
4 Things You Shouldn't Do Right Now

Weekly Update – August 24, 2015

U.S. stocks ended a defensive week in the red as investor sentiment deteriorated in the face of fresh worries out of China. For the week, the S&P 500 fell 5.77%, the Dow lost 5.82%, and the NASDAQ slid 6.78%.¹

When markets take a dive, it's natural to worry about what's happening and where markets will go next. However, part of being a stock investor is taking market swings in stride. Now is the time to stay cool-headed and focused on your long-term goals. On that note, here are 4 things that you definitely should not do after last week's market pullback:

Don't listen to the talking heads. The selloff is happening in the middle of a seven-year bull market. As of Friday, the S&P 500 has gone 1,418 calendar days without a 10%+ drop (between 10/3/11 and 8/21/15).² Regardless of what the media is saying, the S&P 500 is down just 7.51% since its peak in mid-May.³ Markets experienced a similar selloff in September and October of last year. However, the talking heads have taken this widely anticipated pullback and made it sound like 2008 all over again. Remember – the media's goals are not aligned with yours. They want to keep viewers glued to their televisions and newspapers, waiting for the sky to fall. Out in the real world, we're taking a look at the numbers behind the selloff and making prudent adjustments where we feel it's necessary.

Don't panic and hit the eject button. Corrections are a normal part of market cycles. Since 1927, the S&P 500 has experienced pullbacks of 5% or more about every 3.5 months.⁴ While the past can't predict the future, research shows that panicking and exiting the market is often the worst thing you can do when markets swing. Investors are notoriously terrible at picking market tops and bottoms; since periods of high growth often occur during turbulent times, investors who sell off and sit on the sidelines frequently miss out on the good days.

For example, an investor who stayed fully invested in the S&P 500 between 1995 and 2014 would have experienced a 9.8% annualized return. However, if they had traded in and out of the market, missing just the 10 best days of the market, their return would have plummeted to just 6.1%. Six of the 10 best days of the S&P 500 fell within two weeks of the 10 worst days.⁵

Don't think like a day trader instead of an investor. Stock markets are driven by fear and greed. Right now, traders are in full-on fear mode and are selling off indiscriminately at any hint of bad news. Long-term investors are taking a look around and seeing what opportunities the pullback is offering.

Don't get complacent. Pullbacks offer you the chance to ask yourself if you're honestly prepared for a correction. If you have a prudent strategy and a well-diversified portfolio, then you're better prepared for a potential correction. We don't know whether the

current selloff is a short-term blip that will reverse in a few days or the beginning of a deeper slide. However, domestic indicators are trending positively, and we believe that there is room for a resurgence.

We are keeping a very close eye on markets worldwide and will update you as needed during the evolving situation. While we can't predict where markets will go in the next days and weeks, we focus on in helping clients manage their wealth in many market environments.

ECONOMIC CALENDAR:

Tuesday: S&P Case-Shiller HPI, New Home Sales, Consumer Confidence

Wednesday: Durable Goods Orders, EIA Petroleum Status Report

Thursday: GDP, Jobless Claims, Pending Home Sales Index

Friday: Personal Income and Outlays, Consumer Sentiment

Data as of 8/21/2015	1-Week	Since 1/1/15	1-Year	5-Year	10-Year
Standard & Poor's 500	-5.77%	-4.27%	-1.08%	16.78%	6.16%
DOW	-5.82%	-7.65%	-3.40%	12.23%	5.59%
NASDAQ	-6.78%	-0.63%	3.84%	23.18%	12.04%
U.S. Corporate Bond Index	0.56%	-2.22%	-1.79%	0.64%	1.01%
International	-4.58%	-1.03%	-8.72%	4.19%	1.27%
Data as of 8/21/2015					
Treasury Yields (CMT)	0.02%	0.21%	0.36%	1.44%	2.05%

Notes: All index returns exclude reinvested dividends, and the 5-year and 10-year returns are annualized. Sources: Yahoo! Finance and Treasury.gov. International performance is represented by the MSCI EAFE Index. Corporate bond performance is represented by the DJCBP. Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly.

