Majestic Oak Financial
A Registered Investment Advisor

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Welcome to autumn!

What Happens When the Bull Ends?

As we celebrate the 10th anniversary of the 2008 financial crisis, the markets are at an all-time high, inflation is still low, employment rates are near "full employment" and many are making predictions for the end of this aging bull market. There's no real life expectancy on a bull market. If the economy is humming along then it takes an external shock to put an end to the party. But, like a roulette player who just knows that after 3 blacks, the next spin must be a red (even though the odds are 50-50 every time), many pundits are holding their breath thinking the streak must end. And the predictions range from "any day now" to "a slowdown in 2020" without much solid reasoning behind them. So although we cannot predict a market pullback, we know it's inevitable. Our job is to put it in perspective and realize it's not the end of the world.

If we look over the period from 1926 to 2009, here's some facts to ease our minds:

- There has never been a 5 consecutive down year period on either the S&P 500 or the broad bond market.

- There has never been 4 years of consecutive down periods on the broad bond market and only 1 time in those 83 years that the S&P 500 was down for 4 years in a row. As you might have guessed, that period was 1929 – 1932 and the market came roaring back with a 54% return in 1933.

- There have been 2 times when the S&P 500 was down 3 years in a row – the 2000 - 2002 dot com burst and 1939 - 1941 before our entry into WWII. In the four years following WWII, the market returned 20%, 26%, 20% and 36% respectively. The rebound after the dot com bust wasn’t quite as spectacular but it was 5 respectable years. By the way, there’s only one 3 year down period for the bond market.

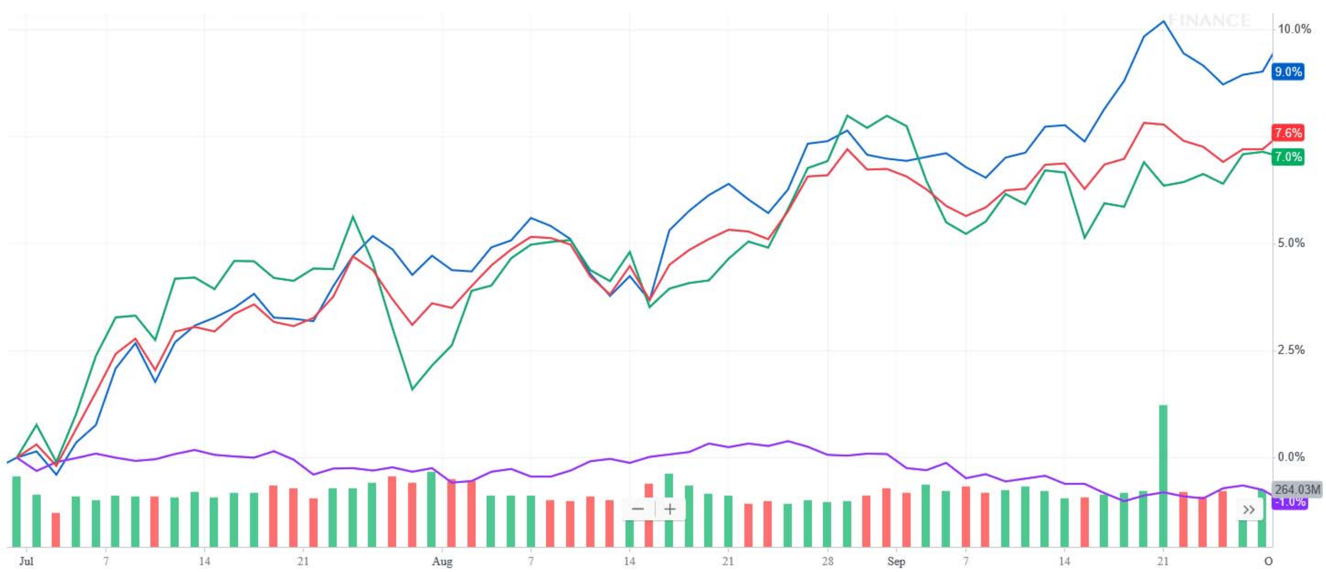
- The S&P 500 has been down one time 2 years in a row - during the 1973 - 1974 oil crisis - while the bond market has been down two years in a row only three times.

- For both the bond and stock market, there have been 12 times when a down year was sandwiched between two up years. For the stock market, most of these 1 year losses were less than 10%.

The message here is that even if the market tumbles tomorrow, it is far more likely than not to be short-lived and recuperated quickly. If you're in the stage of life when you're putting away money for tomorrow, then you see this as a time to buy long-term assets on sale. If you're already enjoying the fruits of all your years of savings, we already have in place a strategy to weather this downturn without having to sell out of assets at the most inopportune time. So sit back, let the pundits read their crystal balls and let the market do its thing while we do ours.

3rd Quarter 2018 Market Performance

Index	9/30/18 Ending Value	3Q 2018 Performance
Dow Jones	**26,458.31**	**9.0%**
S&P 500	**2,913.98**	**7.2%**
NASDAQ	**8,046.35**	**7.1%**
Lehman Aggregate Bond	**105.27**	**<0.1%>**



Your Individual Investment Reports

The following reports for Year-to-Date 2018 are provided for your review:

- ***Year-to-Date 2018 Portfolio Performance*** – Compares the month-end percentage performance of the S&P 500 & Lehman Aggregate Bond Index with your portfolio performance.
- ***Year-to-Date 2018 Performance vs. Inflation*** – Performance of your investment portfolio compared to the rate of inflation as measured by the Consumer Price Index (CPI) for both the since inception period of your accounts and Year-to-Date 2018.
- ***Asset Summary*** – Current market value of each asset within your accounts as of 9/30/18
- ***Investment Billing Statement*** for the 4th Quarter 2018**: Investment advisory fees for the period of 10/01/18 through 12/31/18 (based on 9/30/18 values). *This is an informational billing only.* Your account is automatically debited unless other arrangements have been made.

Please remember that this investment reporting is for informational purposes only. You should also refer to the monthly account statements you receive from TD Ameritrade Institutional.

If you happen to know anyone who might benefit from the services I provide in assisting you in managing your investment portfolio and reaching your financial goals, I would enjoy speaking with them. Don't keep me a secret! ☺ And as always, please do not hesitate to contact me if you have any questions about your reports or wish to discuss any other financial matters.

Sincerely,

Anna M. Popke, CFP®, RICP®

*Index performance is provided as a benchmark only. The performance of your individual investment portfolio will vary from that of any one index. Past performance of an index is never a guarantee of future results.

****PLEASE NOTE:*** Clients who hold "cash reserves" within their brokerage accounts will have slightly different portfolio balances depicted on the Statement of Assets Summary and the Billing Statement. This is because "cash reserves" are excluded from the advisory fee. However, cash held awaiting investment in the upcoming quarter *will* be subject to the normal quarterly fee.

Investment Advisory Fee Calculations:
Fees are paid in advance on the 7th (or prior closest business day) of the month following the end of the quarter. The amount due is calculated by applying the prorated annual fee percentage to the previous quarter-end account value(s). Fees are further prorated for accounts opened after the beginning of a new quarter. Fees may be paid directly from the investment account(s) or consolidated and paid from a specified account. Money market/cash reserves are excluded from totals. Statements have been prepared by Majestic Oak Financial from information provided by TDAmeritrade and while deemed reliable, are not guaranteed.