THE INVESTMENT PERSPECTIVE

Michael Redlick | Andrew Redlick | Quarterly Newsletter

November, 2019: In This Addition

- Do You Fear the Market?

S&P 500 Returns:

Time Frame	Total Return	Annual Return
3 Year	37%	13%
5 Year	70%	11%
10 Year	240%	13%
20 Year	234%	6%

All return figures as of 10/29/19, dividend reinvestment is included.

Do You Fear the Market?

If you have taken a look at the news headlines this past year you will have noticed generally negative or fear inducing assertions about the stock market and the economy. This pattern has occurred many times throughout history.

When looking back to 2015-2016, the market went through a period of 2 corrections and presidential elections, many of the headlines then were similar to this year. I have taken a small example of fear-inducing news headlines from that period and compared them to the market returns (S&P 500) since then.

Examples of news headlines since 2015:

1. "Opinion: Stocks are more overvalued now than at 2000 and 2007 peaks": By Mark Hulbert, Market Watch, Dec 11, 2015
S&P 500 return since = + 56%

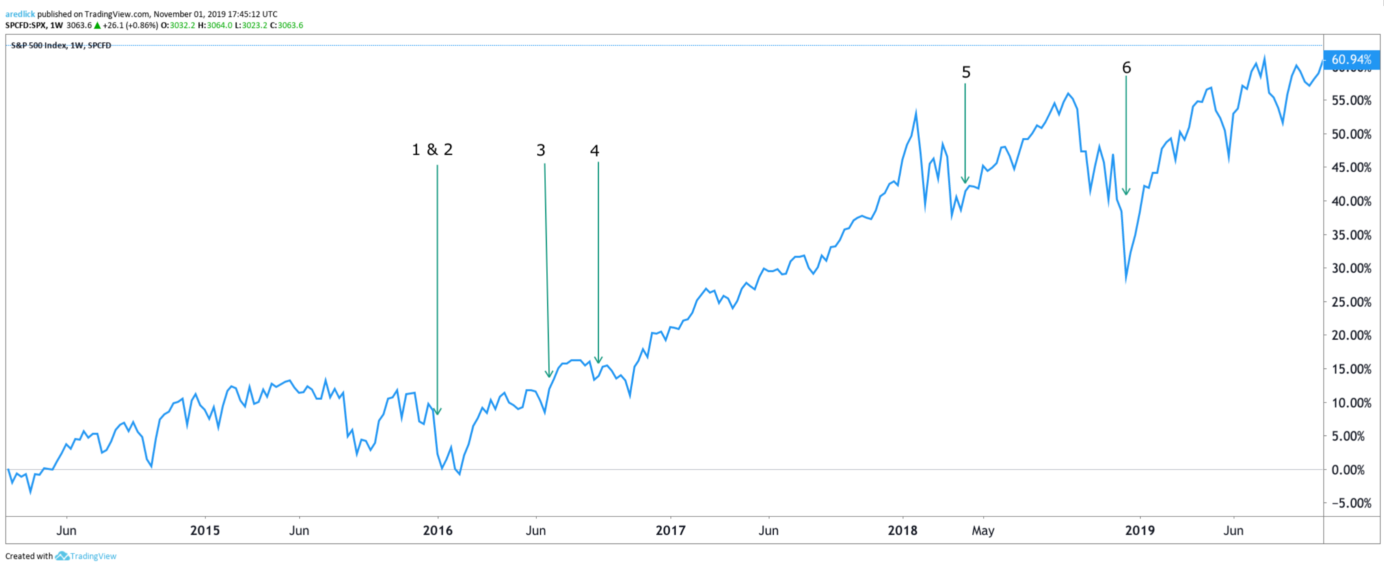
2. "Why the Dow Jones Industrial Average Could Begin a 70% Decline in the Next Few Weeks. The U.S. stock market is headed for a huge crash if this ominous technical pattern comes to fruition": By Ken Goldberg Business Insider Dec 13, 2015.
S&P 500 return since article = + 56%

