

Med-Wealth

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'BEAR MARKET' ANXIETY

Is Your Money Safe?

Donald Trump has added new meaning to the term 'headline risk'. 'Headline Risk' is the term used to describe the impact on stock prices from media news. With President Trump driving the International Trade negotiation train, and U.S. Mid-term elections upon us, market volatility has jumped dramatically. As of writing (October 30th, 2018) the U.S. market as measured by the S&P500 Index has given

back all, of the nearly 10% gains it had as of the end of September 2018 (source: stockcharts.com). The Canadian stock market (TSX Composite index) has fared even worse with a year-to-date loss of over 8%. Most investors have learned to sit through volatility and wait for the rebound, but if you are approaching retirement or are already IN retirement, this can create immense uncertainty and anxiety, not to mention directly impact your standard of living.

Downside Protection

A portfolio that experiences a 50% decline requires a 100% gain to recover. It took 5 years and 5 months for the S&P500 index to regain its high from October 2007.

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WHEN IS THE BEST TIME TO INVEST?

A common question that I have heard over my 32 years of providing investment and retirement counselling is – 'is now a good time to invest?'

According to Tom Bowley of stockcharts.com, this time occurs annually for the 10-day stretch from October 28th to November 6th each year. During this period the annualized return has been greater than 25% for 8 of those 10-days, with 6 of those days returning over 45%.

The best return seen was a gain of over 195% and the worst, a loss of 81%.

Given the recent market correction that is so typical of this time of year, it is no wonder that this turmoil often offers up the opportunity to buy in. ■

"Stop trying to predict the direction of the stock market, the economy, or elections." – Warren Buffett

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During that period those with full exposure to the stock market would have experienced a '0' (zero) return. Can you afford to waste another 5-6 years of your life waiting to recover from the next stock market crash?

BONDS ARE NOT ENOUGH

Most investors own a portfolio that blends stocks with bonds, so that the bond component can provide both some risk mitigation and income. The

problem is that today, market interest rates are rising so bonds will provide little in the form of income and will face their own headwinds in terms of capital risk. Owning an investment portfolio without an embedded risk-mitigation strategy is like driving without insurance. One accident can change your life.

GET AN AIR-BAG FOR YOUR PORTFOLIO

Our portfolios incorporate a unique downside protection process that automates the

de-risking requirement during major stock market declines. To our knowledge, no other firm in Canada offers such a mechanism. I encourage you to contact my office for a portfolio evaluation and to learn more about the service that can make the difference between a retirement filled with anxiety and one filled with comfort. ■

Source: <https://www.reuters.com/article/us-usa-stocks-sp-timeline-idUSBRE9450WL20130506>



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