

# summaries



the official newsletter of sigma investment counselors

September 2018

# CEO SCRIBBLINGS

It has been some time since I have penned our monthly newsletter and I have a collection of not so random - and connected - thoughts that will constitute this month's issue.

## The Stock Market

The stock market has been hitting new highs and this has been well reported upon. As such, I have been getting a number of calls from concerned clients asking whether it would be appropriate to take defensive action - i.e., selling stocks, assuming an imminent downturn is at hand.

There are two facets to this dynamic.

First, is my firm belief, supported by 33 years of managing money, that market timing is a fool's errand. We have articulated on countless occasions that overwhelming evidence suggests that a buy and hold strategy for long-term investors is superior in all environments to a market timing strategy. I still recall with clarity the young man I interviewed many years ago who had lost his job while working for a local competitor that held itself out as a market timer. He noted for me that his firm got lucky once in timing the market but then was unable to replicate that success. Clients soon lost faith and left the firm and this cost him his job. My predecessor, Chuck Ricker, CFA, used to say that people want to be seduced - they want someone to tell them that they can avoid market downturns in spite of the compelling evidence otherwise. Reading between the lines, it becomes evident too that any money

manager today that has not had its clients invested in common stocks is suffering significant foregone investment gains on their behalf. From a business strategy standpoint, the only way for market timing firms to preserve their client base is to warn loudly, and often, that a market crash is coming and that those clients will ultimately be rewarded for their patience and forbearance.

Good luck with that, I say to these managers. Nonetheless, the sensationalism in their dire predictions makes for good press and these warnings get picked up by journalists and reported upon (see the September 4, 2018 issue of the Wall Street Journal, page one - "Strong Stock Run Faces Fall Test").

This segues to the aforementioned second facet, that an imminent market downturn is at hand. We still believe that we are in perhaps the middle stages of a long-term secular bull market for stocks and further feel that the underlying economic fundamentals are supportive of a continuation of the trend. While the optics out of Washington DC are decidedly ugly, the overriding policy initiatives have been conducive to painting a foundation of long-term economic progress. And this leads us to President Trump.

## Trump

He is a national embarrassment, but the tax cuts, trade negotiations, and deregulation will pave the way for solid and sustained economic growth.

local independent personal accessible

interactive creative local independent personal

knowledgeable thoughtful ethical experienced

### **New developments at Sigma**

Dan Robinson is the latest of our colleagues to pass the CFP® (Certified Financial Planner) Certification Examination. He joins Marisa Bradbury, Chris Frayne, Wenny Gorman and Amanda Lehnert in this achievement. Marisa, Wenny and Chris also hold the CFA designation. Other CFA designees include myself, Chris Kress, Denise Farkas and Walter Kirchberger. We feel strongly that proper training and experience are essential to fulfilling our obligations to our clients and we are proud of all of these achievements.

### **We are moving**

As you are undoubtedly aware, by the time you receive this Sigma Summary, we will have relocated our Southfield office to downtown Northville (Lake Mary and Cleveland are staying put). There is validity to the cause and effect notion that we are moving to Northville because I live in Northville! Starting out in 1985 with the firm located in Grosse Pointe, while I lived in Dearborn

(50 minute commute) and then doing the Northville to Southfield commute for many years, the new drive will shave my daily commute time down by one hour. I fully expect to be able to use this time much more productively. In fact, I believe it will extend my career and, given the substantial growth in the number of new clients served and a burgeoning level of assets under management that recently surpassed \$1 billion, I am reenergized to continue to ply my trade with colleagues that I love and respect.

But, it's not all about me. Several of my colleagues will also see their commute times shortened considerably. We will be having an open house next spring, but I invite all to drop in and see us at our new offices anytime you are in the neighborhood.

In closing, I want to again thank all of you, our valued clients, for the opportunity to serve. We do not take our responsibility lightly.

Robert M. Bilkie, Jr., CFA  
Chief Executive Officer

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