

## “All We Have To Fear Is Fear Itself ”

By Tommy Williams, CFP®

Remember the Brexit? It's been a whole six weeks since the vote, so you may have to scrape the cobwebs in your memory to recollect the event... Well, the post-Brexit market rally has actually soothed investors. The CBOE Volatility Index (VIX), also known as the fear gauge, fell significantly during the past few weeks, according to *CNBC.com*. The lower the Index is; the calmer investors are about the future. In late June, the VIX rose as high as 25.76. One month later, it hovered around 12.



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In late July, *Barron's* reported the advisory sentiment readings from *Investors Intelligence* showed

bullishness (investor optimism) at 54.4 percent. That's the highest reading since April 2015 (just before the S&P 500 hit its previous record). The relative serenity of investors has been good for markets. By mid-late June, the Dow and the S&P 500 were at record highs.

Now that the post-Brexit dust has settled, perhaps it's a good time to take a look at the big picture. So, in the grand scheme of things, what was the 'Brexit', really? Well, with College Football season just around the corner, I'll put it in football terms: it was an Upset.

The votes were counted, the (shocking) winner was announced, and the world braced for chaos. Now, here we are six weeks later and we've nearly forgotten. Perhaps this is a good reminder that

oftentimes these controversial, highly-anticipated global issues are, in fact, not the apocalypse. Remember Y2K? For those of you who have repressed the memory, *Time Magazine* published a great reminder,

*“'[Police] throughout the world secured emergency bunkers for themselves, the TIME magazine...staff set up a generator-powered 'war room'...ready to produce the magazine in case of a catastrophic breakdown of electricity and communications,' explained then-assistant managing editor Howard Chua-Eoan. Of course, it wasn't long before it became clear that all the fears associated with the turn of the millennium were for naught. [In fact], the day's most historic moment...was actually the resignation of Russian President*

*Boris Yeltsin.  
[Reporting] on the  
folks who had holed  
up in bunkers in  
preparation for the  
new year, Joel Stein  
found that at least  
one family was left  
with 12 cans of Spam  
they swore to eat,  
'disaster or not.'  
Though most  
prognosticators  
cautioned that the  
necessary programs  
would get fixed in  
time, the fear of a  
fallout was still scary  
enough for TIME to  
put the hysteria on its  
cover in January of  
1999 under the  
headline The End of  
the World!?!  
[However], to be  
fair, the story's  
conclusion was that  
such an end was  
unlikely to come. In  
fact, that cover story  
introduced the very  
family that, a few  
months later, would  
be stuck holding the  
Spam."*

In hindsight – which, of course, is 20/20 – perhaps the world overreacted to the impending Y2K, “end of the world”. Perhaps the world overreacted to the Brexit, as well. In fact, similar to Boris

Yeltsin’s resignation, Prime Minister David Cameron’s resignation was the Brexit voting day’s most historic moment. Regardless, it’s a great reminder to remain calm and collected in the face of what may seem like the “end of the world”. More often than not, the fear and anticipation will far outweigh the actual impacts.

Sometimes I think a reflection on the famous Franklin D. Roosevelt quote in 1933, “*The only thing we have to fear is fear itself*” is as appropriate today as it was in his first inaugural address. The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no

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