HEADLINES:

Weekly jobless claims rise more than expected. The number of Americans filing new claims for unemployment benefits rose more than projected last week, though the underlying trend is consistent with continued labor market improvement and the previous week's claims were revised downward.⁶

Housing starts boom. Groundbreaking on new homes rose in July to the highest level in nearly eight years. Builders ramped up activity on single-family homes, indicating that they expected significant demand later this year.⁷

Inflation rises steadily. A measure of inflation, the general increase in the cost of goods and services, rose slightly in July, supporting expectations of an interest rate hike this year.⁸

Existing home sales rocket to eight-year high. Resales of U.S. homes increased more than expected in July, rising 2.0%, and indicating that the housing market has legs.⁹

QUOTE OF THE WEEK



“Courage is being scared to death, but saddling up anyway.”

– John Wayne

RECIPE OF THE WEEK



Summer Fruit Galette



Take advantage of ripe summer fruit with this free-form tart.

Serves 8

Ingredients:

2 pounds ripe red plums, peaches, or nectarines, cut into small wedges
1/3 cup granulated white sugar
1/2 teaspoon vanilla extract
2 tablespoons cornstarch
1 tablespoon unsalted butter
1/4 teaspoon kosher salt
1 cup heavy whipping cream
1 large egg, lightly beaten
1 store-bought pie crust (or use your favorite crust recipe), refrigerated until firm

Directions:

1. Preheat your oven to 400°F. Toss the sliced fruit with the sugar, vanilla extract, and the cornstarch. If you prefer a less-sweet pie, cut the sugar to 1/4 cup.
2. Roll the piecrust into a 13-inch circle on a large sheet of parchment paper. Lift the paper and lay it on a baking sheet. Top the piecrust with the sliced fruit and pour any

reserved juices over top. Fold the edges of the crust up in waves, overlapping the fruit by about three inches. Freeze the galette for at least 15 minutes.

3. Just before baking, brush the top of the crust with the beaten egg. Bake the galette for about 45 minutes until the fruit is tender and bubbling, and the crust is a deep gold. If the crust is browning too quickly, cover it with foil.
4. While the galette is baking, whip the cream in a chilled bowl to soft peaks. Cover it tightly with plastic wrap until you're ready to serve.
5. Serve the galette warm topped with the whipped cream.

Recipe adapted from Samantha Seneviratne | RealSimple.com¹⁰



Don't Get Snared by Tax Scams

Though tax season is over, tax scammers work year-round to steal money and personal information from the unwary. Even if elderly taxpayers and those who speak English as a second language are most often targeted, anyone can get caught up in a tax scam. The Treasury estimates that tax scams have cost victims over \$20 million since October 2013. To avoid becoming a statistic, follow these guidelines:

- Scammers rely on fear and intimidation to do their work. If you receive a call or email that is threatening or aggressive, chances are that it is a scam. The IRS will never bring in the police or immigration authorities because of unpaid taxes.
- Scammers often “spoof” caller ID, meaning phone calls may appear to come from the IRS or another official number. It's always a good idea to ask for a badge or case number and call the IRS directly at 800-829-1040.
- The IRS will never call you to demand immediate payment or call you before sending a written notice in the mail. You will always have an opportunity to appeal the amount that you owe.
- Never pay any taxes owed by Western Union or prepaid debit card.

For more information about tax scams contact a qualified tax expert or get more information on IRS.gov.

Tip courtesy of IRS.gov¹¹



Don't Flop the Flop

The flop shot, a short pitch with a high trajectory and soft landing, is one of the most technical and satisfying shots for golfers to get right. If you find yourself struggling to get your flops up and over hazards without going too far or landing too hard, try this alternative technique:

Weaken your off-hand grip by turning your hand so that your palm faces upward toward the sky. This weakened grip will help the clubface remain open at contact, giving the ball that short, sharp trajectory without adding too much power. Fine-tuning this shot will give you a lot of options for dealing with short chips in the rough as well as finicky shots with short greens.

Tip courtesy of Matt Swanson | Golf Tips Mag¹²



Control Alzheimer's Risk Factors

Alzheimer's is the sixth-leading cause of death in the United States and affects millions of Americans. While there is no cure, there are a number of things you can do to help reduce your personal risk factors. Researchers who examined more than 300 Alzheimer's studies found that:

- Heavy smoking is the most significant risk factor. Quit smoking or reduce your intake as soon as possible to limit your risk.
- Obesity, Type-2 diabetes, and a narrowing of the arteries are also significant risk factors in many populations.
- A healthy diet, regular exercise, and moderating alcohol consumption can help reduce Alzheimer's risk.

