Rodney Schulz
Schulz Financial
12558 Honeywood Trail
Houston, TX 77077

Schulz Financial
Invest

281.705.9189
www.GreatWealth.com
Rodney@GreatWealth.com

Be Wary of Headlines

Clients frequently come to me with headlines that alarm them (see attached photo from the December 10, 2015 *Wall Street Journal*). That's normal, and answering their questions and concerns is part of my job. Four things I often explain is that:

1) Headlines are meant to attract attention and sell the publication;
2) Markets have typically moved and incorporated the news long before it becomes a headline;
3) In most situations, the headline writer can't add 3+2; and,
4) Even when the writer can add 3+2, he rarely understands the power, speed and efficiency of markets.

Markets →

Emerging-Market Defaults Hit Six-Year High
Emerging-market corporate-debt defaults reached their highest level since 2009, as economic conditions worsen for companies that spent years piling up their borrowings.

If one were to act on the subject headline of December 10, 2015, he would have likely sold his position(s) in emerging markets just prior to the end of 2015. Now that we have hindsight, how did emerging markets perform for the immediately subsequent calendar year of 2016?

Specifically, DFA's Emerging Markets Core Equity Fund (DFCEX) delivered a gain of 10.2%, which is close to the long-term average for emerging markets. Not great, but not bad. And yes, all my clients have at least some position in emerging markets, typically 3-6% of their equity position.

So, in retrospect, should we ignore all headlines? No, as it's good to stay abreast of the news. It's one of the things my clients pay me for. However, one should be wary of letting headlines dictate or overly influence investment decisions.

As always, please let me know if you have any questions or if I can be of any help.

Thanks,

Rod

Thank you for reading! *Please pass along*