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Trendlines – Jim Butler, CFP®, AIF®
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1. An excellent way to view rates of return is to look at the popular 'periodic table of returns' which goes by many different names. You can view one (here) which is taken from Callan LLC. A few takeaways include: a) In 2018, cash equivalents led the way for the first time with a modest albeit positive return, b) large-cap equity funds (as measured by the S&P 500 index) had its first negative return calendar year since 2008, c) returns of the major asset classes vary year to year, and d) a smoother ride was found in an asset allocation approach – not reflected in this version of the table – with far smaller variations of returns.
2. Have you ever wondered in a restless night's sleep of the difference between mutual funds and ETFs? (didn't think so) But if you – or someone you know – are interested, these pictures tell the story quite well. We support the use of both actively managed mutual funds and ETFs as they each have strengths. The more important issue is what is the right allocation for a family/individual based on their situation.
3. Be careful what you read – be careful who you read. **a)** On October 10, 2002, USA Today ran an article titled, "*Where's the bottom? No end is sight".* On October 9, 2002, the S&P 500 Index closed at 777 which turned out to be the low. We know what happened to the index from that point. **b)** According to the Tax Policy Center, as a result of the *Tax Cuts & Job Act* passed in Dec 2017, 65% of US taxpayers are expected to pay less taxes for the 2018 tax year, 6% will pay more and an estimated 29% will experience no material change. How many times have we heard on the airwaves that the tax act was for the private sector and the top 1% only?

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