

Subject: Important Market Considerations

Dear Client-

In the last week or so the equity markets have been quite volatile, and you might feel a bit unsettled.

Time and again I have noted the following:

- 1. Equity (stock/stock funds) markets go up and down. If one wants the opportunity for substantial gain, one must accept risk. Even with the recent volatility, most accounts I handle are up thus far in 2024.**
- 2. An interesting fact is as follows: The DOW was 6,500 on March 9, 2009, which was the bottom of the 2008—2009 “crash” The DOW was 38,763.45 at the close of business 8/7/2024 - a growth of nearly 6 times in 15 ½ years even with some poor years along the way.**
- 3. When considering getting out of the stock market, one must realize there are two decisions on the horizon. First is when to get out, and second is when to get back in the market. In my opinion, trying to time markets almost never works and often results in losing more ground.**
- 4. I have always made a big deal about one’s risk profile. The vast majority are in a balanced risk profile, which means about 60% in stocks and about 40% in fixed income (bonds, cash, and alternatives). So, even with swings in stock markets, one is only partially impacted. We are all happy and “all in” when markets are going up, but being attuned to how your positioned with respect to risk becomes especially important in market downturns.**
- 5. Will there be more downturns? Sure. When? I don’t know. What I do absolutely believe is: Given enough time, stocks outperform bonds, and bonds outperform cash. Along the way the reverse can and will sometimes be true. So, I believe it is prudent to be in a variety of stocks, fixed income & cash - not just one category.**
- 6. I’ve also often said one should focus on having enough cash and income sources to live the way one wants for 3-5 years without regard to one’s investment portfolio. In my opinion, most investment portfolios should be viewed as long term investments - not short term. Therefore, reacting to market downs or highs is best avoided in the long term.**

If you have concerns, I’m always available to discuss and evaluate your situation. So, please don’t hesitate to call. However, my overall message is I believe it is unwise to react to market volatility.

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