Investment planning in 2019: Does the bull still have legs?

By John Olerio, Director, Senior Vice President | Webster Investments

Investors have enjoyed an historic bull market with record highs. But are we near the end of the run?

At Webster, we see the current market as less of a bull and more of a plough horse: steadily moving forward, one step at a time, determined to make progress.

So moderation is our mantra for investors. The Fed is taking the same approach to interest rates, with a moderate cut. But moderation should not mean stagnation.

Positive signs, despite negative headlines

Certainly, the market is slowing down and volatility continues to be a fact of life. We can and should expect corrections. Nevertheless, we see signs for cautious optimism:

• Today, employment is on the rise.
• While GDP growth is slow, it’s still growing.
• Profitability numbers are solid.

Of course, domestic and global political disruption creates dramatic news and spikes day to day volatility. That puts psychological stress on investors.

But overall, the market isn’t reacting to those events. It’s responding to valuations, consumer and business confidence, and the total economic climate.

The risk of making emotional decisions

The long-running bull may lure some investors out of their comfort zone, tempted to take on more risk. Or, conversely tempted to exit the market before a big drop.

Our counsel continues to be: “Only make investment decisions that let you sleep at night.”

Seasoned investors certainly have been through a lot, especially since the Great Recession. It’s made them more cautious. In some cases, they’ve become so focused on the day-to-day ups and downs of their portfolio, they avoid looking farther ahead. That’s a mistake.

Too often, investors are making important decisions based primarily on emotion. Decisions have to be based on objectivity. And that starts with a tighter fix on where you are—and where you want to be.

4 Questions today about your future and your funds

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1. How long ago did you do a Big Picture review of your goals—and how your assets measure up to them?
2. Where do you want to be five, ten or 15 years from now?
3. When and how do you want to use your wealth—and will it be up to the task? (Including the biggest objective: a safe journey through retirement)
4. How many “what if’s” have you considered?

If it’s been a while since you looked at actual plans and numbers, doing it while the horse still plows is a good time to look ahead.

Objective tools to pursue your objectives

Your tolerance for risk is at the heart of any sound investment strategy. At Webster, we use a proprietary Advisory World process—a sophisticated suite of tools to help clearly define your attitude toward risk and then match it to your portfolio—making sure your allocations reflect your comfort level and your goals.

Being comfortable, however, doesn't mean being complacent. This is not the time to “set it and forget it.” Success depends on a continuing process of review and revision—reflecting the new changes or opportunities that life can bring you.

Note that Webster does not sell proprietary investment products. Our advice is solely based on guiding you to the best decisions, based on your objectives and risk profile.

Today's investment market is a whole different animal. Worry less about bulls and bears. Keep following that plough horse, making steady progress toward the goals you've set.