

It seems to be that the masses concluded that a higher “than expected” unemployment figure last Monday was enough for many to sell shares of some of their greatest, most profitable, most resilient, most enduring companies in all the land. The Dow Jones Industrial average fell over 1000 points, the S&P 500 was down over 3% for the day, the Nasdaq got roughed up even more. “Recession is coming! Run for your lives!”, seemed to be the prevailing fear du jour. And for those that didn’t call asking me “what should we do,” I am happy to relay the message I shared with those that did, “*our portfolios are derived from and driven by your most cherished long-term goals, not from any short-term view of the economy or the markets. And certainly not influenced by hyperventilating financial journalists. We do not believe the economy can be consistently forecast, or the markets timed.  We do not believe it is possible to gain an advantage by going in and out of markets, and that the most efficient way of capturing the yummy long-term return of equities is by remaining in them, fully invested, at all times.”*

A graph of growth and increasing numbers

Description automatically generated with medium confidence

Speaking of going in and out of markets—some investors get their portfolio and politics all twisted—taking money out of equities when their political team loses power. If this idea tempts you, consider the above chart. When investing 10k in the S&P 500 Index, only when a Republican is in the White House, amounted to growth just over 100K (since 196) according to Charles Schwab calculations. The same invested only when a Democrat was in the White House, OK grew to over 500K! But—10K invested in 1961 would have grown to over $5 million **if left invested throughout the period without regard for political party in power**. Resist the temptation to mix portfolio and politics this fall. As Charlie Munger used to say, *“The first rule of compounding, never interrupt it unnecessarily.”*

 45 years ago today, Business Week ran one of its most famous (*or infamous*) covers: “***The Death of Equities. How Inflation Is Destroying the Stock Market***”.  The S&P 500 was around 100 when this magazine hit newsstands in **August 1979**.  *“Financial media exists for one reason and one reason only—to sell advertising. Their advertising revenues are inextricably linked to clicks. And clicks are an absolute function of the extent to which media can trap readers in a vicious cycle of fear and regret. In one sentence: “financial media exists to help investors fail,”* Nick Murray (Interactive).  Remember to view financial media more as entertainment and less as advice, with a rampant tendency to extrapolate and catastrophize. The content is often better suited for traders, not long-term investors like you and me.

“*America is alive and well…there’s entrepreneurs everywhere; people are optimistic*,” Jamie Dimon, head of JP Morgan said recently. “*I was with Warren Buffett yesterday and we always talk about the resiliency of Americ*a…*Markets fluctuate. I think people overreact a little bit to the daily fluctuation of the market. And sometimes it’s for good reason, sometimes it’s virtually no reason*,” he said. “*I’m fully optimistic that if we have a mild recession, even a harder one, we would be okay.*”



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**Michael H. Kaminski**, CFP®

*President*

SKV Group, LLC

1405 Rolkin Court, Suite 202

Charlottesville, Va 22911

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Ph 434.328.8040

[www.skvgrp.net](http://www.skvgrp.net/#_blank)

