



2018 1st QUARTER NEWSLETTER

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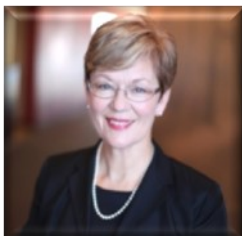


“Beware the Headlines”

The morning of our client Christmas open house, which was December 6th, I received an e-mail solicitation from a fund manager. This in itself is not unusual as I receive this kind of advertising, marketing, etc. daily. The interesting thing about this particular marketing piece was the headline: “WHY NOW MAY BE THE RIGHT TIME TO INVEST in INTERNATIONAL FUNDS.” There are several troublesome ideas contained in that title. #1) “The RIGHT time,” seems to suggest market timing as a feasible strategy. We know from years of experience and many economists that market timing is a foolish way to make decisions regarding your portfolio. #2) The question why now? I looked up the returns on our Domestic (US) fund FMUEX as of 12/27/2017 and it is up 9.9% and the international fund FMNEX is up 22.21%. It is easy to sell funds when things are up. I have no idea if the international market will continue to go up in 2018, and for that matter we should not care. IF you are properly diversified at all times you will get a market rate of return. Trying to cash in or out based on past performance is breaking several rules of prudent investing. The best strategy is to have a globally diversified portfolio engineered to meet your investing and financial needs and time frame, and keep it balanced in all market conditions. This way market ups and downs are used for your benefit without guessing, or getting in too late, or taking the risk of making catastrophic mistakes.

This led to lively discussions and an opportunity to share our experiences. I was so pleased to see how many of our clients “got it.” They knew right away the problem with the statement and expressed their views expertly and with confidence! The title of the article embodies the very essence of what is generally wrong with the investing industry: Selling stuff when it is high, which leads to breaking all the rules and leaving the investor poorer, more confused and disillusioned.

The other topic of much discussion was “BIT COIN,” which Jeremy is going to cover in his comments. **MW**



“Of Bitcoin and Tulips”

One of the things that is coming up in recent conversations and at our events is that new financial creation - bitcoin. I weekly get questions about this new investment “opportunity.” To borrow a definition from Wikipedia bitcoin is: “.....a cryptocurrency and world-wide payment system. It is the first decentralized digital currency”. Without getting into the finer details, it is helpful to understand what it is at its core. Simply put, it is a type of currency. Bitcoins can be exchanged for dollars, and vice versa. Several hundred thousand merchants around the globe will accept it as payment. [However, most all of those same merchants will accept plain old dollars as well]. Just like any other economic commodity, increased demand for bitcoin drives up its price. My concern is that much of the price increase in bitcoin is due to people *just wanting to own it*, and not for any fundamental economic reason (remember oil prices at \$147 a barrel... sound familiar?).

It is difficult for me to call bitcoin an “investment.” Bitcoin, like any other currency (be it the Euro, the Canadian Dollar, Japanese Yen, etc) can rise in value and if I wanted to speculate I could trade in the foreign currency market and try to profit based on the relative price strength of the dollar vs other currencies. But like any other currency, it does not make anything of economic value. When you buy something with the sole hope that it just goes up in price that is speculating, in my opinion.

Investing in the stock market, or companies, is not the same. Companies are dynamic, produce goods and services that are valuable, and sell them at a profit. And over time the owners of the companies (investors) are compensated for their investment through that profit. A piece of gold, a bitcoin, or a Euro are what they are, their value rises and falls, but they do not produce anything.

I am not the only person however with the cautionary perspective. Robert Schiller, Nobel Laureate in Economics said “It’s going to go way up, like the stock market in the 1920s. We will reach a 1929 eventually. But then it won’t go to zero, it just will come down.” Or another Nobel Laureate Joseph Stiglitz who said, “So it seems to me it ought to be outlawed, it doesn’t serve any socially useful function.” Neither are ringing endorsements.

Remember, the markets will repeat history over time, with slightly different players. Whether it was Tulips in the 1630s, Stocks in 1929, Tech Stocks in the 1990s, or Real Estate and Commodities in the mid-2000s. When everyone is talking about the newest greatest investment, it’s probably time to steer clear. **JB**



Upcoming Veritas Events For Clients & Friends

SAVE THE DATES

"2018 Tax Update Class"

Tuesday, February 6th

6:30-7:45

Oshkosh Public Library

See our website for more details

www.veritasinvesting.com

Roses are Red, Violets are Blue, Making Financial Success for YOU !

Tuesday evening

February 13th, Oshkosh

Thursday evening

February 15th, Plymouth

Watch for your Invite!

MARK YOUR CALENDAR NOW

RETIRE RIGHT!

Two Night Course

Tuesday, March 20th

Thursday, March 22nd

Plymouth High School Room B123

Community Education

To Register call (920) 892-5068

or visit

www.plymouth.k12.wi.us/com.html

YOUR FINANCIAL SUCCESS IS IMPORTANT! TAKE INVENTORY

Every year we should assess your progress toward your objectives and financial goals. Vicki, who is now our Client Relations Manager, will be calling our clients throughout the year to make sure your information is updated, and also to ask about setting up a review appointment. Please let her know of any way in which we can serve you better.

JUST DO IT!!

HOLIDAY OPEN HOUSE *Celebrating.....*



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ADV form are available upon
request at anytime**