

HOHIMER

WEALTH MANAGEMENT

Invest Today *In Tomorrow's Dreams*

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JULY 2020

THE BUZZ

Pullbacks, Corrections, and Bear Markets

What's the difference? What do these terms mean for you?

The COVID-19 outbreak has put tremendous pressure on stock prices, prompting some investors to blindly and indiscriminately sell positions at a time when the entire market is trending lower. Worried investors believe "this time it's different." When the market drops, some investors lose perspective that downtrends - and uptrends - are part of the investing cycle. When stock prices break lower, it's a good time to review common terms that are used to describe the market's downward momentum.^{1,2}

Pullbacks. A pullback represents the mildest form of a selloff in the markets. You might hear an investor or trader refer to a dip of 5% to 10% after a peak as a "pullback."¹

Corrections. The next degree in severity is a "correction." If a market or markets retreats 10% to 20% after a peak, you're in correction territory. At this point, you're likely on guard for the next tier.¹

Bear Market. In a bear market, the decline is 20% or more since the last peak.¹

All this is normal. Pullbacks, corrections, and bear markets are a part of the investing cycle. When stock prices are trending lower, some investors can second-guess their risk tolerance. But periods of market volatility can be the worst time to consider portfolio decisions.

Pullbacks and corrections are relatively common and represent something that any investor may see in their financial life, from time to time - often, several times over the course of a decade. Bear markets are much rarer. What we are experiencing now represents the start of the ninth bear market since 1926. This bear market follows the longest bull market on record.¹

How is this bear market going to affect me? That's a good question, but it's something that you won't fully understand in the here and now. The average bear market lasts 146 days for the Standard & Poor's 500.²

A retirement strategy, formed with the help of your HWM trusted financial professional, has market volatility factored in. As we continue our relationship, we will also be at your side to make any adjustments as needed and help you make any necessary decisions along the way. Our goal is to help you pursue your goals and dreams.

Citations.

1 - [kiplinger.com/slideshow/investing/T018-S001-25-dividend-stocks-analysts-love-the-most-2019/index.html](https://www.kiplinger.com/slideshow/investing/T018-S001-25-dividend-stocks-analysts-love-the-most-2019/index.html) [3/10/2020]

2 - [marketwatch.com/story/the-dow-just-tumbled-into-a-bear-market-ending-the-longest-bull-market-run-in-history-heres-how-those-downturns-last-on-average-2020-03-11](https://www.marketwatch.com/story/the-dow-just-tumbled-into-a-bear-market-ending-the-longest-bull-market-run-in-history-heres-how-those-downturns-last-on-average-2020-03-11) [3/14/2020]

by the NUMBERS

13 lbs



The amount of ice cream the average American eats per year

2.4 bil



The amount of "robocalls" we collectively receive per month

72 bil



Amount Americans spend on their pets annually

900 tril



Amount of footballs it would take to fill the Grand Canyon

7%



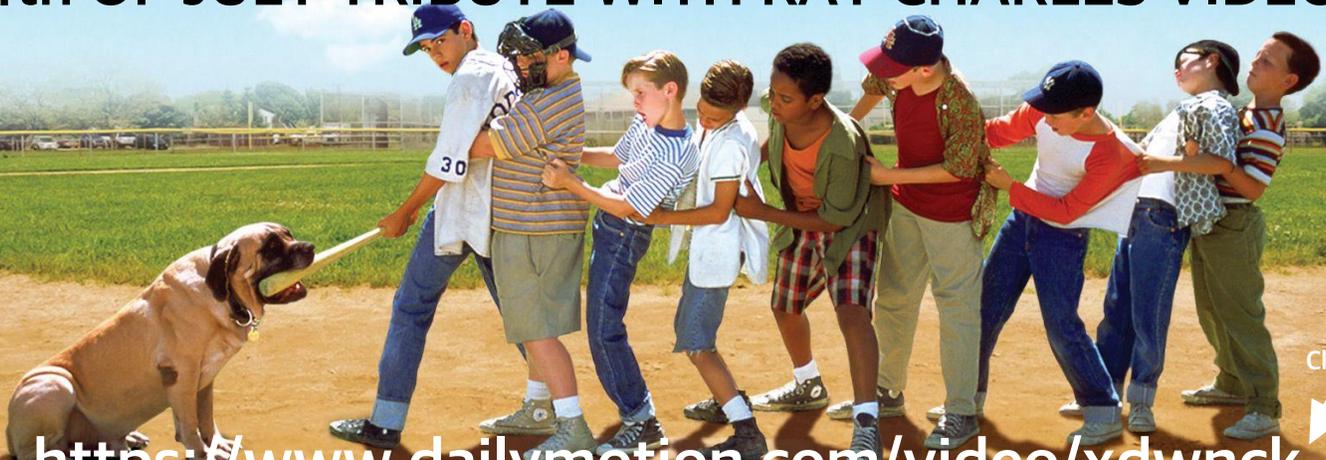
Of American adults believe chocolate milk comes from brown cows

With 4th of July here and Memorial Day in our recent memory, the entire HWM team would like to celebrate the holiday and say

Thank You For Your Service! to all our HWM family members who've served.

THE SANDLOT

4th OF JULY TRIBUTE WITH RAY CHARLES VIDEO



<https://www.dailymotion.com/video/xdwnck>





Market Timing and Your Investment Strategy

What if You Missed the Best Five Days

Hindsight is 20/20. It's only human to imagine what it might have been like to turn left instead of right on some fateful day. However, that sort of daydreaming is unhelpful when investing, especially when it leads you to try and time the market.

