



When it comes to client relations in the Bodnar Financial office, I have a theory:

Every 1 concerned client call represents about 10 other people who are concerned about the same thing, but for whatever reason kept it to themselves.

Following that logic, the 4 client calls I've received would represent about 40 clients who share the same concerns. For that reason, I have written down some thoughts on the recent sell-off.

I want to emphasize that I am NOT writing this memo because I am worried about the sell-off. I am writing this memo because I feel there are enough people concerned that it warrants an open discussion.

## If I Watched Network News, I'd Be Worried Too

**SOROS: IT'S 2008 ALL OVER AGAIN  
MARKETS AT 'BEGINNING OF CRISIS'  
TRILLION\$ VANISH**

MARKETS

### Why China's Market Illness Has Gotten More Contagious

Global investors worry about Beijing's management of nation's huge economy

**Stocks Tumble as 2016 Goes from Bad  
to Worse –Recap**

Let's start with an interesting factoid that news anchors have failed to mention:

**We are still 1300 points away from last summer's sell-off low.<sup>1</sup>**

Yet, people are more concerned this time around. Why?

It's partially the way the melodramatic media is covering the story in a high-profile presidential election year. It's also because our society's short-sightedness focuses on the (relatively) smaller daily rises and dips of the volatile market, when it should be focusing on its undeniable trend upwards.

<sup>1</sup> <https://finance.yahoo.com/q?s=%5EDJI&q=1>

## Remember: Megatrends Outlive Media Cycles

But the fact remains: sell-offs are a completely normal part of market cycles. When the U.S. stock market closes in the red, it simply means there were more sellers than buyers in the capital markets that day.

They look scary (think about it: 10% of \$1 million is \$100,000!) but on average, a 10% sell-off happens every single year.

The past 7 years of a bull market was an outlier on the larger trend line. We should have had mini-corrections throughout, but we didn't. We were due, and the market finally started to correct itself in the past year. We saw similar sell-offs in September and October of 2014, another in August and September of 2015, and again this week.

It was about time.

### If You Are Losing Sleep...

Everybody has a high risk tolerance in up-markets. If anything, one of the silver linings of a down-market is the opportunity to reassess your risk tolerance.

If you find yourself sick and losing sleep over the sell-off, please call the office and we can rebalance your portfolio in a way that better reflects your comfort level.

That being said, it is my job as your financial advisor to remind you the market is counter-intuitive.

Even when your flight instinct is ringing in your head, history has proven that those who benefit the most and recover the best from a down-market are the investors with well-diversified portfolios who stay the course and weather the storm.

Does anyone believe that Warren Buffet was selling last week, or today, to get out of harm's way?

As I have written in past white papers during down-markets: now is the time to stay cool headed and focus on your long-term goals.

**Moments of fear and uncertainty are not times of panic- they are times of opportunity.**

For those of you who feel you have to do *something*.....consider this: if you are currently funding an IRA or retirement plan, make your contributions NOW during this window of lower prices.

Keep Calm and Carry On,



John Bodnar, CFP®, CIMA®

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