

# Did You Prepare for Hurricane Dorian?

Did you prepare for Hurricane Dorian? I sure did. I spent hours putting up shutters and bringing anything that could move. I did so because the weather forecasters said our Treasure Coast was going to be hit by the storm. They are experts with years of training, sophisticated computer models, and untold number of sensors measuring the weather. Only the forecasters were wrong. Thankfully the hurricane did not hit us. But I did not feel like I wasted my time. Why not? Because if the storm had hit, the consequences for not preparing would have been devastating.

The stock market suffers storms from time-to-time. The stock market has performed extremely well over the last 12 months, which leads many to believe a correction is coming soon.

Corrections happen on average every 18 months and will last anywhere from 3-4 months. A correction can be defined as a pull-back of at least 10 percent. Every correction is different so some can last longer than average, and some can be shorter. I think the bigger issue with most investors is defining your investment strategy. Are you a long-term investor or a market timer? My experience tells me that long-term investors are more successful than market timers. Trying to time the market is like trying to predict where a hurricane will make landfall. The only difference is when you attempt to time the market you need to be correct twice. For timing to work, you would have to sell and then buy back in at the right time. You would also need to adjust your return for any taxes you may have to pay should you have realized gains.

Chapman Capital Advisors has a disciplined approach to investing based on risk control that has been developed over years of experience. The essence of risk control is controlling what you can control and mitigating everything else. We work with clients to minimize taxes and fees and to achieve appropriate diversification. We will raise cash should we feel that the market has become overvalued and we will deploy that cash when opportunities present themselves. The level of cash that needs to be raised varies by client. No one investor's situation is the same, therefore no one strategy is tailored to every investor. We have an election year approaching, which makes investors nervous. I would encourage every investor to take a step back and look at the big picture be-

fore making investment decisions based on an unknown outcome and political winds.

Presidential election years tend to have positive returns more so than negative. With that being said, the third year of a four-year Presidential term tends to be the best time to be in the market. The market has generated 20 plus percent returns year-to-date. This is more than double the average return of the market. I would tend to be in the camp that 2020 will have more volatile price swings than 2019. I would also say there is a very good chance that a correction will come sometime between now and the election. Not because it's an election year, but because we are due. The time to raise cash is when valuations become too rich, not after the market has already corrected. The problem with the average investor is that they tend to buy high and sell low based on emotions and not research. This happens because they do not have a defined strategy.

We have two Certified Financial Planners on staff as well as a Chartered Financial Analyst with 20 plus years of experience. If you are looking for Fiduciaries who are willing to spend the time and effort to prepare a Financial plan tailored to your needs, please call us at 772-320-9658 or email Jay@ChapmanCapitalAdvisors.com.



## Money Talks

by Jay Chapman, CFP®

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*All the opinions expressed in this article are that of the authors and should not be considered financial advice for your individual portfolio.*

If you would like to learn more about this topic or have your complimentary portfolio reviewed please contact Jay Chapman, CFP® at Chapman Capital Advisors 772-320-9658 or email Jay@ChapmanCapitalAdvisors.com.



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