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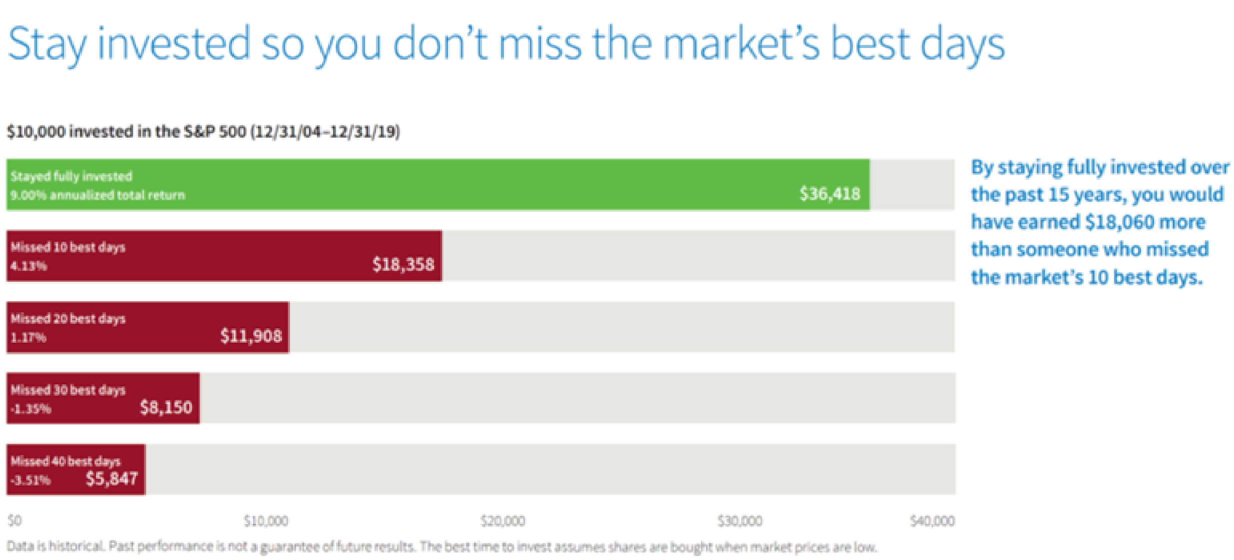
skv three things

1 I love this orange- colored- Oreo™-cream-filling-pumpkin-spicy time of year. Much of what I enjoy in the Fall is watching or attending football games. (What's a Hokie? I am!) One phrase that has emerged from the football culture is "overreaction Monday". This refers to all the castrophizing by "experts" and fans on sports radio and TV show after a team's weekend loss. It seems to me this same behavior occurs in the financial "game" as well. After a particularly bad day in the stock markets—watch out. Like clockwork, the pessimistic pundits crawl out of their bunkers and start selling gloom and doom, and calling for the end of days. Equally routine, <u>some of the very best days in the stock market immediately follow the worst ones</u>. Let that sink in. In data compiled by JP Morgan over the last 20 years, '*Seven of the 10 worst days were followed the NEXT DAY by either top 10 returns over the 20 years OR top 10 returns for their respective years*." Keep this in mind the next time the market takes "an L"---probably best to ignore "overreaction next day". (I made that up! Nice, right?!)



(source: Putman Investments)

2 Us humans generally hate losing way more than winning feels good. This "loss aversion" can lead us to make poor, emotional investing decisions—such as selling after

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a bad day in the market to avoid further declines. Consider the pretty picture above---according to Putnam, 10K invested in the S&P 500 Index 2005 would have grown to over 36K by 2020. (A period that includes a few bear markets, the 2007-2009 "Global Financial Crisis", and the end of the greatest TV sitcom in all the land, The Office.) Note what happens if rather than "setting it, and forgetting it" for 15 years, the investor missed a handful of days. More proof that market timing is often investings version of stepping on a rake—frequently leads to taking a handle right to the face. Ouch!

3 Introducing "the rule of 72". This shortcut estimates how long it will take an investment to double in value. The rule is to divide the number 72 by the rate of return—so an investment compounding at 7% would double in roughly 10 years. (72/7=10) If you sometimes wonder why you put up with the short-term vagaries—the "uncertainty"—of stocks, do a few "rule of 72" calculations. Historical records report the average return of the S&P 500 at around 10%, so this investment would double approximately every 7 years. A US10YR Treasury bond is paying slightly more than 1% interest at this writing….."Recaluculating! Recalculating!"

As always, I'm honored and humbled you have given me the opportunity to serve as your financial advisor. I am lucky to be in the foxhole with the greatest clients in all the land. We hope you view us as your ***friendly, knowledgeable, and reassuring source of financial guidance.***

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