



July 9, 2019

Here is our newsletter for the 3rd Quarter of 2019

## The Markets Update

The 2<sup>nd</sup> quarter was a good one for most asset classes with the exception of commodities. For the last year all asset classes had positive returns except for U.S. small cap stocks, natural resource stocks and commodities.

Interest rates continued their decline with the 10 year Treasury dropping to about 2.0%, levels not seen since late 2016.

## Our Portfolios

We made some changes to our portfolios at the end of the quarter and anticipate more changes to come. The goal is to improve returns by reducing our use of the two alternative funds (all asset funds), which are designed to add diversity to the portfolio and produce returns with low volatility (the Litman Gregory and Wells Fargo funds). We are reducing the overall fund expenses by using less actively managed funds and more Exchange Traded Funds (ETFs) with lower expense ratios. We also reduced our allocation to the energy sector and allocated to a broad market index fund. Exposure to foreign currencies has been reduced by switching our emerging markets bond fund to one that is held in U.S. dollars.

Returns have been very modest and these changes are designed to lower expenses, simplify and invest in more traditional single-asset stock and bond funds and ETFs with more consistent asset allocations.

## NAPFA Conference in Austin

The annual fee-only advisor conference was held in May. While the usual financial topics were covered, the best sessions pertained to aging and personal wellness. Here are highlights of my favorite three. I know, we have all read and heard much about these subjects, but I bet you will get some interesting insights and even surprising facts.

### Asset Class Returns- Ending 6/30/19

Asset Class	2nd Qtr	One Year
US Large Cap Stock	4.3	10.4
US Small Cap Stock	2.1	-3.4
Foreign -Developed Mkts Stock	3.8	0.1
Emerging Mkts Stock	0.7	3.3
US Intermediate-Term Bond	3.1	7.8
Emerging Markets Local Bond	5.9	7.6
High Yield Bond	2.5	7.8
Inflation-Protected Bond (TIPS)	2.8	4.6
Cash	0.6	2.3
US Real Estate	1.7	12.2
Natural Resource Stocks	0.9	-14.8
Commodities	-0.9	-9.7

## Keeping Your Brain Young

This talk by Marc Milstein and his second session about sleep were the hits of the conference. All of us our getting older and his website [www.drmarcmilstein.com/keep-brain-young](http://www.drmarcmilstein.com/keep-brain-young) has good resources and all the details. We are not all slaves to our genetics when it comes to avoiding afflictions such as dementia and Alzheimer's disease. Marc indicated at least one-third of all dementia is preventable. I will highlight the major factors here from Marc's talk.

- Good sleep is probably the best thing you can do. I will go into more detail in next section.
- Learn something new.
- Hearing loss can have a negative impact on your brain function so get it treated.
- Stay social.
- Immune system: Inflammation which can be tested by your doctor looks at CRP markers.
- Food: The so-called Mediterranean diet (mind diet) is a good one.
- Gut: Take care of your gut by eating fruits, veggies, whole grains, etc.
- Mindfulness: Keep stress in control. A level of stress is actually good, just not too much. Help control with activities such as meditation and yoga.
- Treat depression. If medication is not helping an inflamed thyroid may be the problem.
- Untreated diabetes is very harmful.
- Two simple activities have been shown to be a huge help; 30 minutes of walking per day and, last but not least, dancing.

## **Master Sleep**

Sleep occurs in 90 minute cycles with three parts: light, deep and REM or rapid eye movement sleep. As we age it can become more difficult to get enough REM sleep. The most important part of the REM state it that is acts like a brain wash with spinal fluid circulating thru your brain to remove trash built up. This is also the stage where you dream, even if you don't recall them.

Here is a summary of the information you can use:

- When you get up make sure you get some natural light soon to set your brain clock. Getting up at the same time every day is easier for your body and brain to manage.
- It is ok to take a snooze during the afternoon but keep it to no more than 30 minutes.
- Food and drink: no caffeine after 2pm. No alcohol before you go to bed. Salmon has been shown to be good for sleep and the brain because of the Omega3 content.
- Over the counter sleep aids: really not good for most so avoid.
- One hour before bedtime do something relaxing to get you ready. Cut the light in your room 30 minutes before bedtime.
- Having your bedroom void of any light is very important. Even the light from a clock can impact your sleep.
- Electronic devices: keep them out of bed.
- If you are having trouble getting too sleep, get up and take a stretch.

- How much time do you need to sleep? It is not so much the time but the quality and the number of cycles you need. It is common to wake up at the end of a cycle, so if you wake up you may have just completed a cycle.
- Tracking: Those sold that you can wear are not very useful. To determine if you are having problems such as sleep apnea you need to have a sleep study done by a doctor.

### **Resources for Seniors**

Looking for somebody that can help with managing household bills? SilverBills.com is a service designed for seniors which, for a flat fee, will pay all your monthly bills.

How about a ride service designed for senior in mind? Gogograndparents is designed to make it easier by just calling a phone number. No apps required. They use ride services such as Uber and Lyft but are easier for seniors. Loved ones can get text messages to let them know where mom or dad are.

### **Good Time to Look at Your Loans**

With interest rates dropping to a level not seen since 2016 it would be good to take stock in your home mortgage and other debt to consider options such as refinancing or consolidation. 15 year mortgage interest rates are back down to about 3.0%. Let me know if I can help.

Thanks for reading and have a great rest of your summer.

Sincerely,

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Registered Investment Advisor  
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