



faith . discipline . patience

22 years ago James Glassman and Kevin Hassett presented their book, Dow 36,000, when the index had still not reached 10,000.

At this writing the index is just hundreds away from their target.

In other words they weren't wrong, they were just early.

I don't care so much about picking their analysis apart. Even if they had said 36,000 in twenty years people would've thought they were nuts.

But it makes me wonder if I should write 'Dow 140,000'.

It would seem crazy optimistic, wouldn't it? Or maybe stupid.

But here's the thing, if I suggested the Dow would go from 35K to 140K in 22 years I'd predict about average returns.

That's right. If you have twenty years to live I think you'll probably see the Dow hit six figures. If you have thirty years I think you'll see a quarter million.

It all sounds outlandish because our brains can't grasp compound math.

Let's say the index doubles every decade – that's about right historically.

35K becomes 70K in ten years. And 140K in another ten years. Next doubling takes the index to 280K.

Some people's brains freeze up when they see a lot of numbers and X's and Y's. I think everyone's brain goes boink when they try to grasp compound math.

You can easily do the math for $7+7+7+7+7$. It's 35.

How about $7 \times 7 \times 7 \times 7 \times 7$?

Safe to say it's a lot more than 35. It's 16,807.

So, where am I going with this?

When you invest for the long run I think it's incredibly likely stocks will beat the tar out of bonds and cash, the other traditional ingredients in a diversified portfolio.

Over the next 10 years government bonds will pay interest of 1.3% per year and return the principal at the end.

The Dow Jones should pay slightly more in dividends, 1.5%.

But what if history repeats? You'd double your money even if you spent the dividends.

No contest, stocks it is.

OK, I can hear it already. What about the volatility? And if I'm 70 years old shouldn't I reduce my stock exposure?

I don't necessarily think so.

If you can ride out whatever crashes the market serves us over the next 10, 20, 30 years what lifestyle and legacy difference could stocks bring to you, your loved ones, and the charities you cherish?

Think about it. Please.

Good luck.

Jorgen Vik, CFP®

CERTIFIED FINANCIAL PLANNER™

Partner

SKV Group, LLC

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

Wells Fargo Advisors Financial Network did not assist in the preparation of this report, and its accuracy and completeness are not guaranteed. The opinions expressed in this report are those of the author(s) and are not necessarily those of Wells Fargo Advisor Financial Network or its affiliates. The material has been prepared or is distributed solely for informational purposes and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy.

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.

This information is hypothetical and is provided for informational purposes only. It is not intended to represent any specific return, yield, or investment, nor is it indicative of future results.

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

Investment Products and services are offered through Wells Fargo Advisors Financial Network, LLC (WFAFN). Member SIPC, SKV Group is a separate entity from WFAFN.