3. "3 Reasons a July 2016 Stock Market Crash Could Be Headed Straight for Us. " By Jack Delaney, Money Morning, June 29, 2016.
S&P 500 return since article = + 54%

4). "Economist Harry Dent predicts 'once in a lifetime' market crash, says Dow could plunge 17,000 points" Stephanie Land, CNBC. DEC 10, 2016.
S&P 500 return since article = + 45%

5. 'We're Right on the Brink' of a 50% Stock Market Crash, Expert Says" - The Street, Scott Gramm April 2, 2018. **S&P 500 return since article = + 21%**

6. "Nearly half of US CFOs fear a 2019 recession" - Matt Egan, CNN Business December 12, 2018 **S&P 500 return since article = + 17%**



Just like in 2015-2016, the words "recession and crash" seem to be in most news headlines these past few years as the US economy continues it's longest expansion in US history. One reason is that negative headlines are proven to get more views than positive headlines. A 2014 study by Outbrain (an online advertising and marketing company) showed that **headlines containing negative superlatives performed 30 percent BETTER than headlines with positive**.

The google search trends for the word "recession" over the past four years are at an all-time high, and the search for the term "market crash" hit a higher level this year then it reached during the financial crisis of 2008!

The encouraging fact is that the market as gauged by the **S&P 500 has fully recovered and grown since every recession and crash in US history.** With data going back to 1871, the S&P index has never produced a negative annualized return for any 30 and 20 year period and has earned an average annual return of over 9% for those periods!*

* from Robert Shiller database calculated on https://dqydj.com/sp-500-historical-return-calculator/, and includes dividends reinvested.

With the high amount of fear that is building up in the market news coverage, let's look at what two legendary investors recommend to do during these volatile times:

Warren Buffet:
"Don't watch the market closely," he advised those worried about their retirement savings at the time. "If they're trying to buy and sell stocks, and worry when they go down a little bit … and think they should maybe sell them when they go up, they're not going to have very good results."

Jack Bogle (founder of Vanguard):
"The true investor…will do better if he forgets about the stock market and pays attention to his dividend returns and operating results of his companies."

Combat fear by Having a Documented Investment Plan:
The truth is that market drawdowns and recessions are a normal part of capital markets, and market contractions are necessary for market expansions. But this does not mean we should be in fear of when the next downturn will come or try to time the market through buying and selling stocks.

As Jack Bogle says, the only thing that should matter to an investor is how their personal portfolio is built and that the companies they own have a strong history of paying dividends and have quality operating results.

IGM's investment strategy is based on these long term investing principals. We believe in sticking to our core strategy for each client, whether it's investing for long-term, moderate growth, or retirement income during both rising and decreasing market conditions. To achieve our optimal risk/reward balance in a portfolio we will use a percentage allocation of stocks (equity) and fixed income (bonds). Due to diversification in stocks and bonds the effects of a down turn can be minimized, while gains are achieved during high and low economic growth cycles.

TD Ameritrade Goes to $0 Trade Commissions

On October 3rd, 2019, TD Ameritrade announced that they will be eliminating trading fees (trades were previously $6.95) for all stock and ETF transactions. Although we are not active traders, we are pleased to pass on this announcement as it will save our clients money over the long term.

Try out our on-line calculators:

- Budget
- Net Worth
- Compounding Returns

Access the calculators on our web site under the resources tab

Investment Growth Management

320 Chardonnay Circle

Clayton CA, 94517

Investment Growth Management was formed in 1990 as an independent Registered Investment Adviser. We are a father and son team. Andrew joined the business in 2013.

IGM provides detailed retirement plans, investment advice and direct management, and financial planning for our individual clients. We also manage and offer business retirement plans such as 401(k)s, 403(b)s, 457s, and Defined Benefit Plans.

Assets Under Management: **$19.5 million.**

Michael Redlick

President, Chief Investment Manager

Email: redlick@comcast.net

Phone: (925) 588-4743

Andrew Redlick

Vice President, Associate Investment Manager

Email: andrew.redlick@gmail.com

Phone: (925) 759-1507

Past performance is not a guarantee of future results.