

PERSPECTIVE, PATIENCE & PERSISTENCE



Right on cue, the news headlines are rushing in to paint a potentially dire picture for current financial markets. Thursday this week, the latest fear-inducing news could be found as the top story under the scary headline in a Yahoo Finance article.¹

“The Dow ([^DJI](#)) tumbled 2.38%, or 608.23 points as of 2:47 p.m. ET, shortly after shedding 698.97 points to hit a session low. The index had [plummeted more than 800 points](#) at the end of trading Wednesday. The S&P 500 ([^GSPC](#)) slipped 2.13%, or 58.64 points and is on track to post its sixth straight day of losses. Both the Dow and S&P 500 had posted their worst single-day declines since February on Wednesday. The Nasdaq ([^IXIC](#)) fell 1.56%, or 115.02 points.”

You had to read all the way down to the seventh paragraph to get this refreshingly honest insight.

“Experts struggled to come to a consensus explanation for the equities sell-off Wednesday. However, professional traders pointed to a flurry of somewhat esoteric market factors.”

There you have it. Markets are random and unpredictable, even for “experts.”

If it's feeling a bit like ground hog's day, that's because we were saying almost exactly the same thing just 8 months ago, after February's S&P 500 Index high water mark. Since then, after some downward volatility and we managed to eclipse that level twice in the last couple months.

Of course, that won't stop the financial news from dragging out the “Correction” territory rhetoric soon if they haven't already. That term refers to a 10% decline from a recent market high.

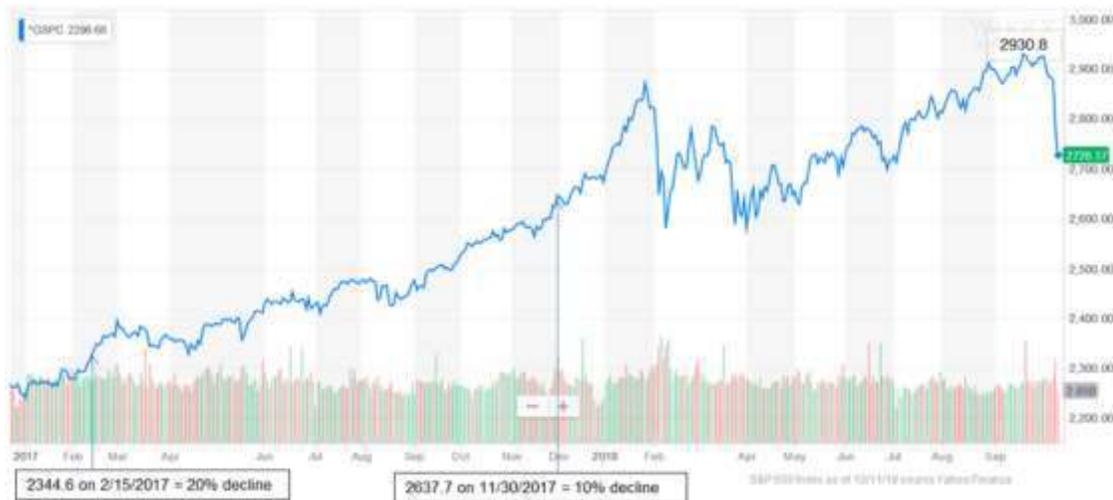
But “Correction” is a term loaded with odd meaning: it suggests prices that existed over the last weeks and months were somehow “incorrect.” We understand that current prices are the best reflection of all available and assumed information. Today's price is no more or less correct than it was 2 weeks, 2 months or even 2 years ago. It's just

today's price.

Perspective

When stock markets enjoy as much success as they have in recent years, it's easy to forget that downward volatility is the risk we're assuming to pursue long term gains. In times like these, it's more important than ever to maintain discipline and perspective by taking a long-term view.

The decline from the most recent peak, as measured by the S&P500 index, has returned market prices to roughly the level we were celebrating as historic, all-time highs in early-January.



You read that last sentence correctly: that's where we were just 10 months ago.²

The chart above gives some historical perspective on where we'd be if we endured a 10% or 20% decline in the S&P 500 from its most recent, all-time high. Those price levels on those dates were being celebrated as "all-time highs" less than 2 short years ago.

Through October 11th, the percentage drop in the Standard & Poor's 500 over the prior seven trading days is similar in scale and speed to drops we endured in February of 2018, January 2016 and August 2015. None of those prior moves left you with irreparable damage to your portfolio unless, out of fear, you made changes to your strategy.

Media coverage frequently emphasizes **point** moves in the Dow Jones industrial average, an index tracks just 30 large, US-based stocks. The Dow fell by 800+ points Wednesday and again over 600 points intraday on Thursday.

Those numbers represent notable percent declines on a daily scale. But remember that scoring in points rather than percentages makes for scarier headlines. It doesn't tell the whole story. As a percentage, there were steeper percentage declines on several

occasions during the global financial crisis and its aftermath, not to mention the 508-point drop in the Dow in 1987 that represented a 22.6 percent market crash.

Patience

Over the course of your investing lifetime you have seen, and likely will see, plenty of periods like this one. In fact we've seen more than a few that were quite a bit worse in the short term. But investing for the long-term with too much focus on the short term is dangerous.

It might not feel like it at the moment but, statistically, the last 24 months have been one of the *least* volatile periods for the stock market in modern times. Humans have a bias toward recency, an inclination to assign things like market movements that have happened more recently with greater weight on our expectations for the future.

