KINSEY
WEALTH MANAGEMENT GROUP
of Wells Fargo Advisors

The Kinsey Report

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Spring is officially here, but it stalled as long as it could. This winter was one of the coldest and snowiest in recent memory, and the markets are ready for a brighter spirit, just as we are.

The Market

The market (S&P 500) had a challenging 2018. To put it in perspective, according to S&P, the total return for the index was 12.0% in 2016, 21.8% in 2017, and -4.4% in 2018. This provided an average of just under 10% per year. Doing the math, this 10% average is similar to the historical average for the index, since it began in 1926. The stock market is much more predictable over the long-term. For example, according to the historical data from S&P, since January 1973, the worst 20-year period delivered an average annual return of 6.4% (ended May 1979), while the best 20-year period averaged 18% (ended March 2000.) In summary, staying with appropriate equity allocations over the longer-term brings much greater predictability to your portfolio.

The Economy

So we woke up March 8, 2009, 10 years ago, with the market down 56% from its all time high and unemployment over 8%. GDP, according to the Bureau of Economic Analysis, had just dropped at a 6.2% annual rate and so many felt like the future of our economy was bleak.

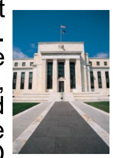
Now, 10 years later, the S&P 500 is up more than 300% from the bottom, what changed? The U.S. Bureau of Labor Statistics tells us unemployment stands at 3.8%, oil production in the U.S. is up more than double, to approximately 11.8 million barrels per day, according to the EIA, making us the world's biggest oil producer!

Smart phones, only around about a year and a half in March of 2009, are now everywhere! You can press a button on your phone and a "ride share" car will pull up in a matter of minutes to take you where you want to go. And it's cheaper than a taxi!

What a difference in 10 years! In our opinion, it will continue at a feverish pace.

At The Fed

So think about this possibility… perhaps QE and Tarp didn't save the market or fix our economy. The bottom of the crisis happened when mark-to-market accounting rules were changed. Perhaps new technology, like smart phones, the cloud, tablets, apps, fracking, the genome and 3-D printing have been more important drivers. So the FED has adjusted their stance on interest rates and is pausing the increases. We still have $1.5 trillion dollars in excess reserves in the system, and we have never had a recession begin with anywhere near that level of reserves. In our opinion, the Fed will remain on hold for a while, but we feel the U.S. is doing better than many believe. We are not suggesting a huge boom is around the corner, but expect not only employment and wages to tick higher in the coming months, but housing and inflation as well. In our opinion, this would likely push interest rates higher, with or without the Fed changing policy.



Investment Comments

We are inundated each day with a wealth of short-term opinions and prophecies about investing. We are seldom directed to consider our objectives, both short and long-term when watching or listening to the most popular financial programs. So, please consider this - if an investor has a modest lifestyle and ample pension income, perhaps the priority will be to build an estate to leave to their heirs or their favorite charity. However, if another investor of similar means has little or no pension they will more likely need to depend on their nest egg to fund their income. Therefore, the objectives, as well as risk tolerance, for their financial assets may be very different from one another.

Suffice it to say, it is important to take the time to consider what the ultimate objectives are for your investments to be certain they are positioned most effectively.

Please call us for more details on how this may impact your investment portfolio.

A Brilliant Investor?

One of our favorite investing legends is Sir John Templeton. John Marks Templeton was born November 29, 1912 in Winchester, Tennessee. He went on to establish the Templeton Growth fund in 1954, and his simple Tennessee logic and common sense brought many guiding principals that, in our opinion, still hold true today. Here is a sampling of some of our favorites of his many quotes:

February 1994 - "Bull markets are born on pessimism, grow on skepticism, mature on optimism and die on euphoria. The time of maximum pessimism is the best time to buy, and the time of maximum optimism is the best time to sell."

So what are you hearing more, optimistic market opinions or pessimistic opinions?

March 1996 - "'This time is different,' are among the most costly four words in market history."

We might include the term "new normal" in this same category, as ultimately earnings of corporations are a primary ingredient of their respective stock price over the longer term.

January 1988 - "When I think of the progress we have made during my lifetime in improving the quality of life and when I extrapolate that progress into the future, I cannot help being optimistic."

Although Kristen grew up with color television and cell phones, Keith still remembers party-line telephones and a single black and white television. Now our smart phones have more computer power than the first space shuttle!

