




I am hearing a lot of “certainty” around an impending Recession, and further market declines....reminds me of Mark Twain, ***“It ain’t what you don’t know that gets you into trouble. It’s what you know for sure that just ain’t so.”*** Certainty about financial markets can be costly. I began my career in the midst of the late 1990’s tech bubble, and watched investors abandon diversified portfolios to load up on the latest “dot.com”, certain that “it is different this time.” A decade later, the certainty that “US housing prices never decline” led us into “The Great Recession”. In and around these big ones have been hundreds of other “certainties” that have nudged investors in the wrong direction. Next time you are certain about something, ask yourself three questions: 1. What happens if I am right? 2. What happens if I am wrong? 3. Have I ever been wrong? (me—never! 😊)

S&P 500

Year	2nd Half % Change
1970	26.51
1962	15.25
1940	6.01
1939	15.01
1932	55.53
Average	23.66
Median	15.25
% Positive	100.0%

(source: Dow Jones Market Data)



The stats for the first half of 2022 areugly. Monkfish ugly. Christmas sweater ugly. My SAT scores ugly....you get the idea. “Dow booked its worst first half since 1962....S&P 500 sees biggest first –half drop since 1970...”(MarketWatch) There have been only 5 other times since 1970 in which the S&P 500 started the first six months of the year down -15% or more... However, ***the S&P 500 did rally in the second half of each of those years***, with an average rise of over 23%. The Dow has had 15 instances



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since 1900 when it began the year down 10% or more, and rallied to finish higher by the end of the year two-thirds of the time according to Dow Jones Market Data. Of course, none of this makes what comes the next six months “certain” (see #1 😊), but there is some solace in knowing we’ve been here many times before, *and the world stubbornly refused to end again and again.*



Legendary investor John Templeton died 14 years ago last week. I remember him fondly largely because he authored one of my favorite financial quotes — ***“The only investors who shouldn’t diversify are those who are right 100% all of the time”***. If money quotes had a Mount Rushmore, this would be on it. *“If you have wealth in one company, unexpected troubles may cause serious loss, but if you own the stocks of 12 companies in different industries, the one which turns out badly will probably be offset by some other which turns out better than expected.”* It’s not a coincidence that the *circle-ish-multi-patterned-pie-thingy* we stamp on everything (including as a tat on my lower back 😊)—is our logo. Hopefully you recognize it as intended—a symbol representing **diversification**, the cornerstone of many successful investment plans.

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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