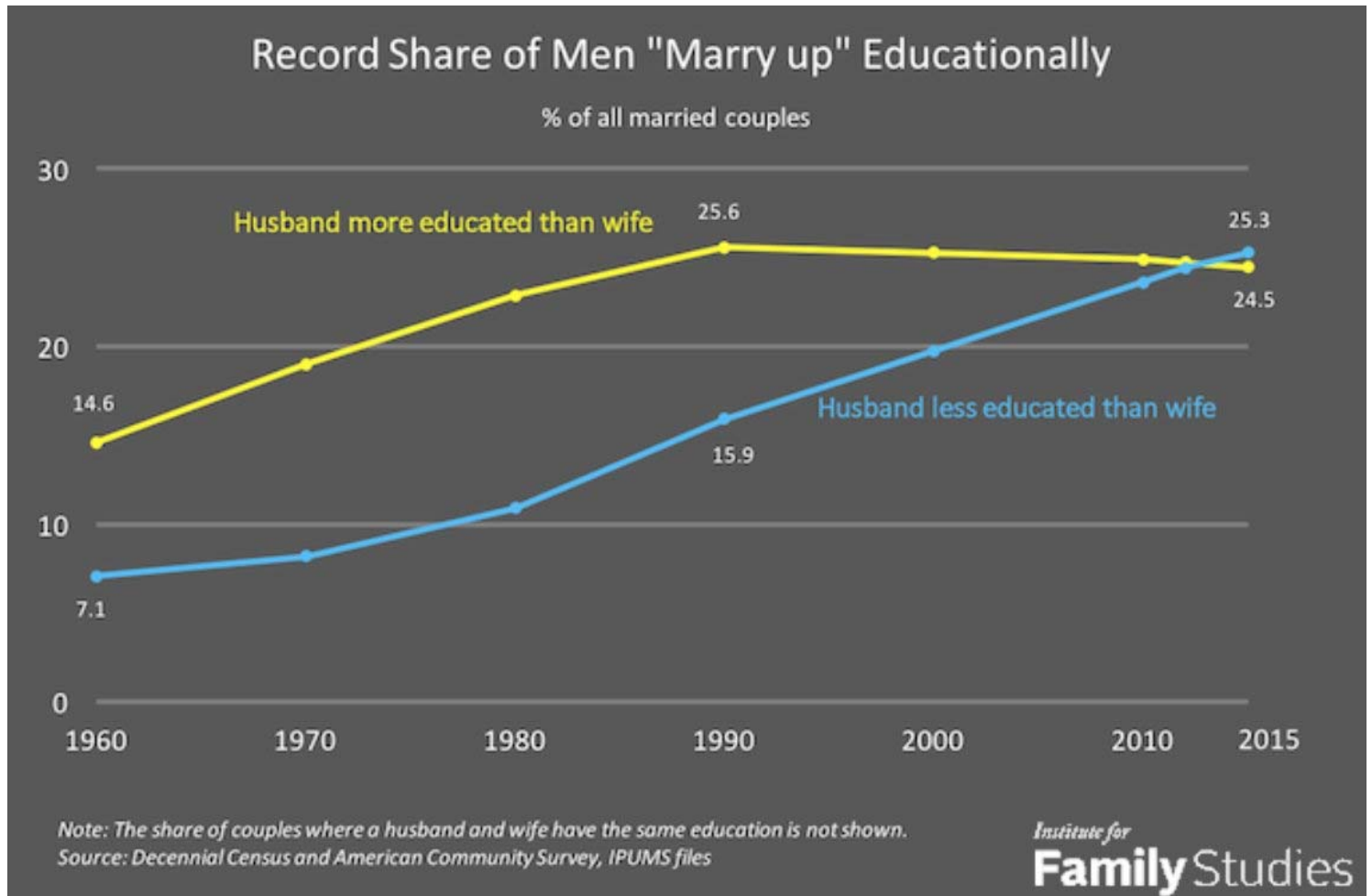
6. Teens are becoming adults later in life.





