



**HIGHTOWER**  
VWG WEALTH MANAGEMENT

## PONDERINGS AND MUSINGS- FEBRUARY 2018

"When the going gets tough, the tough take a nap."  
- Tom Hodgkinson

"I usually take a two-hour nap from one to four."  
-Yogi Berra

"I have left orders to be awakened at any time during a national emergency,  
even if I'm in a cabinet meeting."  
-Ronald Reagan

**Less than Three Weeks Away!!!**



***The 6<sup>th</sup> Annual VWG Charity Casino Night is  
Saturday, March 10, 2018.  
Westwood Country Club, Vienna,  
Virginia 7:00pm – 11:30pm***

back to Vienna this year. We're looking forward to having all of our Maryland, D.C. and Virginia clients, friends and families join us for a great time! It will be a fun evening filled with good company, excellent food, and some fast action at the gaming tables. Everyone will be playing for their chosen charity. Last year over \$11,800 was raised, with \$10,000 of it being designated to VWG's focus charity, the Iraq and Afghanistan Veterans of America (IAVA). And word has it that this year, an artist with a unique talent will be joining to further liven up the night!

If you haven't done so, please call 571.406.4700 or email Amanda at [aburkard@hightoweradvisors.com](mailto:aburkard@hightoweradvisors.com) with your RSVP.

## Some Perspective in the Midst of Frantic Market Action

The unusually placid conditions enjoyed by the U.S. stock market since November 2016 came to an abrupt end on January 26. In the next 9 trading days, the S&P 500 indexed dropped a stunning -10.2%, in one of the swiftest corrections from market highs ever witnessed. While we believe this does not currently signal something greater on the macro or economic front, we don't expect the market calm enjoyed over the past 15 months to persist. Chris Verrone, Head of Technical Analysis at Strategas Research Partners, made four important observations last week in the aftermath. These observations (**accentuated in bold**) follow with our comments.

### **1. The typical year (in the S&P 500 Index) has a 14% correction.**

Although very swift, this correction (to date) is not as deep as what investors in stocks should expect annually. Most years, even the good ones, experience a -10% to -15% pullback.

### **2. Daily market volatility (trading range) is barely back to the long-term average.**

We probably need to get used to a more "normal" market environment. Counterintuitively, volatility is actually positive for longer-term investors. It shakes out weak holders, and refreshes energy needed to move stocks higher. Active management strategies may benefit from volatility causing mispricing in specific assets.

### **3. This correction was the first in the last 17 years in which bank stocks outperformed the overall market.**

One of the greatest market and economic overhangs since the 2007-09 crisis has been the damage to our banks and financial institutions (plenty of which was self-inflicted). Years of subsequent reforms, increased regulation, and fines painfully followed. It appears that many of these wounds are now healing. A strong financial system is essential for the future health of our economy and the integrity of our markets.

### **4. 1950's as an analogue – bond yields rose from 2.0% to 4.5% and stocks survived.**

From 1950 to 1953, the yield of the 10-year US Treasury moved from 2.0% to 3.1%. It rose further to 4.0% by 1957, and shot up to 4.7% by 1960. Although there were 3 significant double-digit corrections along the way, the US stock market nicely increased over this period. Rising interest rates do not unconditionally pose a threat to equities. They could be a manifestation of economic growth.



# HIGHTOWER

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## VWG Recognized in Forbes ranking of Best-In-State-Advisors

VWG Wealth Management has been recognized as the #4 Virginia-based wealth advisory practice in Forbes' ranking of Best-In-State-Advisors. The Forbes rankings, developed by SHOOK Research, attempts to identify "role models – advisors that are leading the way in offering the best practice, and are providing a high-quality experience for clients." The ranking methodology includes an algorithm of qualitative criteria, mostly gained through telephone and in-person due diligence interviews, along with some quantitative data.

We are deeply touched and gratified by the rich, trusting relationships we have with our clients and their families. The great honor is in serving you. Receiving public accolades are just icing on the cake. We thank you!

