Nicole Ferrell

From: Parkhurst Financial Services, Inc. <info@parkhurstfinancial.com>
Sent: Friday, January 4, 2019 4:13 PM
To: nicole@parkhurstfinancial.com
Subject: [Test] Year End Newsletter

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Market Update and 2018 Wrap Up:

2018 ended with a fourth quarter filled with extreme stock market volatility due to concerns about trade issues, rising interest rates and the U.S. government partial shutdown. U.S. Stocks closed out 2018 with their worst year since the financial crisis in 2008. For the year, the Dow Jones was down 5.6% and the S&P 500 was off 6.2%. Stock markets around the world fared worse, with the Stoxx Europe 600 down 13% and the Shanghai Composite down 25% in 2018. The volatility spared few asset classes, with oil prices as an example ending the year down 25%. (1)

Unfortunately, 2018 was a very unusual year in that diversification into multiple asset classes didn't help overall portfolio performance.

Please spend time reviewing the attached article HERE from the Wall Street Journal in late November.

This illustrates how 90% of the 70 asset classes tracked by Deutsche Bank are posting negative total returns in 2018, the highest percentage since 1920! In 2017, only 1% of asset classes delivered negative returns. Even with this, we still believe that diversifying among various asset classes is a successful long-term investment strategy. (2)

Market Timing:

As market volatility increases, so do questions about trying to time the stock market. The idea of moving to cash to stop short term losses with the plan being to reenter the market at its bottom and ride the gains back up is not a strategy our firm supports. The ability to guess at a market high and then guess the subsequent low requires being correct at two different points in time, an almost certain impossibility. We would strongly encourage you to not let the media, coworkers, friends, neighbors, etc. who inform you they can predict when to get out and then subsequently get back into the market override your long-term investment goals and objectives.

Please spend time reviewing the attached exhibit HERE put out by First Trust entitled "Staying the Course" that further illustrates these points. (3)

Summary:

Our firm has been around successfully for over 40 years. One of the reasons is we have been long term investors, not short-term traders. One of the hardest jobs you entrust us with during volatile, down markets is managing expectations. When the market corrects, the investors' behavior many times is to let emotions take over and blame their financial advisor or the companies they represent, putting the relationship in danger. Emotions turn to fear and judgement can be impaired.

Focusing on long term goals and objectives during times like these are

critical to your financial success. In closing, we want to again express our appreciation for the trust you have placed in us. We wish you and your families a Happy and Healthy New Year!

Best Regards,
The Parkhurst Team

1. Kantchev, George and Otani, Akane "U.S. Indexes Close with Worst Yearly Losses Since 2008" Wall Street Journal, January 1st, 2019
2. Otani, Akane and Wursthorn, Michael "No Refuge for Investors as 2018 Rout Sends Stocks, Bonds, Oil Lower" Wall Street Journal, November 25th, 2018
3. First Trust Exhibit "Staying the Course"

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