



faith . discipline . patience

skv  three things



You might have gotten the hint with the diversified pie in the SKV logo... (no that is not an ugly beach ball!)...we believe diversification is vital to investment success. And better sleep! *“Diversifying well is the most important thing you need to do in order to invest well,”* Ray Dalio, founder of the world’s largest hedge fund, Bridgewater Associates. *“The unknown is much greater than the known...diversification can boost your return-to-risk-ratio...spreading bets responsibly throughout the market helps to smooth out the performance, and lessen the impacts of wild swings.”* Done well, diversification may help smooth out returns in volatile times, and provide for higher returns over longer periods.



Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

Source: Morningstar Direct; US Equities: S&P 500 Index, Non-US Equities: MSCI World ex USA.

Diversification is best achieved by spreading money in all directions—by company size, by industry, and by country. These days, international diversification is about as popular as drain hair! But, we continue to believe having some money invested overseas is wise. As the chart below shows leadership between U.S. and non-U.S. markets does rotate. The USA has 121 companies in the Fortune Global 500 rankings...that means almost 400 others are domiciled elsewhere. (check my math, I’m a party school grad)

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Many continue to predict, and fret about a recession. *“Bank of America says fund managers fear of a recession are at levels not since the depths of the financial crisis...”*, Business Insider. To the nervous, I offer a two reassurances: (1) The Fed has two effective tools to combat: Dragon glass and Valyrian steel. Also, Ramon noodles has added several new flavors since the last one—like Lime Chili! Yum. But seriously---yes, we will most likely have another recession. When we have the next recession is completely unknowable. When Recession-zilla does attack, keep perspective-- they should not last forever. There have been only 10 recession in the U.S. since 1950, and **the average length is about 11 months.** (source: National Bureau of Economic Research) So remember, recession pain is temporary—meanwhile, Miami Dolphins fandom pain apparently lasts forever!



*“Pessimism about money has a different allure. Say there’s going to be a recession and you will be re-tweeted. Say we’ll have a big recession and newspapers will call you. Say we’re nearing the next Great Depression and you’ll get on TV. **But mention that good times are ahead, or markets have room to run...and a common reaction is that you are a salesman or comically aloof of risks.**”*—Morgan Housel, The Collaborative Fund. If being an wild-eyed optimists makes me a “salesman”---guilty as charged!

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 (remember, referrals are glutton free!)*

FAITH

DISCIPLINE

PATIENCE

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Asset allocation and diversification are investment methods used to help manage risk. They do not guarantee investment returns or eliminate risk of loss including in a declining market.

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