



faith . discipline . patience

skv  three things



"The world got better last year, and it is going to get even better this year. Poverty around the world is plummeting; half the world is now middle class; and illiteracy, disease and deadly violence are receding. These things don't make headlines because they are gradual, relentless and unsurprising. That is why they are worth highlighting. The problems the world faces are far smaller than those it has already overcome and can be solved the same way: not by betting on miracles but by patiently applying knowledge and tools we already possess."—The World Is Getting Quietly, Relentlessly Better, WSJ 1/2/19, Greg IP. The whole article is quote worth. Read it. Share it. Laminate for your wallet or purse.



In my career, 2018 was one of the strangest of my nearly 30 year career. We had an abundance of positive news about the economy, but you would not know it from stock market performance. Not that the two always move in lock-step...but last year the disconnect felt significant. *"Worker productivity, surged. Wage growth accelerated in response to rapidly falling unemployment rate. Household net worth rose above \$100 million for the first time, yet household debt relative to net worth remained historically low..for the first time in American history, the number of open jobs listings exceeded the number of persons unemployed. Earning of the S&P 500 leaped upward 20%....cash dividends set a new record..."*, Nick Murray, Interactive January 2019. I submit this correction is more about emotion than economic fundamentals.



J.P. Morgan Chase strategist Marko Kolanovic recently said there was a buy signal in the flow of money into and out of stocks. He noticed the "retail investor"—you and I—were selling stocks en masse to end the year, but the major pension funds were buying. *"Retail flows are generally considered to be a contrarian market indicator. More often than not, retail investors tend to buy at times of exuberance and sell at times of panic,"* Kolanovic wrote. Looking at historical data, *"one can see that buying after large mutual fund outflows was historically profitable."* Pension funds are sometimes referred to as "smart money", while us retailers are considered....ahhh....."not so smart" money. No "dumb money" at SKV! (insert advisor jokes here ☺)

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Similarly, Bank of America has a “Bull & Bear Indicator” that gauges when inflows or outflows point to investors moving too far in either direction. *“Investors pulled a whopping \$84 billion from stock-focused funds in the past six weeks, compared with the record inflows of \$24 billion into funds invested in government bonds during the same period...”* Michael Hartnett, BofAML's chief investment strategist, said in a note titled "Time to Buy" two Fridays ago.

FAITH

DISCIPLINE

PATIENCE

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