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Living with the Bear

Bear markets are not to be feared, but rather acknowledged as part of the process. Markets inevitably run through cycles and bull markets always end in a bear. In describing these cycles, Sir John Templeton said, "Bull markets are born on pessimism, grown on skepticism, mature on optimism and die on euphoria." It is just a matter of time. Many good things can happen during bear markets, if you are prepared.

A Financial Opportunity

Bear markets are a potential opportunity if you have capital to invest. It is good in a "Machiavellian" sense, in that bear markets allow disciplined investors to profit off the mistakes of emotional investors. And while it certainly won't feel like Christmas as the market pounds your portfolio, you will have the ability to reinvest reserves, additional savings and dividend payments at lower prices.

"But wait, I'm retired. I am not saving, I am spending". While that is true for many HCM clients, we help protect you two ways that allow you to take advantage of bear markets.

- ♦ First, our Advance and Defend™ portfolio strategy creates a reserve of safer assets by tactically reducing portfolio risk when we believe there is a chance of a significant bear market. These reserve assets can then be reinvested at lower prices.
- ♦ Second, we offer our retired Clients spending protection through the HCM Safety Net Program™. This allows you to remain invested during difficult markets as we allow the investment cycle to run its natural course.



These precautions have the dual effect of allowing you to buy more shares (because they go on sale during bear markets) and increase your dividend yield. Higher dividend yields are like higher interest rates, only better because they can give you more income to spend and because carefully selected dividends will continue to grow year after year helping you stay ahead of inflation.

Assessing Risk Tolerance

There are many things in life that cannot be truly understood by reading a book or listening to a lecture. Watching the value of one's life savings decline in a bear market month after month is one of these things. One benefit of a bear market is it will teach you what your tolerance for investment risk truly is.

Experienced investors know their long-term outcomes will be governed by their allocation to risky assets which

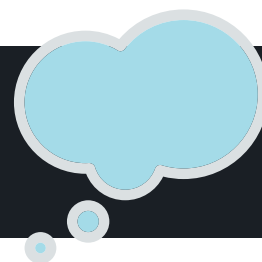
experience extreme volatility over shorter-term durations, such as stocks. It is one's ability to successfully withstand this volatility from both a capacity and tolerance perspective that will produce long-term success. While there is no way to really know in advance how one will react to extreme portfolio

volatility, HCM clients' take the time to plan for it. We hope to profit from those who don't.

What is Next?

We don't try to predict the future, however, we are prepared and will exercise our portfolio discipline with timely precision, whether it be for a bull or bear. Remember both can be profitable if you are prepared. For more information, see our newest investment webinar on our website at HCMAdvisors.com or the HCM YouTube channel. For a 2018 market recap, please reference the insert included in this newsletter.

Who is Writing Your Next Chapter?



You have spent decades working, saving, and making good financial decisions. You're retiring, now what? After more than thirty years helping our clients plan for successful retirements, one thing we know for sure is that to be happy in retirement you need to be active, engaged and fulfilled. Following, are some of the best ideas shared by HCM clients who have successfully written their own **next chapters**. One common theme offered by all our contributors, and backed up by Dr. Joseph Coughlin, founder of the MIT Age Lab, is to turn off the TV, get out of the house, and be with people. You will be happier, healthier, and live longer.

What makes you smile?

After years of focusing on work, it may take a little soul searching to rediscover them, but trust us, they are there. Rocking babies, helping children learn how to read, coaching new entrepreneurs, delivering Meals on Wheels, helping visitors at the zoo or museums, volunteering at food pantries, etc. There are more open volunteer positions than there are people to fill them. Let your passion be your guide. Take time to reflect on what you want to do. Spend your time with people and organizations that share your interests and passions – you will love it!

How will you spend time?

Typical answers are playing golf and travel. And while these activities may create a near honeymoon experience for a few months, they are not the foundation of a fulfilling - happy retirement. Many new retirees realize that playing golf every day and spending a few wonderful weeks in Italy does not lead to fulfillment. **Think** about what would make a great day for you. Are you an introvert that enjoys alone time with a good book or movie, or an extrovert that is miserable when cooped up in the house on a rainy day?

What do you want to learn? Classes in photography or Russian literature may be your thing. Long lost hobbies may be the answer. Is your guitar still under the bed? How do they get ships in bottles anyway? **Think about it!**

Maybe it is time to **think** about that part time job. While most retired HCM clients have reached financial independence, many find they are happier working a few hours a day because they enjoy the social connections.

And, while the money is not needed, having some additional spending money is not bad.

What was right for you ten years ago may not be right for you now. What is right for you may not be right for your spouse. What can you share?

Healthy Body and Mind

Ask yourself how you want to feel and what you want to do on your ninetieth birthday. Staying flexible through stretching and fit with both strength training and aerobics is very important to a happy-healthy life. Be sure to talk to your doctor before starting an exercise program. But don't procrastinate on this one. Staying physically healthy is an important step in fighting age related dementia. Also, staying engaged in intellectual pursuits, such as taking classes or writing regularly may help keep your mind healthy.