Discipline requires patience. And patience recognizes that short term noise is an unavoidable ingredient in a long-term strategy.

Persistence

Volatile market periods like these are great reminders to return to the core principles of discipline. Here are three worth remembering and repeating:

1. **Avoid the Noise:** The Financial Media's job is to entertain you with controversy [fear, greed and speculation] so they can sell advertising. The truth is, nobody knows what will happen next. If they did, they wouldn't be on TV [or writing articles]. But if they can keep your interest with thinly-veiled guessing about what's next, you'll see lots of ads for so-called "superior" mutual fund managers, shiny luxury cars and certain pharmaceutical products.
2. **Panic Pays No Premium:** It's not always easy or fun along the way, but maintaining your long-term investment strategy during times of short-term uncertainty allows the investment program to work for you. We're actually relying on uncertainty and volatility to fuel the engine that beats inflation over meaningful time periods. Don't let emotion take over! It can have you buying and selling at exactly the wrong time.
3. **Marathons Are Not 26.2 x 1-mile Sprints:** Long-term investing historically includes scores, if not hundreds of 1-day events that temporarily jolt markets in different directions. Our strategy does not require us to get a short-term outlook about the market "correct" in order to effectively deliver market returns over time. And the disciplined investor following this strategy is rewarded for maintaining long-term dedication to their strategy despite short-term volatility.

So what should you do? Bolster your resolve to maintain discipline and diversification rather than changing your investment strategy. As always, if you have questions, concerns or just want a brief reassuring conversation about investing for the long haul, be sure to reach out to us.

Have a great weekend!

Golf Tip of the Week



How Do You Get Out of a Steep Bunker?

It's not just your normal course hazard. It's a bunker, with high walls and often filled with sand.

If your ball lands in a bunker, you're faced with a dilemma: How do you get the ball to hop over the bunker barrier to go at least in the general direction of the hole?

1. Calm down. You can do it. This fate has befallen other players as well.
2. Analyze your predicament. Come up with an action plan. You can try to hit the ball high and hard so that it hops gently over the ledge in the direction of the hole. Or you can opt for a lower exit that might produce a cleaner break.
3. Be realistic. If your ball lies against a steep face over which you must knock the ball to get it going in the direction of the hole, then choosing another escape might be the best and more reasonable option.
4. If you do think you can get it to hop over the high wall, go for the long, slow swing. That means your backswing is going to stretch long to create a swing-through. Your clubhead speed will feel slower, which will produce a higher, softer shot, sending the ball hopping merrily upward and over the barrier.
5. Hold the club with the left wrist (for right-handed players) cupped, which means the back of your hand is closer to the top of your forearm than your palm.
6. As you swing (long and slow) release the clubhead as it moves through the sand so that you don't dig deep into the terrain with the club's handle leaning toward the target at the strike.

7. Climb triumphantly out of the bunker. At this point, you may perform a brief celebratory dance of victory.

Tip adapted from GolfDigest!

Recipe of the Week

Salmon BLT



Serves 4

Ingredients:

8 bacon slices
½ cup low-fat Greek yogurt
½ cup fresh dill, roughly chopped
1 scallion, finely chopped
1 pound skinless salmon fillet
Salt
Pepper
1 teaspoon oil
8 thick slices toasted bread
Lettuce
Tomato

Directions:

1. Cook the bacon until it is crisp.

2. Mix together low-fat Greek yogurt, fresh dill, scallion, and $\frac{1}{4}$ teaspoon of both salt and pepper.
3. Slice salmon fillet into 4 thin pieces. Sprinkle with $\frac{1}{4}$ teaspoon of both salt and pepper.
4. Cook the salmon in oil on medium heat until it is opaque, 1-2 minutes per side.
5. Spread the yogurt mix on 4 slices of the toasted bread. Place lettuce, sliced tomato, salmon, and bacon on top. Place 4 more slices of toasted bread on top.

Recipe adapted from Good Housekeepingⁱⁱ

Health Tip of the Week



Get Your Allergy Basics Right Here

Doctors call those annoying irritants—pollens, mold, animal dander, certain foods—“allergens.”

Allergens, which by themselves are usually harmless, cause allergies; more than one in five Americans suffer from them.

Allergies occur when you encounter “triggers,” which may involve inhaling, swallowing, or making skin contact with allergens.

Your body produces IgE, a protein to counteract the allergic reaction. The protein grabs the allergen, which causes your body to release histamine into your blood.

The increased histamine level produces the symptoms, which include:

- Itchy or watery eyes
- Sneezing
- Itchy or runny nose
- Feeling tired or ill

Symptoms of skin allergies include rashes and hives.

Treatment may involve taking antihistamines or decongestants. Nasal sprays also may help.

Doctors may prescribe an inhaler to manage allergy-induced asthma, or they may inject you with special antibodies to reduce symptoms.

Allergy shots help alleviate symptoms that don't respond to conventional treatment. Shots help target hay fever and allergic reactions.

Tips adapted from WebMDⁱⁱⁱ

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1. <http://go.efficientadvisors.com/e/91522/wednesdays-rout-121140191-html/5p1y9z/548410493>
2. Chart data source: Yahoo! Finance Charts

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ⁱ <https://www.golfdigest.com/story/your-new-plan-for-escaping-high-lipped-bunkers>

ⁱⁱ <https://www.goodhousekeeping.com/food-recipes/easy/a22566380/salmon-blt-recipe/>

ⁱⁱⁱ <https://www.webmd.com/allergies/allergy-basics>