

October 2014 *MoneyMinute* – Did Anything Actually Happen?

Consider this commentary on [Bloomberg TV](#), reporting on today's highly volatile market activity:

Oct. 15 (Bloomberg) – “The S&P 500 slid as much as 2.2 percent in early trading, erasing gains for the year, but trimmed declines enough to return the index to positive territory on the year to date” at market close.

What's the take-home message?

If you're scratching your head and wondering whether there *is* a take-home message, you're on the right track. Interpreting the news literally: The market went down quite a bit. Then it recovered to a point. It reminds us of one of those spoof plaques that read: “On this site in 1897, nothing happened.” (You can actually [order one of these on Amazon](#), if you're so inclined.)

Listening to the rest of Bloomberg's report (or any number of similar reports out there), you'll hear a bounty of seemingly reasoned explanations: The U.S. is experiencing “disappointing retail sales,” “not enough inflation,” and “a second case of Ebola.” Europe is “potentially headed for a recession.” You'll also hear analyses of oil prices and rates of change and macro backdrops.

It all sounds informed and important to your investing. But if you're wise to the tricks of the financial media trade, you'll detect the sleight of hand it takes to convince you that focusing on these particular events could have helped predict what happened in the market or will help determine what is going to happen there next.

We know, stock market declines are painful when they impact the near-term value of your investment portfolio. We know it hurts. But rather than reacting to bad market news, we prefer to harness it to the higher purpose of achieving your personal financial goals. Remember, market volatility, in all its nerve-wracking forms, is one of the key factors that drive the long-term expected returns you're seeking to capture by investing. With high volatility comes higher expected future returns. With low volatility, you get to go about your day more calmly, but you must also accept diminished expectations about your future net worth.

Back to that take-home. We cannot manage global events, but we can manage your personal portfolio.

- We can help you consider – or reconsider – how much market risk to build into your investments in pursuit of your desired goals.
- We can employ sensible, evidence-based strategies such as asset allocation and global diversification to help manage the market risks that you do take on.
- We can help you minimize return-dragging costs and mistakes.

In short, if current news is getting you down, let us know. We'll be happy to talk over the particulars with you and answer any questions you may have. If the current volatility ends up

being more than you're prepared to manage, we'll work with you on a sensible way to adjust your holdings accordingly.

In addition, whenever you're planning to tune into the breaking news, think of that "nothing happened" plaque. At least with respect to your investing, it's a good motto to recall.

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