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Second Quarter 2019 Review

For the first half of 2019, U.S. stocks appreciated 18.5%, world stocks 16.2%, and U.S. bonds 6.1%*.

The U.S. economy continues to defy traditional rules. Last week's sizzling employment report suggests that we are still adding jobs without inflation, and interest rates are *falling* rather than *rising* despite enthusiastic government borrowing. Do the old rules no longer apply, or will they suddenly kick in and catch us by surprise? As we mentioned last quarter, trends often persist for much longer than expected, and investors attempt to time markets at their peril. There have been credible warnings to avoid the markets for the past ten years. Almost without exception, we would have missed out on rich gains if we had heeded the admonitions. Liquidating one's investments creates an even more impossible quandary: when to get back in. Most investors lose money because they wait to buy back the same assets at a higher price.

The best way to protect and grow your wealth is to make continuous and moderate adjustments rather than drastic portfolio changes based on hourly news notifications. We will continue to follow our disciplined approach: stay invested, minimize costs and taxes, be vigilant in identifying and avoiding unnecessary risks like over-concentrations in highly appreciated asset classes, and be aware of when clients will need to spend their assets. So far this year we have captured 85% to 90% of the benchmark returns in most portfolios. We believe this is the right trade-off to reduce expected risk.

We will get you to your goals with assets intact. Please contact us with any questions. Our money continues to be invested alongside yours.

*As represented by the S&P 500 US Large Company Index, the MSCI All Country World Index, and the Bloomberg Barclays Aggregate Bond Index.