

# sage quarterly

1st quarter 2019

## FROM THE HOME FRONT



Gary, aka General Contractor

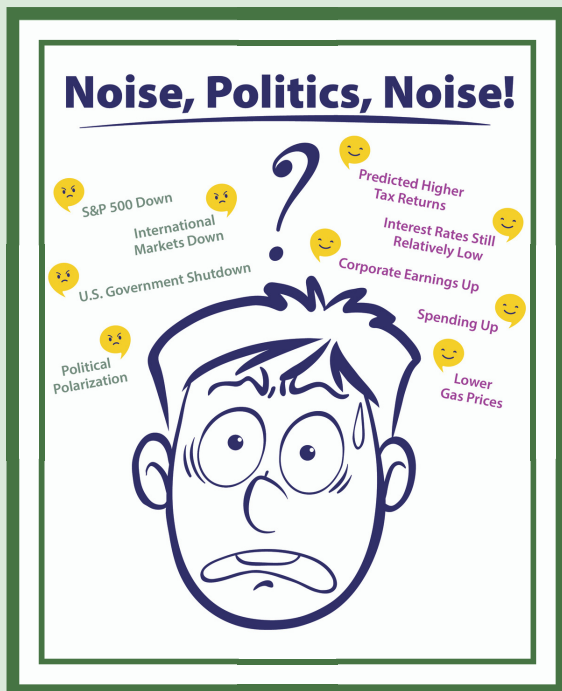
Gary is grateful to be nearing the end of their home remodel. Heather says he did a great job of making it not feel like her parents' old house. They love the “new” neighborhood and showing the house to friends who knew what it looked like the previous 40 years!

Heather continues to take on her “sandwich generation role” with caring for the family and helping her parents who are both declining from dementia/Alzheimer's.

Hannah loves 7th grade and is currently deciding whether to play spring soccer or participate in her school's musical.

## GUIDE TO THE MARKETS

by Gary Keyfawer



There is a lot of noise about markets, economies, and POLITICS. Is there reason for fear or should we ride it out? *See page 2*



Petersons and Papa



Peirollo kids

It was Party Central at the Peterson's home over the holidays. They hosted Thanksgiving, Christmas, New Year's Eve and their son's 17th Birthday. Here's to more gatherings of family and friends in 2019! Eddie and Heather took time off of work and spent time with the kids during their much-needed Christmas school break. Anthony is looking forward to the 2nd half of his senior year and Haley is working very hard at completing her 1st year in middle school.

*"In ordinary life, we hardly realize that we receive a great deal more than we give, and that it is only with gratitude that life becomes rich."*

--Dietrich Bonhoeffe

## At the beginning of 2019:

- The S&P 500 experienced its first negative year in 2018, posting a 4.4 percent loss.
- Companies posted the highest one-year earnings growth since 2010 of 22%.
- Domestic international markets were largely affected by the trade-war debate, potential exit of Great Britain from the European Union and Italy's debt crisis with a 13.4% loss.
- Emerging markets posted the largest loss with a 14.2% loss.
- Nancy Pelosi vs Donald Trump in a no - star wrestling match.
- The U.S. Fed hiked rates in early December, fueling more uncertainty in the markets.

## Our thoughts about the end of the bull market or a possible recession:

- Most economists believe that this pullback will be short-lived. There is a risk of recession if the government shutdown lasts a long time, and consumers and businesses lose faith in the powers in DC.
- There is some thought that we could experience more volatility, especially in the first quarter.
- With employment at such a high percentage most people have a job and are even feeling some wage growth.
- Hallelujah - I paid \$1.50/gallon of gas recently. Low energy prices will help push the economy along.
- It looks like the Federal Reserve's increasing interest rates will slow and maybe even stop for 2019.

## Considerations:

- As we move into 2019 – anticipate more volatility and be prepared for a busy calendar of events in global trade and politics.
- Ensure that you and your portfolio match the amount of risk that you can stomach
- Avoid the temptation to reduce non-U.S. allocations after years of relatively disappointing returns.
- Take a long-term view.
- Take some time off from the media. Try life outdoors or reading a book for a while....
- Spend some time giving back and being grateful.

## SAGE ADVICE

### 7 Ways to Fight Fear with Facts

- 1. Market Declines are Part of Investing.**
- 2. Time in the Market Matters, Not Market Timing.**
- 3. Emotional Investing Can Be Hazardous.**
- 4. Make a Plan and Stick to It.**
- 5. Diversification Matters.**
- 6. Fixed Income Can Help Bring Balance.**
- 7. The Market Tends to Reward Long-Term Investors. Even including downturns, the S&P 500's mean return over all 10-year periods from 1937-2014 was 10.43%.**

Source: [thecapitalideas.com](http://thecapitalideas.com)

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