The Money Part

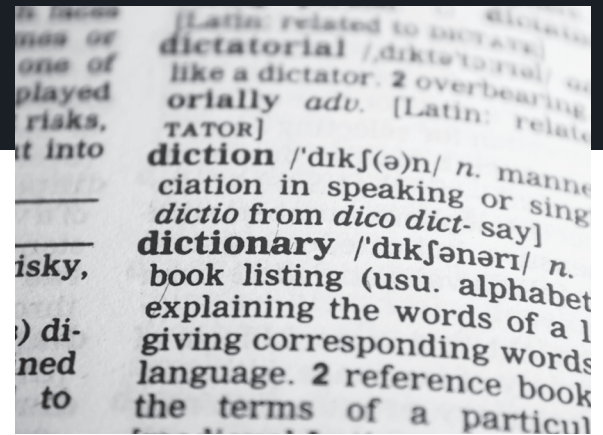
This is where HCM provides value. Maybe a little part-time work is not a bad idea after all. How can better management of my taxes help make my retirement funds last longer? How do I leave more to my children or charity? How much can I afford to spend if the market implodes the year after I retire?

These are some of the questions that you should be asking. Let HCM Wealth help you write your Next Chapter so that you can enjoy a happy and fulfilling retirement.



One Word

2019 is here. Have you fallen victim to setting another unattainable New Year's resolution? According to US News, nearly 80% of all resolutions have failed by February. And maybe you are in the 8% who set a resolution and see it through, but if you aren't, we have an alternative. **One Word**. There are a lot of authors who explain the concept of One Word, but our favorite is Jon Gordon and his book, *One Word That Will Change Your Life*.



What is One Word?

Rather than evaluating a laundry list of traits or behaviors you're unhappy with, you focus on one intention for the following year. By setting an intentional word, you allow yourself to apply that word to all that you do. It no longer becomes a checklist, but rather a mindset for conquering your next year. The process of choosing a word for your year can be daunting, but it doesn't have to be. It does require a bit of reflection on what you feel is going well in your life and what you would like to experience more of. This process approaches change in a positive manner, rather than trying to abruptly stop a behavior or habit.

Here's an Example.

Greg is determined to make 2019 a great year. He has thought long and hard about some of the goals he would like to accomplish both at work and at home. One of the recurring themes included complication. He recognizes processes both at work and home tend to be overcomplicated. He decided to set his word for 2019 as **simplify**. That way in everything he does, he works to apply his word and intentionally focus on bringing about simplicity to all aspects of his life. Simplify can apply to life in a lot of ways, do you want to get rid of clutter in your home? Simplify. Are you stressed about a work project? Simplify. Are you and your spouse arguing over the routines of your children? Simplify. One simple word can take on a lot of meaning when you select the right one. The key is identifying a word that encompasses several areas in your life in which you hope to improve.

How is it different?

Choosing a word eliminates the chance of failure (theoretically). Your word becomes your mantra. This word becomes the mindset for which you approach all that you do in the new year, rather than a "check the box" approach to goals.

How to Succeed.

Keep your word displayed, share with others, involve others in the process of choosing a word. All of these actions will help you carry your new mantra throughout 2019 and for many years to come.

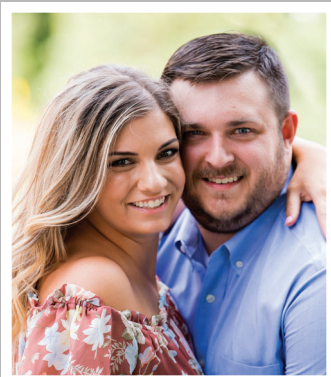
Need help choosing a word? Review the list below for inspiration!

Focus	Compassion	Discipline
Organize	Energy	Create
Inspire	Growth	Trust
Balance	Passion	Listen
Positivity	Compromise	Build
Family	Adventure	Health
Generosity	Give	Explore

HCM Announcement



Hengehold Capital Management is getting a makeover. We are excited to roll out updates including; new services, a new website, and a new name – HCM Wealth. Just weeks away from our big reveal, be sure to check out hcmadvisors.com regularly so you don't miss out! We hope you appreciate the clean look and feel! Follow along on Facebook, LinkedIn, and Twitter as we strive to keep you informed and up-to-date more than ever. As always, we view these changes as improvements to the way we serve our clients and we will do so for many years to come. Stay tuned for more updates!



HCM Welcomes a New Member to Your Client Services Team

We are excited to announce the addition of Lauren Jerger to the HCM team as a Client Services Representative. Lauren grew up in Cincinnati, but moved to Phoenix, Arizona where she lived for twelve years before returning to her roots on the West Side. Lauren brings a wealth of customer care experience with her and is looking forward to serving our clients. Outside of the office, Lauren and her fiancé, Spencer, enjoy trying new restaurants and breweries, cooking, seeing live music, and working in their flower garden when the weather permits. Together they have two cats named Tucker and Kiara.

Steve Hengehold Marries Katie Harris

We are excited to announce that on Saturday, November 3, 2018, Steve Hengehold married Katie Harris in a beautiful New Orleans wedding. Steve and Katie are both graduates of the University of South Carolina where they met their freshman year. Katie is now a Resident Physician in Pediatric Psychiatry at Cincinnati Children's Hospital. Join us in celebrating the newlyweds as they embark on a lifetime of happiness. Have any marriage advice? Be sure to send it Steve's way.



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