

25 Years of Bulls and Bears (1997 – 2022)

Time flies when you are having fun. It is hard to believe that I have been working in the financial services industry and for the same company for over 25 years now. In June of 1997, Lou Nebel recruited me from Navy Federal Credit Union. That was an important year, as I got married two months after I started working for Nebel Financial Services. I did some looking back. Inflation has reared its head over the past twenty five years. In 1997, the cost of a house was \$146,000. A new car was \$17,000. A gallon of gas was \$1.23. The Dow Jones was in the range of 7,500. Today, in the middle of a *not so fun* bear market we are in the range of 29,000. The stock market still trumps inflation over the long term, but we do have to suffer through years like this in the meantime. Another thing I remember from 1997 was reviewing quarterly and annual paper statements. This was the norm, now portfolios get checked multiple times per day on different electronic devices. It is interesting that we are in a long term business, but by the nature of it we are sometimes forced to react in the day to day. This is what we sometimes refer to as the headline risk.

Besides the varying changes over the past twenty five years, I have watched generations grow up. I had young children, where the parents and grandparents saved for them, and now, the young children have turned into young adults and are sometimes married and opening up accounts for their own children. It is a fascinating cycle to watch. People generally want it better for the next generation than what they had. There are some that chart a similar path as their parents and there are some that chart their own course. This is what is fun about it from my standpoint. Everyone and every family is different and everyone has different goals.

We need to slowly put down the current headlines and look forward to what the next eight year period will look like (by year 2030). Eight years is often a holding period for stocks held within mutual funds. It has already started, but healthcare has and is changing at a rapid pace. The amount of remote patient monitoring devices is soaring to keep a pulse on cancer, diabetes, weight management, to name a few. Cancer cures are getting close. Genetic testing, early diagnosis, and huge leaps in the pharmaceutical world will be instrumental in curbing cancer as a terminal illness. Cash is slowly becoming the past. The ‘b’ billion electronic transactions that occur daily is amazing. We are very slow compared to the Asia-Pacific. Like it or not semi-Conductors are everywhere and tracking our moves in our cars, phones,

communications, and many other devices. This tracking will help efficiency and also help in the healthcare arena. Digital Entertainment is still growing by leaps and bounds. This is a worldwide phenomenon that doesn't appear to let up. Live shows for sports/broadway are brief and very expensive whereas the streaming/videos etc. can be much more economical with unlimited playing time. Autonomous vehicles are not just coming but are on the way to mainstream. Electric Vehicles (EVs) sales are exploding. This movement started before a gallon of gas hit \$5.00 this summer. ESGs (Environmental, Social, and Corporate Governance) have officially moved the needle. Meaning, some green companies are actually turning green! Yes, many are now profitable and they are growing. We can debate the reason why but according to WTOP.com on 10/5/2022, the Ozone around Washington D.C. has improved remarkably in tracking three year periods since 1997. The ESG movement is here and good things are happening.

What does all of this mean? Companies evolve regardless of current market conditions. We have to be ready and invested in companies that will not only be making the change, but companies that will have good earnings and grow over time. This is again, why we need to always have a long term perspective. There are tremendous opportunities out there, we just have to be patient during a 2022 type year. Looking back at the previous six bear markets (from 1997 – 2022), they look like blips on a chart. No, none of them were fun, but they were just a blip, once we get passed the here and now.

One of my peers said at a recent 401(k) meeting, Bear Markets are temporary, but we can make them permanent if we want to. I thought that was a good analogy. As soon as COVID took over the headlines in 2020, I wrote about the famous line from Sir John Templeton, the phrase 'This Time Feels Different'. This was written in 1933. Each time is different, but markets behave the same. They go up and down. Being down won't last just as being up doesn't last. We have many more up days/years than down days. Time heals all wounds; we just need to wait this one out too.

Sincerely,

Andrew D. Wade, CFP®
President