



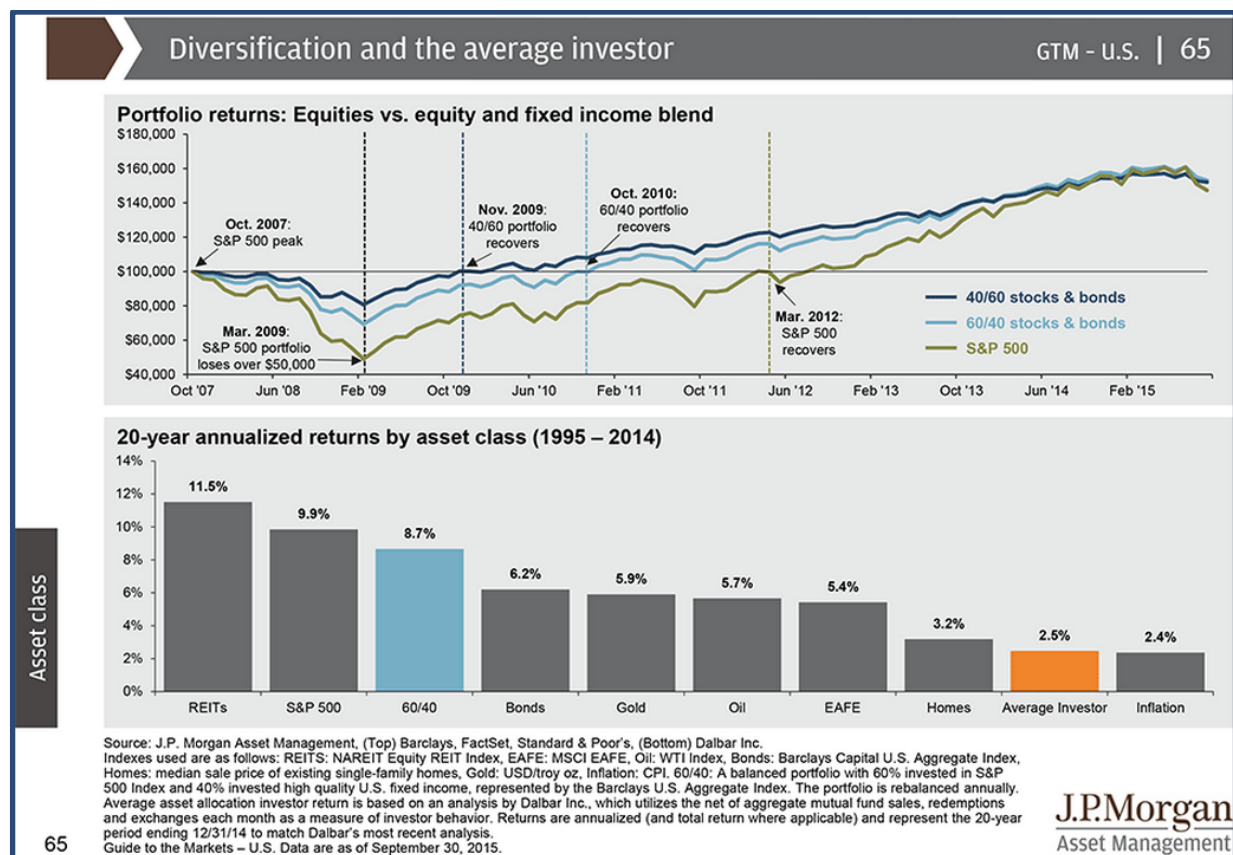
U.S. Capital Advisors®



The Gottesman Group

## Overcoming Innate Behavior

Most investors say they want to be contrarians (remember the old adage “buy low, sell high”), but in reality they do just the opposite. One thing that I have continuously noticed while working in the Financial Services Industry for the past 28 years is that people consistently do the wrong thing at the wrong time. This is clearly evidenced by this illustration below. Over the last 20-years (1995-2014) the average investor has realized a 2.5% annual return and underperformed virtually all other asset classes- Homes 3.2%, Oil 5.7%, Gold 5.9%, 60/40 Portfolio 8.7%, S&P 500 9.9%. Overcoming innate human behavior is one of the many benefits of working with a financial advisor.