Since the beginning of the COVID-19 outbreak, we've seen a great deal of volatility. But, in the two months since March 23rd's record low, the S&P 500 has risen 33%¹. While past performance doesn't guarantee future results, it shows how quickly market sentiment can change.

We prefer a disciplined approach to investing. We combine a person's goals, time horizon, and tolerance for risk with our own understanding of the overall economic landscape. It boils down to this: in timing the market to avoid the "bad" day, you risk missing the "good" days, too.

Missing even just a few of those "good days" can really add up.

A national investment firm looked at a \$10,000 investment into an S&P 500 fund for 38 years². By missing only the five best days over that period, the investment grew to \$458,476. Meanwhile, if the money remained in the account untouched, it would have grown to \$708,143. Past performance is no guarantee of future returns, but this illustration shows the long-term power of "time in the market vs. timing the market."³

We here at **HMW** understand that volatility can cause anxiety, and it can be tough to sit still when it's happening. But as we've seen lately, it may sometimes be best to tune out the noise and trust the strategy we've already established.

We always look forward to answering your questions, so if you have any, please reach out and let's set up a time to talk.

Citations.

1 - Putnam.com, May 21, 2020

2 - Reuters.com, May 21, 2020 - The S&P 500 Composite index is an unmanaged index that is generally considered representative of the U.S. stock market. Index performance is not indicative of the past performance of a particular investment. Keep in mind that the return and principal value of stock prices will fluctuate as market conditions change.

And shares, when sold, may be worth more or less than their original cost.

3 - The Simple Dollar, May 21, 2020



MESSAGE FROM THE BOSS

When D.H. Hohimer talks, people listen

The last 100 days I feel like I have been on an emotional “roller coaster” moving violently from one concern to another; these concerns range from the COVID19 Pandemic, economic uncertainty and protesting social justice issues. As we get ready to celebrate America’s Independence, I think we need to remember ALL of the good things that America has done and will do in the future. On the historical day of July 4th, 1776, Congress signed The Declaration of Independence stating the famous beginning, “ We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness” but I want to focus our attention together on remembering the last statement of the declaration, that states, “And for the support for this Declaration, with a firm reliance on the protection of Divine Providence, we mutually pledge to each other our Lives, our Fortunes and our sacred Honor.” It is time to start acting in one accord, as One Nation focused on rooting out any injustices but not destroying the fabric that is essential to the “Magic” of America called HOPE.



July’s Cocktail Pineapple - Tequila Cooler

[Get the recipe.](#)

What's new at HWM

1

In April we celebrated our one year anniversary. Good news was, the Firm catered in Capital Grill for the team. Bad news was, half the team was home working remotely during the lockdown. But we all celebrated together through our smartphones. **HAPPY 1ST HWM!!!**



2

It is with great pleasure we announce the roll out of our brand new HWM website. We're excited to showcase a Seattle based design to celebrate the city and region we know and love. Click on "HWM" anywhere in the newsletter to take you to the site.



BRAINQUIZERS

Answers on page 10

1) Among time pieces, sundials have the fewest moving parts. Which timepiece has the most moving parts?



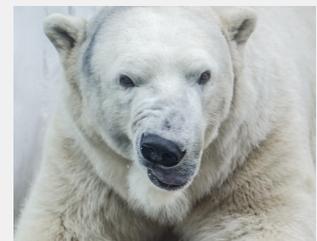
2) You're in a cabin with no electricity. come nightfall, you have a candle, a wood stove, and a gas lamp, but only one match. What do you light first?



3) The letters of the word dormitory can be rearranged to produce a two-word phrase that describes a typical dormitory. What is that phrase?



4) 84% of people reading this will not find the the mistake in this A,B,C,D,E,F,G,H,I,J,K,L,M,N,O,P,Q,R,S,T,U,V,W,X,Y,Z.



Today in crazy numbers — pandemic could cost global economy \$82 trillion in depression scenario



How badly will the coronavirus pandemic impact the economy? Does \$82 trillion sound good?

That is the crazy number put out by Centre for Risk Studies at the University of Cambridge's Judge Business School.

That figure of course, needs to be put into context. That's over five years, not one, and represents the potential hit to the global economy and not just the U.S. in what's called "economic depression" scenario.

The GDP for the world's 19 leading economies was 69.2 trillion last year.

Its "optimistic" take a loss of 3.3 trillion over five years. It says the consensus expectation calls for 26.8 trillion, or 5.3% of five-year GDP, to be lost.

For the U.S., the potential five-year loss ranges from 550 billion to 19.9 trillion.

If the numbers sound too outlandish, consider that growth and returns on assets can be depressed up to 40 years after the pandemic has passed, according to Keith Wade, chief economist at U.K. fund manager Schroders. He looked at pandemics dating back to the Black Death in this hall-of-fame table of despair:

MarketWatch ,Published: May 20, 2020 at 2:13 a.m. ETBy Steve Goldstein

Large Pandemic events: Covid-19 in Context



green	blue	yellow	blue
blue	red	yellow	red
yellow	yellow	green	red
yellow	green	blue	yellow
green	red	blue	green
blue	yellow	blue	red

One last try! THE STOOP TEST

Quick— say aloud what color you see in every word, NOT the word you read.

Go from left to right, from top to down.

Ready. Set. GO!

Not easy, right? This task is called the STROOP TEST, and is used in neuropsychological evaluations to measure mental vitality and flexibility, since performing well requires strong attention, inhibition and self regulation capability.

BRAINQUIZER ANSWERS

1=HOURGLASS, 2=THE MATCH, 3=DIRTY ROOM, 4= 2 THE'S (THE THE)

HOHIMER WEALTH MANAGEMENT
knows you have choices, we're so very
grateful you chose us!