Tip courtesy of CNBC¹³



Keep Grass Clippings Out of Landfills

The Environmental Protection Agency estimates that yard waste accounts for 18% of landfill refuse, a figure that can rise to as much as 50% during the summer gardening season. Instead of throwing away grass clippings, try the following options:

- Throw clippings onto a compost pile.
- Mix clippings into your mulch and add it to your garden.
- Use a mulching mower to return clippings (and their nutrients) to your lawn.
- If you don't find clippings unsightly, leave them on your lawn to help with moisture retention and fertilization.
- Check with your municipality to find out whether there are recycling options in your community.

Tip courtesy of Virginia Polytechnic University¹⁴

Share the Wealth of Knowledge!
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We love being introduced!

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Investing involves risk including the potential loss of principal. No investment strategy can guarantee a profit or protect against loss in periods of declining values.

Diversification does not guarantee profit nor is it guaranteed to protect assets

The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general.

The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ. The DJIA was invented by Charles Dow back in 1896.

The Nasdaq Composite is an index of the common stocks and similar securities listed on the NASDAQ stock market and is considered a broad indicator of the performance of stocks of technology companies and growth companies.

The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) that serves as a benchmark of the performance in major international equity markets as represented by 21 major MSCI indexes from Europe, Australia and Southeast Asia.

The Dow Jones Corporate Bond Index is a 96-bond index designed to represent the market performance, on a total-return basis, of investment-grade bonds issued by leading U.S. companies. Bonds are equally weighted by maturity cell, industry sector, and the overall index.

The S&P/Case-Shiller Home Price Indices are the leading measures of U.S. residential real estate prices, tracking changes in the value of residential real estate. The index is made up of measures of real estate prices in 20 cities and weighted to produce the index.

The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

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Past performance does not guarantee future results.

You cannot invest directly in an index.

Consult your financial professional before making any investment decision.

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¹ <http://finance.yahoo.com/q/hp?s=%5EGSPC&a=07&b=17&c=2015&d=07&e=21&f=2015&g=d>

<http://finance.yahoo.com/q/hp?s=%5EDJI&a=07&b=17&c=2015&d=07&e=21&f=2015&g=d>

<http://finance.yahoo.com/q/hp?s=%5EIXIC&a=07&b=17&c=2015&d=07&e=21&f=2015&g=d>

² Source: Mike Higley, By The Numbers (8/17/15)

³ S&P 500 performance between 5/21/15 and 8/21/15

<http://finance.yahoo.com/q/hp?s=%5EGSPC&a=02&b=3&c=2015&d=07&e=23&f=2015&g=d>

⁴ <http://investing.covestor.com/2014/08/often-investors-expect-5-market-corrections>

⁵ <http://uk.businessinsider.com/cost-of-missing-10-best-days-in-sp-500-2015-3?r=US&IR=T>

⁶ <http://www.foxbusiness.com/economy-policy/2015/08/20/weekly-jobless-claims-rise-more-than-expected/>

⁷ <http://www.cnn.com/2015/08/18/us-housing-starts-july-2015.html>

⁸ [http://www.cnn.com/2015/08/19/us-consumer-price index-rose-july-2015.html](http://www.cnn.com/2015/08/19/us-consumer-price-index-rose-july-2015.html)

⁹ <http://www.foxbusiness.com/economy-policy/2015/08/20/existing-home-sales-rise-to-eight-year-high-in-july/>

¹⁰ <http://www.realsimple.com/food-recipes/browse-all-recipes/caramel-plum-galette>

¹¹ <http://www.irs.gov/uac/Dont-Fall-for-New-Tax-Scam-Tricks-by-IRS-Posers>

¹² <http://www.golftipsmag.com/instruction/short-game/quick-tips/grip-weak-for-strong-lobs.html>

¹³ <http://www.cnn.com/2015/08/21/alzheimers-risk-factors-some-may-be-controllable.html>

¹⁴ <http://pubs.ext.vt.edu/430/430-402/430-402.html>