

## “What You Need to Know”

When we have just an hour to enroll employees in company 401(k) plans, we can't cover a lot of territory. In-depth coverage of the investments and market conditions give way to talk of the company match, loan provisions, and how to find the plan website. But, we always make time to cover *a few “truths” about investing and saving* that we believe can lead any investor to success. We'll share them here . . .

- **Get in the Game:** People talk about investing as “a gamble.” If you think of it that way, fine, but remember it's a gamble that has far better odds than any game in Vegas. You have a 48% chance of winning at Blackjack (Wizard of Odds), yet the S&P 500 Index\* had positive returns in 94% of the 10-year rolling periods since 1926 (Morningstar). Those are odds any true gambler would jump at.
- **It's Not Different This Time:** Whenever there's a significant slide in the market, you'll hear, “This is the next big one, we're really in for it!” Remember when stock investing was “dead” after the bear market of 2001-2002? The S&P bottomed near 800 in September 2002, only to almost double to over 1500 by December 2007. After 2008-2009, people thought the economy might completely shut down, and the S&P dipped below 675 . . . and then tripled over the next 6 years to over 2000. Come on, it's not different this time. The stock market grows, then it temporarily declines, and it rebounds. It's done that for 150 years.
- **Invest When You Don't Feel Like It:** Baron Rothschild is credited with saying, “Invest when there's blood in the streets.” We'd say it's a good time to invest when the herd is going the other direction. In early spring of 2009, maybe it didn't seem like the time to deploy cash or continue putting money in your 401(k), but almost everything was on sale. Understand the 150-year resilience of our markets, stay in the game, and buy if you can when things look bleak. History has handsomely rewarded such fortitude.
- **Diversify:** Tired of hearing this? The best economists and money managers will remind you that they don't know what will be up or down next year. What they will tell you is that your best strategy is to own a broad range of asset classes in your portfolio. Because, you just never know . . . 2000-2005 commodities were the hot place to be, and have been a dog of a category since that time; large cap U.S. stocks were lackluster for 10 years, yet have been one of the best categories to own for the last 3; emerging market stocks were #1 in 2007, and were down -53% in 2008 (JP Morgan). No, you can't tell what's going to be the best place to be, so don't try.

- **Control What You Can:** Over time, a diversified portfolio will do its thing, and we think it's the best move for investors: get in the game, own varied asset classes, stay in the game. You can win this way. But you can't control it. What you *can* control is whether or not you play, whether or not you save, and whether or not you watch your spending. Do those things. Portfolio returns will not make up for a person who won't save enough and who spends too much.
- **Plug Your Ears and Close your Eyes:** Some of what passes for investment analysis and advice on TV and in print is a disgrace. And yet the same doom-and-gloom, conspiracy-theorist, economic Armageddon, Chicken Littles are trotted forward every time the market skids a little. And they can scare people into making really bad decisions. Don't listen at all. Check out the following article for background on this point: <http://fundreference.com/articles/2015/1000555/the-clowns-of-wall-street/>
- **Persevere:** Bull markets last almost 3 times as long as bear markets (Standard and Poor's), and any chart of market history shows an inexorable long term advance. All of which is meaningless if you bail out when things get tough. Hang in there.

**The forgoing “truths” are probably not news to you,** they are not profound, nor are they difficult to follow . . . yet too many investors fall short. Their discipline gets shaken, maybe they feel they just *have* to do something, or maybe they think it really is different this time.

***And that's why people hire us.*** Sure, we've been at it for a long time and we've seen almost everything. But most of all, people need us to hold onto the tiller and help them stay on course. Maybe you have friends who are worried and might need a course correction. Give us a call.

*Special Note: Even though these tested strategies have been successful historically, there is never a guarantee that any investment program will be successful in the future.*

\*All indices are unmanaged and investors cannot actually invest directly into an index. Unlike investments, indices do not incur management fees, charges, or expenses. Past performance does not guarantee future results. Standard & Poor's 500 Index (S&P 500): Broad-based measurement of changes in stock market conditions based on a market capitalization-weighted index of 500 widely held stocks.

---

***Craig Pulliam and Michael Comstock are CERTIFIED FINANCIAL PLANNER™ professionals practicing at 112 Westwood Place, Suite 310, Brentwood, TN. They own Premier Asset Management and are registered representatives and investment adviser representatives with/and offer securities and advisory services through Commonwealth Financial Network: A Registered Investment Adviser, Member FINRA, SIPC. Fixed Insurance products and services offered by Premier Asset Management are separate and unrelated to Commonwealth.***

***We can be reached at 615-777-2125.  
Back issues of our Commentary may be found at [www.premiercares.net](http://www.premiercares.net)***