***January 2018***

***YEAR END REVIEW:***

*What a year, it has been 12 great months for the US and Global equity markets!  How did your portfolio perform?*

***The total return for a well diversified portfolio in 2017 was 17.16%!****Please let me clarify what I mean by diversified.****I am not talking about 6 different technology stocks!****The portfolio that returned over 17% is a portfolio of****50% US Equities, 20% International Equities, and 30% US Bonds.****Each sector contains****thousands of separate holdings****for true diversification. The Total US Stock Market returned****21.17%****, the Total International Stock Market returned****27.55%****, and the Total US Bond Market returned****3.56%****.*

*For the technology junkies out there, you might be saying that if you invested in****FANG****(Facebook, Amazon, Netflix, and Google/Alphabet) you would have crushed the blended return of 17.16%. But remember, the****Nasdaq Technology Index topped out at over 5,000 on March 10th of 2000****, then****over the next 9 years lost roughly 75% of its value****when the index bottomed out on March 6, 2009 at 1,294. The Nasdaq Index didn't recover to its 5,000 high water mark until May of 2015, over 15 years later!*

*A diversified portfolio that includes international stocks and an allocation to bonds is a****tried and true****method of investing. A****strategic asset allocation****strategy calls for setting target allocations. These target allocations are periodically rebalanced to their original targets as investment returns skew the original allocations.*

*The****S&P 500 stock index****, is a****market capitalization weighted index.****The stocks with the highest valuations make up a larger percentage of the index. The top 3 holdings in the blended portfolio made up of passive index tracking investments mentioned earlier are Apple, Microsoft, and Amazon, all technology stocks.   A well diversified portfolio will have exposure to all market sectors, but with less risk of being overly concentrated in a few companies.*

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