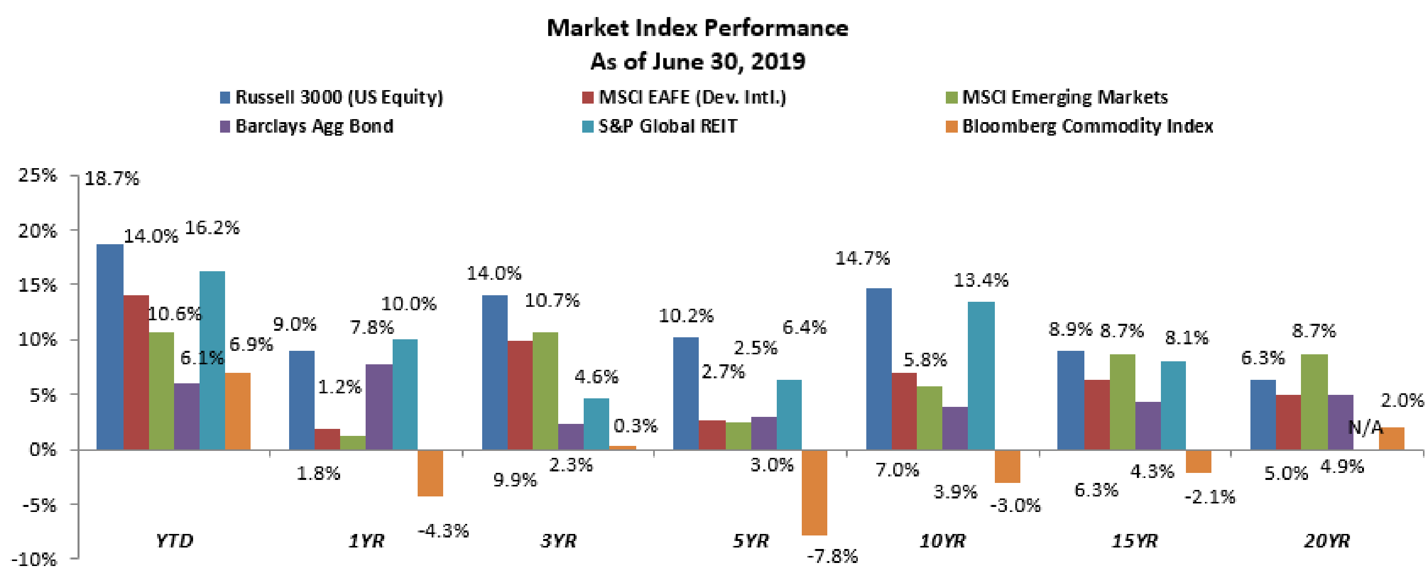
"Nobody cares how much you know,
until they know how much you care." -Theodore Roosevelt -

July 8, 2019

This quote, shared with me many years ago, seems more meaningful than ever in our digital age where "high-tech" has increasingly replaced "high-touch." Online service and computer algorithms are just not a satisfactory substitute for the caring advice and service of experienced advisors—people who know you, your family, your finances, your dreams, and your worries. Relationships that are personal and measured in decades, not just minutes or days. Our team knows a lot about the wide range of issues life can bring as clients seek to reach their most important goals. We've "seen it all" over years in helping guide thousands of people on their financial journeys—economic booms and busts, weddings and divorces, births, graduations, career advances and job losses, sickness, injury, and the loss of loved ones. Most importantly, we've been there for clients along the way—providing honest, experienced, and caring advice. It is this commitment to caring for clients that makes our work so rewarding—and why people come to Greene Wealth Management.

There is an old saying that "a friend in need is a friend indeed"—and that rings so true in our work with clients. Sure, we work hard on the everyday efforts to manage investments, meet cash flow needs, measuring results, and more—yet it is our attention to helping clients with goal-setting, creating/updating a long-range financial plan, helping make sure estate/insurance plans provide a sound defense, and really "being there" when things get tough that makes a real difference. It is an honor to serve you—and we welcome the opportunity to help your family and friends who might want the same kind of relationship with a trusted advisor.

