TrueWealth Advisors, LLC
Advice with a Higher Purpose

MONTHLY UPDATE: NOVEMBER 2018

Dear Clients:

According to Bill Gates, ***"Success is a lousy teacher. It seduces smart people into thinking they can't lose."***

The Month of October in Brief

In last month's commentary we wrote about the lack of volatility we have seen so far this year. This past month we saw volatility come back into the market. While the level of volatility was a little surprising, the volatility itself was not. Historically October is usually one of the most volatile months out of the year. This was not talked about a whole lot this past month by the media. You take that, rising interest rates, a mid term election right around the corner, talks of trade wars with China, and a constant bombardment from various media outlets trying to get attention with anything they put out. That was enough to get investor emotions stirred up and led to what we believe was some very short term selling in stocks globally. This always presents new challenges as well as opportunities.

Major Index Data

During the month of October, it was a volatile one overall for both stocks representing the S&P 500 (SPY) and for stocks making up the Dow (DIA). Bonds making up the U.S aggregate index (AGG) were less volatile compared to the previous month, however the index still finished lower than the previous month. The "SPY" and the "DIA" are both up year to date while the "AGG" is down year to date.

Index	Year 2018
AGG (Bonds)	- 4.26 %
DIA (Stocks)	1.61 %
SPY (Stocks)	1.57 %

(Source: Bloomberg) [1]

November Outlook

Fundamentals remain strong for most of the companies we look at it, as well as earnings. Stock prices are lower for most companies than the previous month, however we still don't see a lot of opportunities in bonds and view this as a good time to purchase select equities with available cash. A question we get frequently when we see volatility like we saw last month, is "At what point do you start reducing equity exposure?" Our stance on this, is that we do not reduce positions in equities unless we see a warning from the recession or financial stress indicators, we look at frequently. We currently do not see anything that we believe has merit for concern. We do see the upcoming election, rising interest rates and trade war talk as short term road blocks to be aware of, and it would not surprise us to retest some of the lows we have seen this year. This is part of investing and there is really no way to consistently make changes to avoid it. This is an area where we like to remind investors when we have the chance because hitting long term goals and objectives will be frustrating if this concept is not reinforced on occasion. Large corporations that have computer programs that control the market short term will always be able to take advantage of the retail investors if you let them. We recommend that you let us know if your goals and objectives have changed, so that we can reassess your specific situation.

We think risk, as usual, will continue to exist in the market this year and volatility is likely to increase. We will continue to monitor this. It is our philosophy not to chase performance which tends to increase risk. We choose to focus on proper asset allocation per any given level of risk tolerance. We recommend strategies such as using fixed and indexed annuities, and short-term bonds as ways to reduce risk and portfolio volatility for more conservative investors. We appreciate the opportunity to serve you. Our goal is building your wealth and controlling your risk!

Thanks,

Jason Sims Paul Marks CFP®, CRPS® Van Sievers CFP®, CPA

Citations: 1 - Source: Bloomberg