



Dear Client:

The stock market, as you likely heard, has had a rough couple of days. But were they as rough as the media suggested? Not really.

The Dow Jones Industrial Average closed today at 25,052.83. The last time it closed at that level was three months ago, so days like yesterday and today were inevitable and not something to be particularly concerned about.

Here's another reason why we view the recent performance with a shrug: Although yesterday and today saw the third- and 17<sup>th</sup>-largest daily point losses for the Dow respectively (which sound big), on a percentage basis, neither day's results even made it into the top 20 of the Dow's all-time worst days.

Why the discrepancy between points and percentages? Simple: The higher the Dow grows, the bigger the daily swings in actual points. The last two days' point losses simply aren't much of a move against a 25,000 Dow. And it's the percentage that matters — not the points.

We can't say whether yesterday and today were an aberration or a sign of things to come. What we can tell you is that the economy is still humming right along: The unemployment rate is the lowest it's been since 1969! More than 134,000 jobs were added in September, continuing our record of 96 straight months (that's eight years!) of gains. Wages are also at their highest level in a decade — meaning more Americans are working than ever, and they're earning more than at any time in the past 10 years! So, no wonder the stock market has risen this year — and no wonder that a pullback has now occurred.

It is precisely because we can't expect stock prices to rise unabated that we encourage you to maintain your diversified portfolio. You don't have all your investments in the stock market specifically to help reduce your exposure to the risk of a stock market crash. People who lamented that they weren't 100 percent invested in stocks were thankful yesterday that they weren't. (Of course, diversification can't assure you'll never incur a loss in your portfolio.)

This week isn't just a reminder of the importance of diversification. It's also a good reminder of the importance of staying focused on your long-term goals — and not letting short-term market activity distract you. So, we recommend that you focus not on the Dow, which you can't control, but on your financial plan, which you can control: Make sure you have the right kind and amount of insurance, get your estate planning up to date, review your mortgage, and evaluate the level of your cash reserves. You might even view this drop in the stock market as a buying opportunity.

I hope this normal market activity hasn't worried you. But if it has, please talk with your Financial Planner. We're here for you — let us help.



Regards!

A handwritten signature in black ink, appearing to read "Ric Edelman". The signature is stylized and cursive.

Ric Edelman  
Founder and Chairman, Financial Education and Client Experience

P.S. As if a big point drop in the Dow isn't enough ... when it rains, it really pours — literally. Hurricane Michael made landfall in the Florida Panhandle yesterday and is dumping rain and whipping up winds along its path inland. The damage is heart-wrenching to watch, and our thoughts and prayers go out to everyone affected by the storm.

You don't have to live in the Southeast to feel the effects of this hurricane. You may have family or friends, or even property, in the area. And we stand ready to assist in any way we can. Our friends at Financial Engines have put together an excellent resource of storm checklists, guidelines and other helpful information at [FinancialEngines.com/Michael](http://FinancialEngines.com/Michael). Click the link or copy it into your browser, and share this material with your loved ones to help care for family and possessions, prevent financial fraud and protect savings during and after natural disasters like Hurricane Michael.

If you have any trouble navigating this information, if you think you may be the target of financial fraud, or if you need help making any of the financial decisions Michael may force upon you, please call your Edelman Financial Planner.