



faith . discipline . patience

It has become fashionable to call for a market correction as the popular indexes set more and more new all-time highs. For some reason, many spend 95 percent of their time worrying about something that occurs 5 percent of the time. These “predictions” will eventually be right. In the last 60-70 years, we’ve had about 60-70 “corrections”\*, all while the S&P has gone from less than 50 to over 2400. Temporary declines are routine. They are also unpredictable. I’m reminded of one of my favorite Peter Lynch quotes: ***“Far more money has been lost by investors preparing for corrections, or trying to anticipate corrections, than has been lost in the corrections themselves.”***

As you know, I think it is very important to protect the downside with your portfolio by being highly diversified. We believe broad portfolio diversification\* among multiple asset classes in the long run will deliver better volatility-adjusted returns. We feel that goals will not be reached when an investor relies upon superior security selections “skills” and/or market timing strategies

Being highly diversified means your portfolio won’t be a winner every year. The value of broad diversification is manifested over time frames ranging from 10 to 20 year.

If your investment declines:	To get back to break-even, you’ll need a gain of:
10%	11.1%
20	25.0
30	42.9
40	66.7
50	100.0

Not only does being highly diversified make for a smoother ride, but don’t forget recovery from temporary declines is often much quicker with this approach. See the number crunching above.

We believe a multiple asset class portfolio, combined with faith, discipline and patience is the winning formula.

\*Diversification does not guarantee profit or protect against loss in declining markets. CAR# 0817-00895 and 1016-01484

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