**And This?**

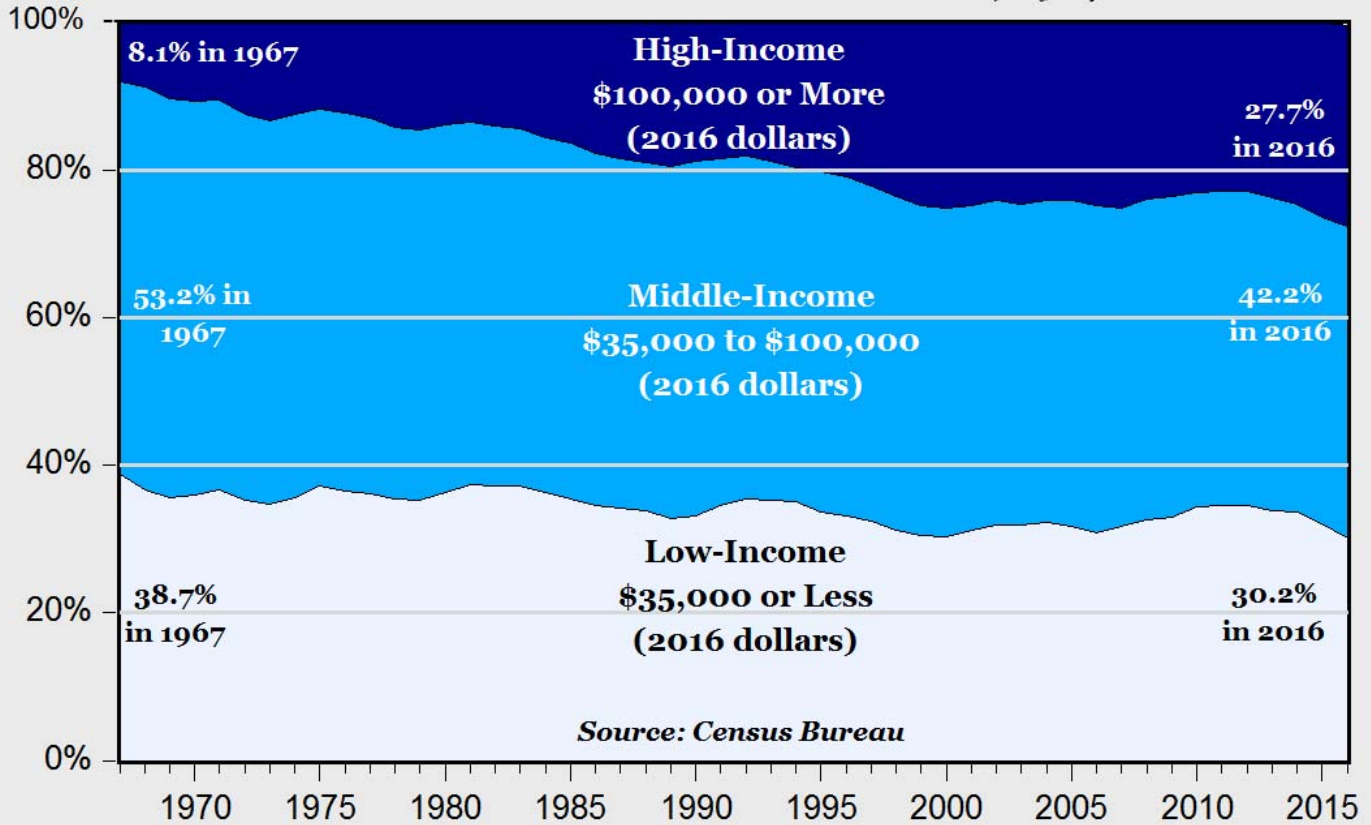
For the first time, more women are married "down", educationally, than married "up"