[Forbes Best-In-State-Advisors](#)

## The Four: The Hidden DNA of Amazon, Apple, Facebook and Google by Scott Galloway

*"Whether you want to compete with them, do business with them, or simply live in the world they dominate, you need to understand The Four."*

We recently read "The Four." We find it an essential read for anyone trying to run a business, or attempting to forge a meaningful career, in today's fast-paced and competitive world. Author Scott Galloway has decades of experience in brand strategy and marketing. He is a professor at NYU Stern School of Business, and he runs L2, a digital marketing intelligence firm. His writing is fast-paced, humorous and self-effacing.

On the surface "The Four" is an explanation of how Amazon, Apple, Facebook and Google have come to define and dominate their respective spaces. There is some criticism directed at them, with claims of unfair business practices, tax avoidance and privacy compromise. Galloway quickly moves toward deeper nuances and important observations. "The Four" have reshaped the way we purchase, interact, consume media and information. "Their dominance has an outsized effect on the competitive landscape and the lives of consumers." Interspersed throughout are excellent observations and constructive advice about marketing, and being marketed to, in our new world.

Galloway attempts to predict how consumers and business will be negatively and positively affected in a world dominated by "The Four." He gives advice on how consumers and businesses may best be able to survive, and even thrive. He then provides valuable, constructive career strategy advice to our youth (*and to us all*). He states, "no young person today should be ignorant of the Four and how they've reshaped the economy. They've made it harder for middle-of-the road companies to succeed, or for any consumer-facing tech start-up to compete and survive."

*("The Four" and this review are in no way meant to be security recommendations, and do not constitute investment advice).* 3



## Warren Buffett Shares the Secrets to Wealth In America

In January, Warren Buffet wrote a brief editorial, partly to counter American's growing pessimism about their children's future. With perspective and optimism, Buffett once again reminds us that "it has never paid to bet against America." He also implores our accountability to ensure that all Americans benefit from the growth and riches that lie ahead.

[Warren Buffett Shares the Secrets to Wealth in America](#)

## Gold Medal in Napping

We hope everyone has been enjoying watching the Winter Olympics in PyeongChang, Korea. It's hard to even comprehend the endless hours and years that these athletes (and their families) have spent in dedication to this achievement. Most of us would include competition, conditioning, coaching, diet and travel as being essential pieces of the puzzle an athlete needs to complete to attain this greatness. How many of us would include napping on that list?

Performance experts claim that rest is just as important as other commonly thought of factors. Brad Stulberg and Steve Magness, in their recent book "Peak Performance: Elevate Your Game, Avoid Burnout, and Thrive with the New Science and Success," boil it down to a simple equation:

$$\text{Stress} + \text{Rest} = \text{Growth}$$

They state that "rest isn't lazily slothing around: it's an active process in which physical and psychological growth occurs." Michael Joyner, physician and Mayo Clinic research recommends everyone to "make your hard days hard, and your easy days easy."

[Naps and the Importance of Rest and Recovery](#)

## Spanish Siesta

No proper discussion of napping would be complete without the term "siesta." Anyone who has traveled to Spain notes the custom of the mid-afternoon siesta, and the extremely late hour of La Cena (dinner), often 10pm. Did you know that these behaviors did not just develop by custom? Spain, although lying along the same longitude as the United Kingdom, Portugal and Morocco, goes by Central European Time, putting it in sync with Berlin, Vienna ad Belgrade. As a result, some observers claim that Spaniards "have continuous jetlag."

[The Reason Spaniards Eat Late](#)

We look forward to seeing many of our D.C. metro-based clients at our 6th Annual Charity Casino Night. We'll miss seeing those who live outside the area, and those with other commitments. For all, we wish you opportunity for a refreshing, well-needed nap! Talk to you soon.

Regards,

[VWG Wealth Management](#)

HighTower Advisors

*Suzanne, Ashley, Lynette, Michelle, Rashmi, Christina, Sarah, Amanda, Patricia, John, Rick and Jeff*

*\* Index Data Sourced from FactSet Research and Strategas Research*

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VWG Wealth Management is a team of investment professionals registered with HighTower Securities, LLC, member FINRA, and SIPC, and with HighTower Advisors, LLC, a registered investment advisor with the SEC. Securities are offered through HighTower Securities, LLC; advisory services are offered through HighTower Advisors, LLC.

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