



# Market Comment

## GATIEN STRATEGIC WEALTH MANAGEMENT

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### Climbing the Wall of Worry

There's an old Wall Street saying that markets like to climb a wall of worry. From tensions with North Korea to hurricanes to ongoing political uncertainty, the news cycle has brought plenty of headlines that could have contributed to a market decline. And yet, markets have continued to climb.

While most investors are cheering the gains their portfolios have seen, especially over the last 12 months, I hear wariness in the voices of clients. Even though it's been nine years, the pain from the depth and severity of the market drop during the Financial Crisis has been difficult to forget.

While we are closer to the top of this bull-market cycle than the bottom, I don't believe we are headed for a protracted market downturn quite yet. However, we are likely due for a correction. It's been over 15 months since we've seen a 5% decline in prices, even longer since we've seen a move of 10% or more, which is a very typical intra-year drop from peak to trough.

Valuation levels are elevated, but record stock prices are supported for now by record corporate earnings. We continue to see strong consumer spending, businesses investing, and strong job growth. We are in the midst of a synchronized period of global expansion. As long as the US economy can continue to grow, we will likely see continued increases in the market.

Ultimately, however, successful investing is not about trying to time the markets. It's about making sure that you have enough resources (cash) set aside to cover your needs when the inevitable market drop does happen so that you don't have to sell into a down market to meet your financial goals. That gives you the capacity to ride out the market downturn with your

investment portfolio that is designed to cover your long-term goals.

### What You Can Do Now

**Rebalance.** The recent market gains have taken many stock allocations above targets. One of the primary reasons for employing an asset allocation strategy is that it helps us stay disciplined. By adhering to a disciplined allocation strategy, we are locking in gains as markets move up and buying into areas that haven't done as well. In other words, it forces us to buy low and sell high, which is often exactly the opposite of what our instincts tell us to do.

**Revisit.** It's a good time to look at your short- to intermediate-term financial goals. Will you need cash from your portfolio that we haven't already planned for in the next 1-2 years? If your goals have changed, or we haven't had that conversation recently, please let me know.

**Remember.** The process of planning and implementing an asset allocation strategy means that we've done the work ahead of time. We don't need to react to the markets because we've taken the proactive steps to identify your risk capacity (how much money you need and when) and your risk tolerance (how comfortable you are with volatility).

Staying invested, wisely and with the appropriate asset allocation, is the one of the best ways to achieve your financial goals over time.

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: Don't assume your kids or grandkids are immune from  
: identity theft. See page 2 for suggestions on how to deal  
: with this growing problem.  
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## Kids and Identity Theft

While discussing the recent Equifax breach, a client posed an excellent question. Should we be monitoring the credit files of our minor children? Unfortunately, child identity theft is now a growing problem and one you should be aware of.

Warning signs include:

- Credit card offers with your child's name
- Collection calls on bills for products or services you never ordered
- Notices from the IRS that your child didn't pay income taxes when he/she has never held a job or that your child's social security number was used to file a tax return

If you suspect that your child has been the victim of identity theft, you should file a police report and contact the three credit reporting agencies: Experian, Equifax and TransUnion.

Even if you don't have any reason to suspect that your child's information has been compromised, you can still check to see if they have a credit file.

For children between the ages of 13 and 17, you can use the same [www.annualcreditreport.com](http://www.annualcreditreport.com) that you would use to check your own credit files.

For children under the age of 13, the process is a bit more cumbersome as you are unable to request it online. Instead you would contact the credit reporting companies directly. This link provides instructions: [www.annualcreditreport.com/requestingReportsInSpecialSituations.action](http://www.annualcreditreport.com/requestingReportsInSpecialSituations.action).

Finally, it's recommended that you check a child's credit report around the time they turn 16. That should provide you with enough time to fix any errors or fraud before your child might need to apply for loans, credit cards or rent an apartment.

Additional resources:

[www.consumer.ftc.gov/articles/0040-child-identity-theft](http://www.consumer.ftc.gov/articles/0040-child-identity-theft)

[www.transunion.com/fraud-victim-resource/child-identity-theft](http://www.transunion.com/fraud-victim-resource/child-identity-theft)

[www.experian.com/blogs/ask-experian/category/credit-advice/life-stages/kids/](http://www.experian.com/blogs/ask-experian/category/credit-advice/life-stages/kids/)

I hope you found this information helpful. Feel free to forward this email to anyone you know who might need it. As always, please reach out with any questions or concerns.

**Check out our website!**

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