July 1994 (at 92 years of age) - "People focus too little on the opportunities that problems present. We are blessed by the most remarkable achievement - ten blessings for every problem. The next 50 years offer great hope and glorious promise - maybe a new golden age of opportunity. Increasingly, life may be full of adventure and opportunity and never dull or routine."

It's important to refocus every now and then!

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Happy Investing!
May God Bless!

Keith
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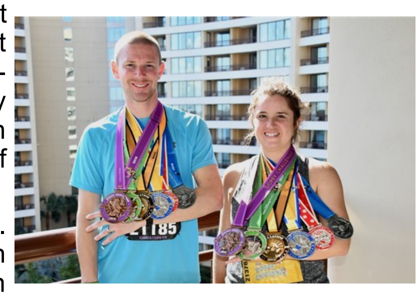
The Dopey Challenge! *by Keith Kinsey*



As many of you know, Kristen and her husband, Chris, ran "The Dopey Challenge" at Walt Disney World this past January. Our youngest, Kim, ran the 5k with them on that Thursday, while Kristen and Chris continued with a 10k on Friday, a 1/2 marathon on Saturday and their very first full marathon on Sunday. A few spots were available Thursday afternoon to sign up for the 10k on Friday. I heard Kristen invite Kim to participate with them hearing only "Nope! I'm good with the 5k." On Sunday however, she was in each of the 4 parks, on the marathon route, cheering them on as they ran by! A busy morning!

They were up by 3:30 AM each day to get to the starting line in time for the 5:30 start. Karen and I were there for the start the first day, but quickly decided watching the finish was more our style. I was the guy in the stands with a camera around my neck, a donut in one hand and a coffee in the other - exactly how my skill set lines up for such an event! Kristen and Chris completed the entire Dopey Challenge of 48.6 miles, amassing a ton of hardware along the way. And admittedly, Kim was a much better supporter than I!

Although a cross-country runner in my high-school days, I have never felt compelled to attempt much more than a 3.1 mile run. I feel that would be completely disrespectful to the inventors of bicycles and golf carts! That being said, we were at Walt Disney World - and so - clearly walked every bit of that distance most days. We were thrilled that my mom, approaching 90 years young, took the trip with us. She slept in each morning as if she were on vacation! Or, perhaps simply the most intelligent member of the family.

On Saturday, more than 18,000 runners completed the 1/2 marathon, and on Sunday almost 12,000 completed the full marathon. All in all, it was a phenomenal experience to be a part of, even if only as a coffee drinking spectator.

Karen and I feel very blessed and are extremely proud of all three of our runners and cherish every minute we are all together.

"As Old as Mickey Mouse!" *by Kristen Kinsey - Gordon*

"Hey, Mickey! I'm as old as you!"- These were the words that Grandma said as she met Mickey. Mickey Mouse celebrated his 90th Birthday on November 18th, 2018. Grandma (just ask her- her name is "Grandma"- it's how she introduces herself to everyone) will turn 90 on May 26th.

In January, as you may have read, we took a family trip to Disney. We had invited Grandma a while before, but she was unsure she wanted to come because she didn't want to be a bother. Even though we explained she wasn't, she still was hesitant. After some convincing, including explaining average temperatures of Central Illinois in January, she decided to join us. Truthfully, the weather was probably the real reason she decided to spend a week with the family.

Things I learned about my Grandma and some things I already knew:

- She hates the cold - "I thought Florida would be warm"- 60 degrees in January was too cold until we reminded her at home it was 6 degrees.
- She loves roller coasters - she rode 3 at the age of almost 90 and she will tell you her favorite ride was the Slinky Dog Roller Coaster.
- She hates long lines - in fact she complained about the lines and strongly encouraged us not to go on rides that had long lines.
- She LOVES popcorn - She probably would have eaten popcorn out of the Toy Story Popcorn Bucket and nothing else for a week if she had the choice.
- She may be 90 - but she is still a kid at heart.

I don't think I will ever be able to express in words how much that week meant to me (and for our family). Grandma being there was the farthest thing from a bother- it was truly a blessing. There are moments and laughs that I will remember the rest of my life and I will cherish forever.

Sometimes we worry so much about being in the way and being a bother that we forget that it is the memories that are made and the time spent together that are more meaningful than anything. Time is precious and memories are timeless. Enjoy the moments and stop thinking you're a bother. And be proud that you're as old as Mickey Mouse!