

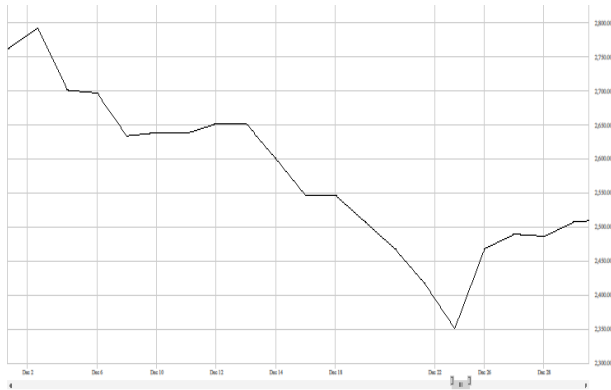
Patience is a Virtue, Even When Investing in the Short Term

June/July 2019

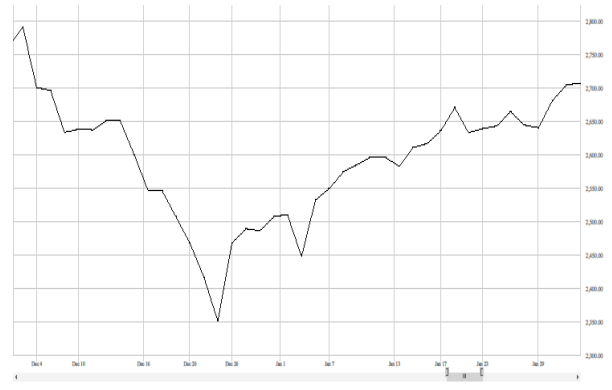
“Time is a great healer, but a poor beautician.” – Lucille Harper

Not sure who said it first, but we have always agreed with the sentiment “what a difference a day makes!” Whether it’s the weather (no pun intended), the markets, or just someone’s current mood, it seems that if you just wait a bit, time will make the past or present less relevant. We bring this up because over the last few weeks we have fielded a number of calls where the caller typically asks, to paraphrase, “what happened in May?” The concern is not only palpable sometimes, but in all cases very understandable. You see, the fact of the matter is that the stock market did very poorly during that one-month stretch, and that can be cause for concern, emotionally.

“Emotionally” because a one-month period, though potentially concerning in the short term, may simply not be that relevant after another month or two have passed. Case in point is the S&P 500; as seen in the graphs below, it did terribly this past May, but then recovered most of its losses in June - which just so happens to be a repeat of six months ago, whereby January of 2019 recovered all of the losses from December of 2018.



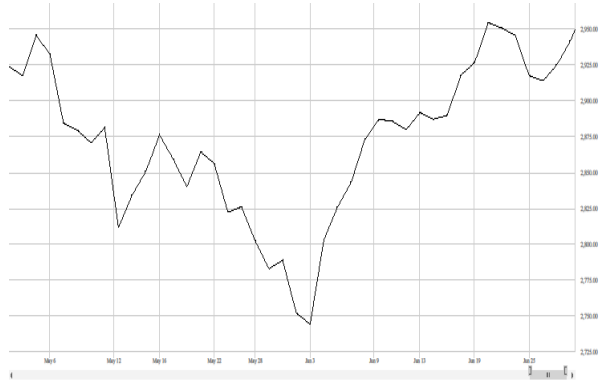
12/01/18 to 12/31/18



12/01/18 to 01/31/19



05/01/19 to 05/31/19



05/01/19 to 06/30/19

This emotional phenomenon, whereby some people may become elated or depressed one month to the next after looking at a monthly statement brings to mind three things. First, the one constant in life is change, so today is typically different from yesterday, and tomorrow will most likely be different yet again. Accordingly, sometimes if you simply wait for a little time to pass, one month's record, be it good or bad, may be erased by the following month.

Second, don't forget what your monthly statement may be telling you (other than making you "feel" happy or sad). Guessing that most people only look at the first page and the "value on" some particular date such as May 31 or June 30, remember that that current value is only what you would receive if you sold everything on that particular day (which we certainly would not recommend). And, oh by the way, by the time you receive your statement it will already be ten days stale (or however long it takes to receive your statement in the mail). In fact, by the time the statement is even printed it is out of date because the markets, be it stock or bond, are constantly in flux, and thus the valuation of the securities that make up your portfolio's value is constantly changing.

Third, never forget that the stock market does not a portfolio make. Since every portfolio typically has a minimum of two of the three broad asset classes (cash, stock, and bonds), no one index is representative of your portfolio, especially if you have sub-asset classes such as emerging market stocks, etc. For our part, we purposefully seek to have every portfolio contain a diversified blend of all of those asset classes, including what will hopefully be enough in cash and bonds to allow you to hold your stocks for a minimum of ten years. This way when the stock market falls in any one month, we can remind everyone that the short term may be less relevant than they think - and by reminding ourselves of this, then time may indeed heal some short-term anxiousness and hopefully keep those worry lines on our faces at bay!

Last, but certainly not least, please never hesitate to contact us if you do feel anxious about the markets. In fact, we'd be surprised if these daily, monthly or annual swings didn't give you the jitters once in a while - which is why we not only plan for something to go right and something to go wrong, but also reach out to you on a consistent basis. We hope that makes a difference to you - and we also hope you had a great Fourth of July, and wish you a wonderful rest of the Summer!

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The S&P 500 is a cap weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries; it's an unmanaged index which cannot be invested into directly. Past performance is no indication of future results. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

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