

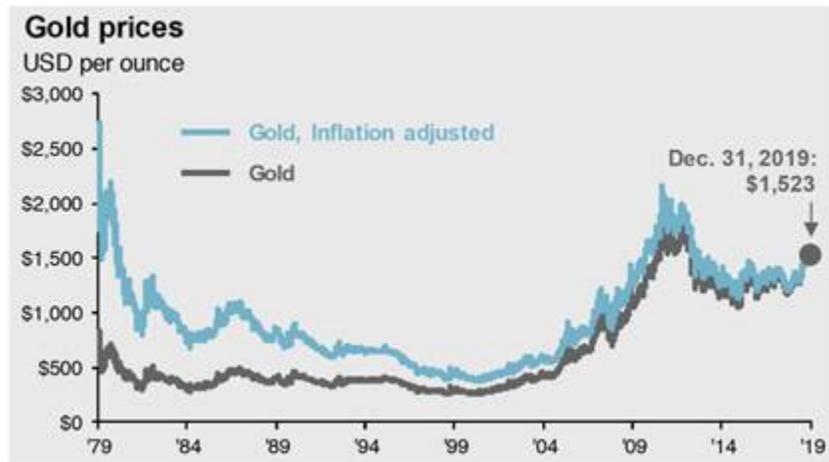


faith . discipline . patience

skv  three things



January is commonly a time when investors look at last year's results and are strongly tempted to chase "hot performers". We humans like toextrapolate. The perils of chasing hot, short-term returns are well documented. The financial landscape is littered with examples of what worked last year, not working this year....this data is at the core of why we recommend routine portfolio rebalancing, and lean contrarian—*buying what has not worked recently rather than what has--* when adding new money to portfolios. ***"Luck plays the dominant role in one-year returns. So when you pick the previous year's top performer you're following someone who was for the most part, lucky. The reversals in year-to-year rankings are therefore a reflection of little more than how rare it is to be lucky two years in a row,"*** Aye Soe, managing director, S&P Dow Jones Indices.



(source: JP Morgan)



A recent WSJ headline really threw me: "Gold Hits 7-Year High In Rush to Safe Assets". Wha? The headline itself is nearly oxymoronic—how can something that has not hit a high in over 7 years, and as the chart above shows, have not come close to its all-time high inflation adjusted high in 1979, be considered a "safe" asset. Safe? Don't get me started about gold. I see these commercials featuring actor Bill Devane talking about gold....makes me squirm....like gold, he last shined in the 1970s on "Knot's Landing". He says, *"I buy gold every chance I get."*, in the commercials. Not sure exactly how much or how often that is



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exactly? Anyway, we do not. The S&P 500 was about 100 in 1979. Today the index is over 3000. Nuff said.



Ida May Fuller of Vermont became the first recipient of month Social Security retirement benefit 80 years ago this month—January 1940. She contributed to the program for 3 years, and a total of about \$24 bucks. She lived another 35 years, and took from it nearly 23K. That's about \$900 for every buck. (source: Social Security) When FDR proposed SS in 1935, his number crunchers projected expenditures would reach \$1.3 billion in 1980. The actual outlays? \$149 billion in 1980. D'oh. Remember, my partner Vik has spent a lot of time studying, contemplating, calculating.... optimum claiming strategies for Social Security. There are hundreds of options. Put him to work! Introduce him to your friends that need similar help.

As always, I'm honored and humbled you have given me the opportunity to serve as your financial advisor. We endeavor to *"treat our clients as family. To provide genuine caring service to every client, every day"* If we fall short, let me know. *MHK*

FAITH

DISCIPLINE

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CAR-0120-02428

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