

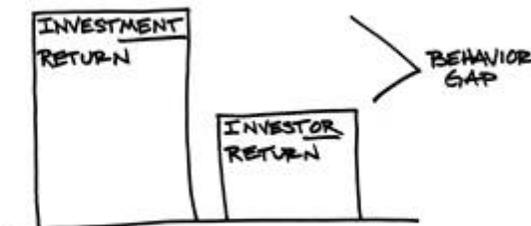


faith . discipline . patience

skv  three things



Exhibit #1-zillion about the folly of “expert forecasts”--last December, 10 Numerous Wall Street strategists predicted what the yield from on US 10-year Treasury bond would be as of 12/31/19.....predictions ranged from a low of 2.75% to a high of 3.6% (source: Barron’s) At the time the US10YR yield was about 2.7-ish%---so various experts predicted rates to hold, or go meaningfully higher this year. *D’oh!* So far, rates have dropped. Dramatically. Current 10yr rate is around 2% as of July 12, 2019. Remember, much of the conversation just last December was about how many times the Fed would raise rates in 2019...today the conversation is about possible Fed rate cuts!? By the way, lowest rate for the US10YR was 1.36% set 3 years ago this month, July 2016. *The bond has been traded since 1790—229 years!* (source: National Bureau of Economic Research). So far, many interest rate oracles are directionally on the....wrong! (Let me show you my shocked face.)



(source: Carl Richards, “Behavior Gap”)



It is not just the “pros” that are poor prognosticators, you and I –“average investors”-- have a cracked crystal ball too. *“In 2018 the average investor underperformed....Judging by the cash flows we saw, investors sensed danger in the markets and decreased their exposure... the problem was compounded by being out of the market during the recovery months... As a result, equity investors trailed the S&P by 504 basis points,”* said Cory Clark, Chief Marketing Officer at DALBAR, Inc. So those that “did nothing” during the big declines of late last year, outperformed those that could not resist “doing something” by around 5%. *D’oh!* The difference between what the market earns, and what investors earn is sometimes referred to as the “behavior gap”. DALBAR studies this each year, and investor return routinely trails investment return... almost every year...usually by a lot. This data is the bedrock of our claim that investor success is determined mostly by behavior, not investment selection and timing.

1405 Rolkin Ct., Suite 202
Charlottesville, VA 22911
toll free 844.391.3610
tel 434.328.8040
fax 434.234.3789
www.skvgrp.net



faith . discipline . patience



“According to my 90-something interviewees, the secret to happy and regret-free life is to savor every second you spend with the people you love. Put another way, when I asked one man if he wishes he had accomplished more, he responded, ‘No, I wish I had loved more.’”
Lydia Sohn, CNBC. What 90-somethings regret most: *“not cultivating close relationships with their children....not taking more risks to be more loving....not being better listeners....not spending enough time with people they loved.”*



“It’s difficult to make predictions, especially about the future.”—Mark Twain

As always, I’m honored and humbled you have given me the opportunity to serve as your financial advisor.—MHK

FAITH

DISCIPLINE

PATIENCE

The opinions expressed in this report are those of the author(s) and are not necessarily those of Wells Fargo Advisors Financial Network or its affiliates. The material has been prepared or is distributed solely for information purposes and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. S&P 500 Index: The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market value weighted index with each stock's weight in the Index proportionate to its market value.

Wells Fargo Advisors Financial Network and SKV Group are not legal or tax advisors.

Michael H. Kaminski, CFP®, CDFIA®

President

SKV Group, LLC

CAR-0719-01629

1405 Rolkin Ct., Suite 202
Charlottesville, VA 22911
toll free 844.391.3610
tel 434.328.8040
fax 434.234.3789
www.skvgrp.net