

Quarterly Review

January 2018

by Jack P. Cannata, CFP®, CPA

As many of you already know, I truly enjoy fishing. My past time most often takes me to trout streams located in the Upper Midwest and Mountain West with my usual target being trout and salmon. More recently I have had the opportunity to fish brackish waters (where fresh and salt water meet) along the Gulf of Mexico for snook and redfish as the primary quarry. As I write this letter, I am planning to accompany three good friends, all of whom I've fished with many times in the past, for a mid-January reprieve to Theriot, Louisiana in search of big redfish. As always, I will throw flies. On any fishing trip weather plays an important role as the fish react to weather changes and "catch rates" can be impacted both positively and negatively. For me, the guide worries about the "catch rates", but I am left with determining what to pack. This trip is harder than most since the weather app on my phone predicts day time highs of up to 70 degrees and night time lows below freezing with rain likely on several days. Since we will be out at sun up and fishing to sun down, we will be experiencing both temperature extremes. Additionally, since fishing trips are generally short jaunts and we are only on the water 2 days, I need to carry-on all of my gear. Should the airline lose my luggage, I likely wouldn't have it until returning home and that would spoil the trip. So I need to pack heavy enough to stay comfortable with a 40 degree fluctuation in temps and possible rain, while packing light enough to carry-on. Fortunately, I have done this enough so with a little planning, I should be comfortable regardless of the weather.

Investors are seeing the markets in a similar manner as the last several years have been in the extremes. We are likely into the late innings (some would say extra inning) of one of the longest running post-war bull markets. The question on everyone's mind is seemingly, "What should I do to insulate my portfolio from an impending market bust?" Unfortunately, just like the weather, no one truly has the ability to predict the market's path going forward and it is said more money has been lost in timing the avoidance of a bear market than is actually lost in bear markets. Like all market sayings, this may have a kernel of truth. So, what should you do? Our best advice is to follow your plan and, unless you have had a change in your objectives, continue to invest in accordance with your Investment Policy Statement (IPS). Over the next several weeks, we will be reviewing accounts as usual and rebalancing portfolios that are "out of balance" with their respective IPS. We would also encourage you to call us if you are having any concerns.

As always we thank you for your business and for your continued trust.

Sincerely,

Jack P. Cannata