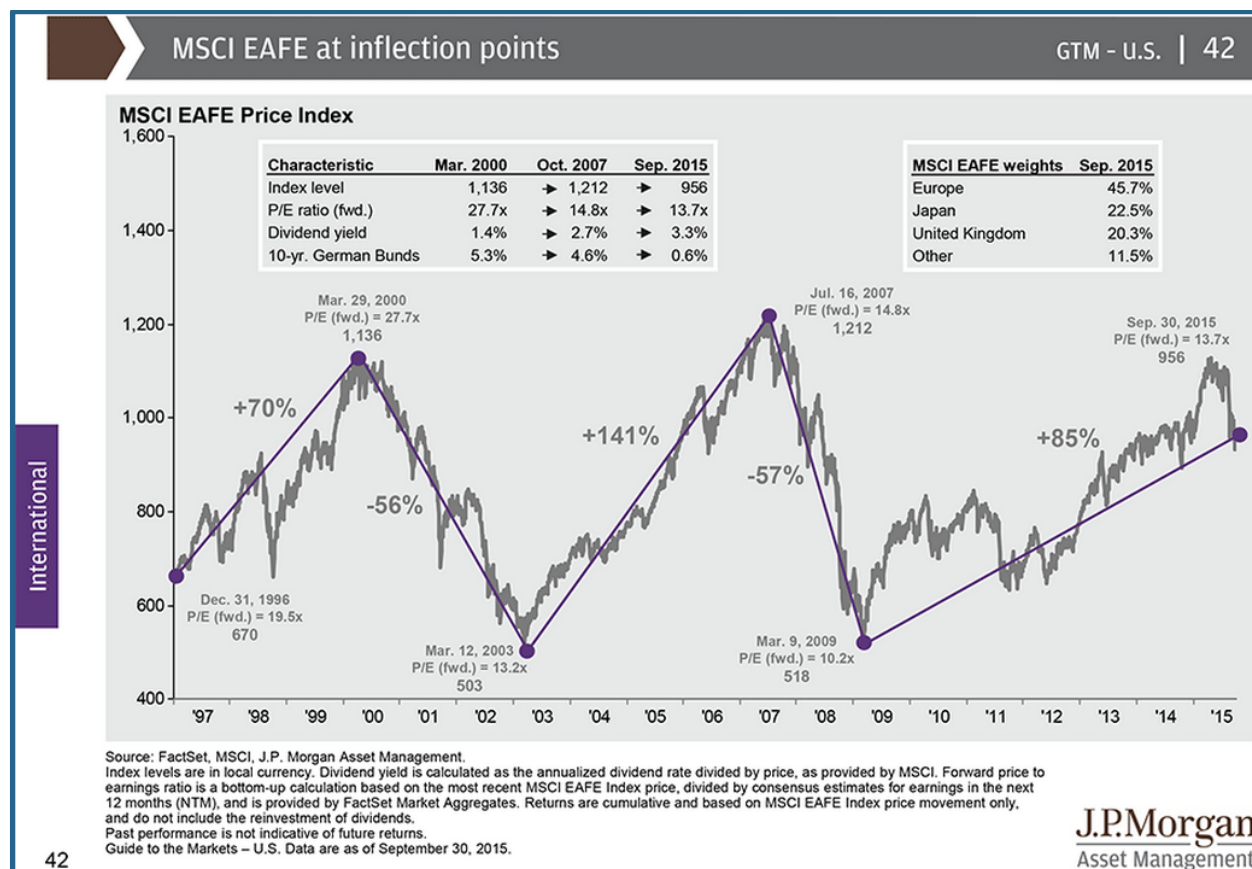


Legendary investor Shelby Davis states that, “You make most of your money in a bear market, you just don’t realize it at the time.”

## Where are today’s Bear Markets?

Most broad domestic averages have experienced a correction (10% decline) this year, but there are a number of sectors, like energy, international equity and emerging markets, which are clearly in bear market territory (20% decline).

For example, the EAFE index (an acronym standing for Europe, Australasia and Far East) is still trading below its 2000 and 2007 peaks. Furthermore, the 10 year German Bund yield has dropped 88%, from 5.3% March 2000 to 0.6% September 2015, at the same time the Earnings Yield (the percentage of earnings for each dollar invested) on European stocks has doubled, from approximately 3.61% in 2000 to 7.29% 2015.



In summary, while no one can accurately predict market peaks and troughs, we do know that the best time to make a purchase is when something is on sale.

For more in-depth reporting please see attached Third Quarter 2015 Market Review, and as always if you have any questions please give us a call.

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