

Dear Valued Investor,

Fall has arrived and with it comes the slow turn from long and hot days to the cooler and shorter days as we approach Q4 and the remainder of the 2019 calendar year. Historically, October has been a month of higher than average market volatility. We witness this year after year as money managers re-balance portfolios, as markets weigh economic data from Q3 and as and investors determine the best investment allocations as they head into the final months before the turn of the New Year.

Investing, in some ways, is much like the weather. It is sometimes easy, sunny and bright. At other times, it appears gloomy and is clouded with uncertainty. They are both also difficult to predict, especially in forecasting conditions in the distant future. Fortunately, there are reasonably predictable “cycles/seasons” that comfort us in knowing what is *likely* to come. It is the *uncertainty* that tends to cause unrest. In today’s markets, with bombings of Saudi oil refineries, trade talks with China, economic sanctions on Iran, **negative** interest rates and the possible proceedings of a Presidential Impeachment…. uncertainty is something we have an abundance of.

The **long term** investment discipline is much like sailing. In a sense, we are all on our own vessels traversing the “sea of the unknown.” Sometimes, conditions give us an easy ride as a warm ocean breeze gently carries us toward our destination, like the run from November 2016 following the Presidential election to the beginning of 2018. It was an unusually long period of time to see undisturbed growth of the markets and of low volatility. During these periods, the ride is joyful as we forge ahead into the future. At other times, seemingly out of nowhere, storms develop and cause for a much bumpier ride, like the period from October of 2007 into March of 2009 where we experienced an almost 50% correction in the S&P 500. Tropical storms, temporarily, can become powerful hurricanes which, in the short term, can go in any direction at any time. During these times, it’s often difficult to know how to **best** “right the ship”. Fortunately, these periods of uncertainty generally pass in relatively short order and are only transitory disruptions. Managing the sails correctly, especially during bumpy times, requires years of experience, expertise and the watchful eye of a qualified Certified Financial Planner Professional--an experienced captain is *essential*. And over the last 24 years, I am happy to say our clients have always “made it safely to shore.”

Communication is vital to effectively manage the course and having trained professional(s) becomes **most** important during the difficult periods in the journey. The investment world is very similar in this regard. Once investors place monies into longer term vehicles, the adventure begins. We are bound to encounter periods of smooth sailing and periods of heightened market action of uncertainty. Staying alert for opportunities requires concentration and becomes particularly important in difficult waters. A good captain won’t panic in times of turbulence, just as investors need to develop the poise, patience and perseverance required to successfully navigate during times of volatility.

Over the course of my career, I can say that I have helped investors during both the *best* and the *worst* of economic conditions. Today, we have some *very encouraging* signals. Economic growth in the U.S. is healthy and the Federal Reserve has begun lowering interest rates. During the September meeting, the Fed has flat out stated that they will be employing their policy tools to “sustain the current market expansion”.

 To me, this is a strong indication that the capital markets are healthy and will have a continued bias to the upside in the coming quarters. In addition to being the “longest bull-market in history”, this market has other unique aspects as well. There are over ***$17 Trillion*** worth of sovereign debt obligations around the world that carry ***NEGATIVE*** interest rates! This policy tool, while available to the Fed, is not one that is likely to be used by the U.S. central bank. While it is possible, there is currently no indication that would lead us to believe that the U.S. will experience negative rates in the near or distant future. Investors who traditionally carry certificates of deposit (CD’s) will likely be seeking other investment strategies for better returns and this too, should be encouraging to investors who are in the market. The long term outlook, especially for the U.S. economy, remains constructive and research continues to point toward continued growth domestically, but like any sea-faring sojourner, we must always stay on guard for the *unknown*.

Headlines will continue to be a factor, especially as 2020 approaches. With a Presidential Election getting closer, we should all expect to see politics take center stage. This means heightened volatility. Media impressions about Brexit, global economic softening, or the latest tweet from President Trump will continue to cause swings in valuations. It should be noted that these are temporary, and any storms that arrive will soon pass. Even last year at this time, from September of 2018 to December 24, 2018, the S&P 500 corrected by almost 20%! That was a very sizable move in a very short period of time. Investors who showed patience and poise have recovered nicely in the following months. Naturally, temporary declines in asset valuations cause for investors to become uncomfortable. It is during these times that having an experienced captain who KNOWS where you want to go becomes tantamount. Long term outlooks and time horizons become the hallmarks of successful investing.

The Chinese have a saying: “May you live in interesting times”. In today’s world of tweets and posts, I would suggest that we are all living in some of the MOST interesting of times! Much is changing by the day but the fundamental “rules of the road” for investing remain constant. Patience, poise and a careful analysis of the direction you are traveling will help to navigate any temporary disruptions or periods of doubt. I encourage you to stay engaged with your financial advisor and please do call our office to schedule your Q4 review. Update your plan with important changes and have regular reviews to be sure your portfolio is on track for your long term investment goals for you and your family.

We appreciate your continued trust and confidence here at Brittingham Financial Group. We are also hosting an event this month with an invitation enclosed. Please consider joining us and bringing a friend or relative to join you. We have always found our best introductions to come from our existing clients. Looking forward to seeing you in the 4th quarter…our team stands ready to serve your ongoing financial and income needs.

Respectfully yours,



Joe Brittingham, CFP®

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