**The Middle Class is Shrinking, But So is the Lower Class**

***Percent Shares of US Households by Total Money  
Income Levels in Constant 2016 Dollars, 1967 to 2016***



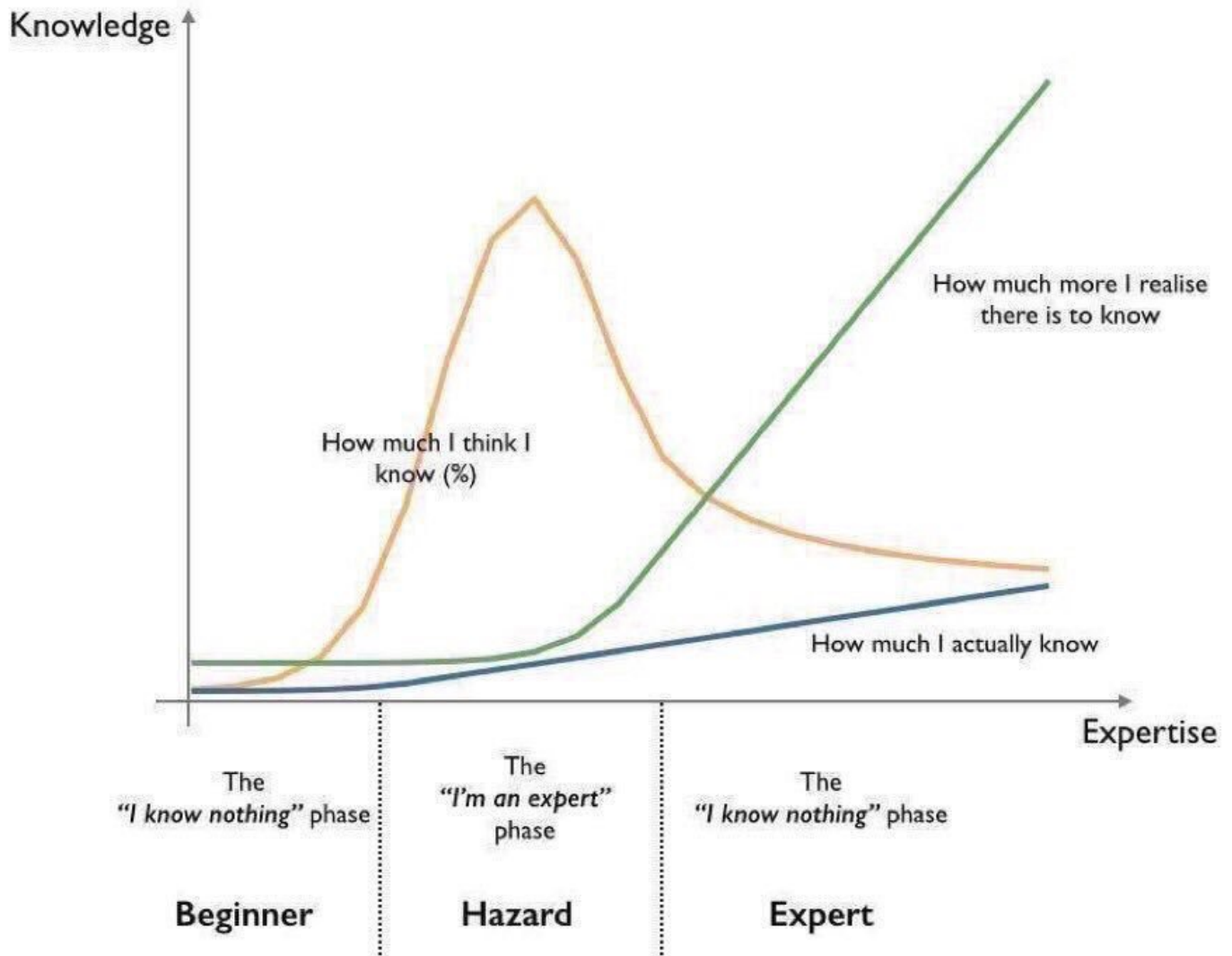
Carpe Diem **AEI**



**Pension Plan Limits Change for 2018**

**Note that salary deferrals for 401k plans increases to \$18,500 (under 50) and \$24,500 (50 and up), with total contributions including profit sharing to \$55000/\$61000. No change to IRA accounts.**

**Random Notes**

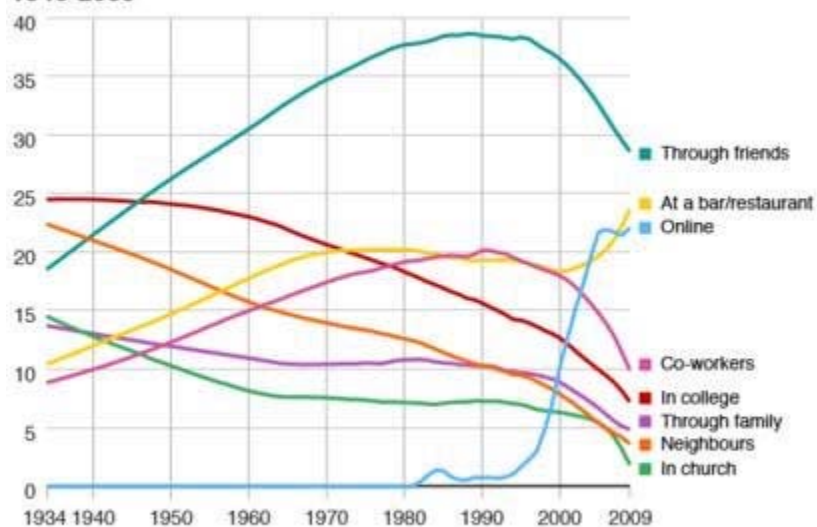


Simon Wardley CC3.0 BY-SA



## How We Meet Our Mates

How heterosexual US couples met their romantic partners  
1940-2009



Source: Michael Rosenfeld, Stanford University

“If you think it’s expensive to hire a professional, wait till you hire an amateur. “ -anon



## Stock Market “Geniuses” in 2012 (Dow ~ 13,000)



### DAVID TICE WARNS: THIS IS LIKE 2008 RIGHT BEFORE THE MARKET CRASHED

Sam Ro ⌚ Oct. 10, 2012, 9:48 PM 🔥 10,930



### MARC FABER: I'm Bearish On Stocks, Gold And Everything Else

Sam Ro ⌚ Oct. 1, 2012, 12:35 AM 🔥 23,688



### ALBERT EDWARDS: Stocks Will Take A Bath Like The Bath I'm Taking In This Photo

Sam Ro ⌚ Sep. 27, 2012, 5:29 AM 🔥 6,019



### BOB JANJUAH: The S&P 500 Will Collapse To 800

Sam Ro ⌚ Sep. 24, 2012, 8:42 AM 🔥 4,660

**Steven Podnos MD, CFP® for Wealth Care LLC 12-1-2017**