

THE HIKE THAT STOLE CHRISTMAS?



It's safe to say the Federal Open Market Committee (FOMC) just made the naughty list; at least for equity investors.

On Wednesday December 19, 2018 the FOMC delivered its 'dovish hike', raising rates but moderating the language of the policy statement and lowering the path of rates implied in the 'dot plot' so that the median dot only looks for two hikes in 2019, and one in 2020. This might have been precisely what the market expected, but it didn't prevent a sharp sell-off in equity markets, a sharp fall in treasury yields, a flattening in the yield curve, and weakness for risk sensitive currencies.

25 Basis Points Of Coal?

However, drawing any direct correlation between the ghosts of rate hikes past and Wednesday's rate hike would disregard the tightening of financial conditions, drop in stocks, rout in oil, and unrelenting trade tensions that have occurred between September and the present.

It's perfectly natural for the Fed to respond to tighter financial conditions, slowing growth, and reduced inflationary pressure with a more accommodative stance of policy.

Bottom line – the Fed just does not appear “worried enough” about market volatility and growth as investors clearly are.

Discipline and patience are the most meaningful elements for prudent investors. Fear and worry aren't a foundation for long term-success.

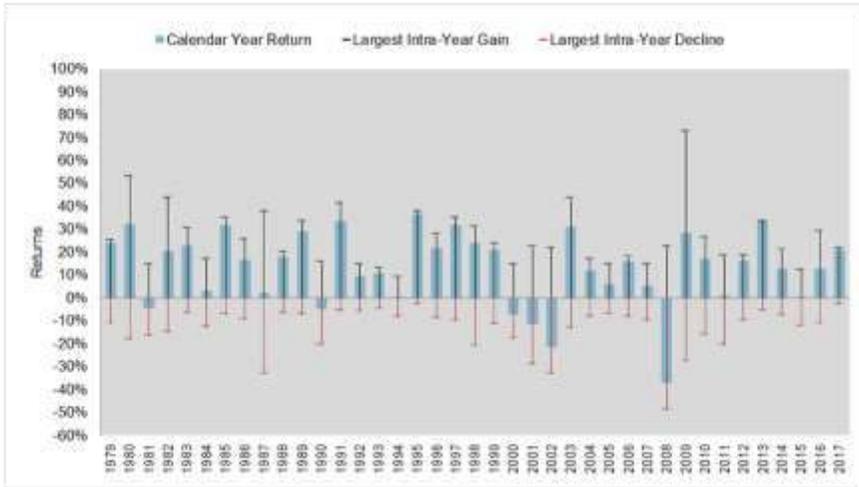
“But this time it's different!”

Every market decline seems to be accompanied by this recurring theme. It's like the movie Groundhog's day where the main character wakes up and keeps repeating the same thing over and over. You could easily find similar scary headlines and stories in February and October of this year. Don't bother looking for them, they won't actually enhance your investment experience or your long-term investment outcomes.

Informed investors who understand the history of volatile markets understand that it's ALWAYS different. The future is unknowable. The fact that we'll have to endure “this time it's

different” scenarios over our investing lifetime is why we have an expectation that disciplined investing rewards the persistent investor.

Volatile Markets Are Precisely Why We Anticipate Long-Term Returns



S&P500 Index of US Large Cap Market Intra-Year Gains and Declines vs Calendar Year Returns 1979–2017

Some historical S&P 500 Index facts that accompany the chart above:²

- Markets tend to go up more than they go down, even measured in calendar years
- Average intra-year pull back for S&P 500 since 1980 is 13.8%
- Index averaged three to four 5-10% drops and one 10-20% drop **each year**
- 2017 was the only year that the S&P 500 didn't have a single negative calendar month
- The annualized rate of return (with dividends reinvested) for the entire period: 11.89%³

Persistence

Volatile market periods like these are great reminders to return to the core principles of disciplined investing. 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. The Efficient Advisor 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. If you have questions, concerns or just want a brief reassuring conversation about investing for the long haul, be sure to reach out to your trusted advisor.

Have a great weekend and Merry Christmas!

Source: Efficient Advisors

Golf Tip of the Week



No More Chunking the Chips!

The popular advice: Keep your head down when you hit chips and short pitches.

You follow the advice, but you still don't get it right.

So, what are you doing wrong?

It's not you. It's the advice. You concentrate on keeping your head down, which causes tension in your hands and arms. That restricts your swing and prevents you from swinging through the ball. It also throws off your balance and the shifting to the left foot (or right foot for left-handed players).

Try this to help reduce the tension: Track the ball with your eyes. This maneuver will help you rotate your head toward the target during the swing. It also helps your body rotate properly and naturally, which leads to more solid contact.

The change in focus helps direct the club on a more shallow path toward the ball, creating a cleaner strike.

Tip adapted from GolfDigestⁱ

Recipe of the Week

Almost Mongolian Beef Satay Skewers



Serves 12

Ingredients:

Satay

½ pound beef flank steak
2 teaspoon cornstarch
3 tablespoons lower-sodium soy sauce
1 tablespoon dark brown sugar
3 cloves garlic, minced
1 teaspoon toasted sesame oil
1 lime, cut into small wedges

Satay Sauce

¼ cup ketchup
1 tablespoon honey
1 teaspoon Sriracha hot sauce
Kosher salt
Freshly cracked black pepper

Directions:

1. For the satay, put the steak on a cutting board. Using a chef's knife at a 45-degree angle to the board, slice the steak against the grain to make twelve ¼-inch-thick and 1¼-inch-wide strips.
2. Mix cornstarch with 1 tablespoon soy sauce in a medium bowl until dissolved.
3. Mix in brown sugar, garlic, sesame oil, and the rest of the soy sauce.
4. Put the beef slices in the bowl and turn to coat.
5. Cover the mix and refrigerate for 20 minutes or overnight.

6. For the satay sauce, use a whisk to mix ketchup, honey, Sriracha, ½ teaspoon salt, and pepper to taste.
7. Lay foil smoothly on a baking sheet. Take out the steak, and blot it dry with paper towels. Throw away the marinade. Insert skewers into each piece of meat. Place the meat on the baking sheet.
8. Place oven rack 3 inches from the heat source.
9. Brush the meat with satay sauce and broil 3-4 minutes. Rotate skewers and broil 2-4 minutes to brown the other sides.
10. Serve the meat with lime wedges.

Recipe adapted from Good Housekeepingⁱⁱ

Health Tip of the Week



Keeping You and Your Pet Healthy

Maybe chasing your new puppy around the house or yard will make your heart and walking your dog is definitely good exercise.

Your adorable cat may help soothe that savage beast within—after a tough day at the office or tending to stressful daily activities.

While pet ownership may provide health benefits, you should take a few precautions to prevent either of you from getting sick.

Pet kisses? Yikes! Bad news. Pets' mouths teem with bacteria and parasites. Salmonella and Campylobacter can even be found on some dogs' tongues.

Can you make your pet sick? And can your pet return the favor? Yes, and yes. In fact, pets have contracted H1N1 flu from ill owners. Vets recommend frequent hand washing and separate beds when you're sick. E. coli bacteria and MRSA (a "superbug") can be passed from pets to people.

Tips adapted from WebMDⁱⁱⁱ

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ⁱ <https://www.golfdigest.com/story/never-chunk-a-chip-again>

ⁱⁱ <https://www.goodhousekeeping.com/food-recipes/a40363/almost-mongolian-beef-satay-skewers-recipe/>

ⁱⁱⁱ <https://pets.webmd.com/ss/slideshow-surprising-things-about-dogs-and-cats>