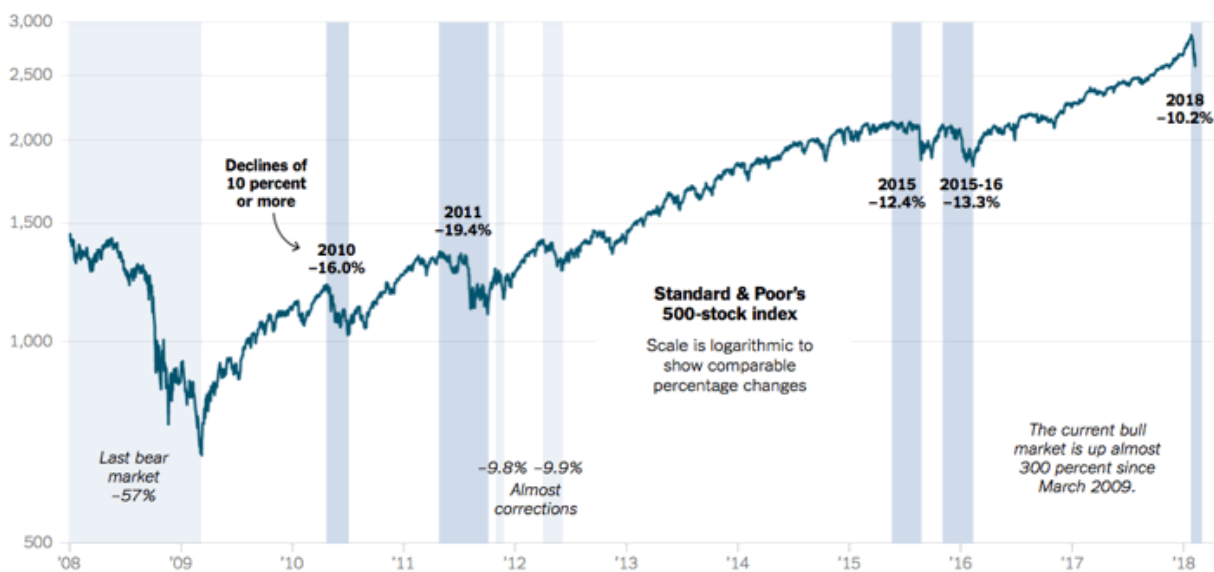


## 2018 YEAR END NEWSLETTER

As we write this on December 24, ready to ring in a new year, our government has shut down, the S&P 500 has just entered bear market territory and we are on track for the worst December for the markets since 1931. Rising interest rates, inflation worries and trade concerns are also causing headwinds.

Especially during the choppy times, it is important to remind ourselves that markets are often volatile and pullbacks are a normal part of the cycle. On average, the U.S. stock market declines at least 10% once a year (referred to as a “market correction”) and 20% (referred to as a “bear market”) every 3.75 years. As the chart below indicates, in the last 9.5 years we have experienced only six corrections (including the current one) and *before today*, no bear markets. As they say, all good things must come to an end. Now that the volatility has returned, like winter in New England, it will take some time to acclimate.



Including the current one, there have been five corrections of the Standard & Poor's 500 during the bull market that began almost nine years ago.

Sources: Thomson Reuters; Yardeni Research | By Karl Russell

In a nutshell, the media is full of discouraging news and the reality is that every downturn in history includes a mix of concerns. The duration of the downturns vary, however the one common thread between them all is they have been followed by a recovery.

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As we have reinforced in past newsletters and meetings, periods of market volatility are when diversification, rebalancing and staying the course reward the disciplined investor. Please be in touch if you have any concerns or would like to discuss your portfolio. Cheryl and Renae will be available through year-end and Vikki will return to the office on Jan. 2.

Wishing you all a wonderful holiday season!

Warm regards,

Renae, Vikki & Cheryl

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