Financial markets have continued to be kind to investors with nicely positive returns across asset classes despite lots of negative geopolitical and economic news. We never forget Warren Buffett's quote about economic/market forecasters only existing to make fortune tellers look good—and such is again the case. "Experts" have predicted rising interest rates nearly every year for the past decade—yet rates on the widely-followed 10 year Treasury have fallen from 2.8% to under 2% now. And equity markets have "climbed a wall of worry" with global stocks (MSCI World Index) enjoying a 10.2% annualized return over the past decade ending 6/30/19. Here's a look at how various asset-classes have performed over the years:



US stocks have been the leading asset-class for over a decade—but we think there are very good reasons to stay globally-diversified with expectations of a leadership change. We think there are good reasons to expect market leadership to change given arguably high valuations of US markets and more favorable valuations for both developed and emerging non-US markets. History has shown that nothing stays on top forever—and that "reversion to the mean" is a reasonable expectation over the long haul. As we've previously reported, Vanguard's capital market research show expected returns for US equity markets of about 5% over the next decade—with developed non-US equity returns of about 8%. No guarantees of course—but we think it prudent for clients to continue holding portfolios that are global in perspective with a mix of stocks/bonds that seek to meet long-term return goals at a level of risk they can tolerate.

With an aging bull market, tough global trade talks, and seemingly never-ending geopolitical risks, this seems like a good time to revisit risk/return assumptions—and your "risk tolerance." It is quite easy for investors to say how "risk tolerant" they are when markets move upward—but downturns that are an inevitable part of investing can test even the most disciplined of us. We can talk you through our risk/return expectations and make sure the investment strategy we employ for you is consistent with your financial goals, time horizon, and risk profile. And it's a great time to revisit the investment principles we follow—including what we strongly believe is the importance of "staying the course." We think history and our own experience suggests that this often "tough to take" advice shows that sticking with a well-diversified/thought-out investment plan can be essential to long-term success. It seems like a good idea to talk about all of this *before* we see a downturn—whenever it may come.

I recently talked with a new prospective client who told me they wanted "a high return—but not with a lot of risk." We sure wish that existed—but all investors should be reminded that the laws of economics mean that return and risk go hand-in-hand. A deeper dive into Vanguard's capital market research can highlight this. While their 10 year expected annual return for US equities is +5.0% at the 50th percentile, 10 year annualized expected returns range from -1.3% (5th percentile) to +11.4% (95th percentile). For non-US equities, 10 year annual return forecasts range from +2.2% (5th percentile) to +8.4% (50th percentile) and +15.1% (95th percentile). Forecasts for US aggregate bonds are +1.8% (5th percentile), +3.3% (50th percentile), and +5.0% (95th percentile). Note that while a lot of smart people doing this research work hard to get it right, the future will almost certainly be different, making it prudent to "spread your bets" by holding a well-diversified portfolio.

With the wide range of potential outcomes, what should we focus on in planning for the future? As we shared with you last quarter, it is the intersection of "things that matter" and "things you control" that should be the focus of our work together. Clearly defining your goals (we call this "crystalizing") identifies the things that really matter. Being able to enjoy a secure/comfortable retirement without any real worries about running out of money is what really matters most to clients. Providing kids/grandkids with a good start in life by helping pay college costs is important to many. And being able to leave a legacy for family and charity is high on the list too. People who accomplish these important goals rarely worry about what returns they earned over the years or whether they beat some market index benchmark—but rather delight in the success.

Things you control include living within your means, a strong commitment to savings, having a prudent investment plan—and sticking with all of these for the long haul. If investment returns (past or future) aren't as hoped, plans can typically still work by making "mid-course corrections" including increased savings, modest budget cuts, or some combination of the two. We can make sure investment strategies are prudently aligned with your goals, time horizon for reaching them, and need/willingness to take risk. And since no one gets "a lease on life", having solid contingency plans can be put in place. That includes having up-to-date estate plans and adequate health, property, liability, life, and disability insurance. "Just in case."

Finally, remember that we will be working hard to take care of things while you are (hopefully) out pursuing the joys of summer with family and friends. As always, please let us know if you have any questions or if we can be of service in any way. Take care!

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