

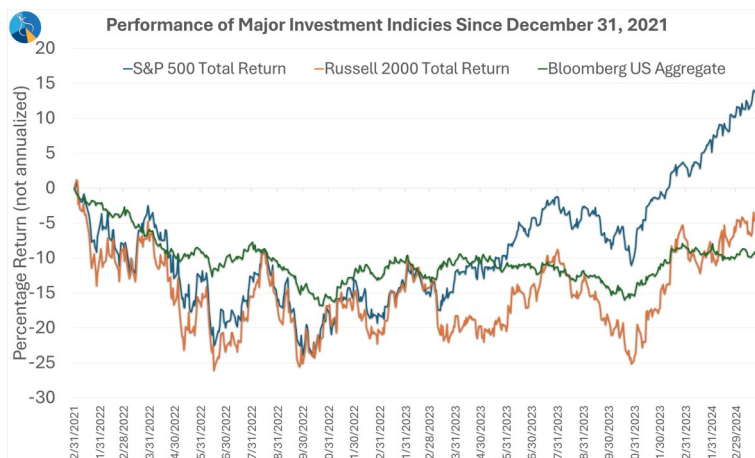
3 Different Markets

Spring 2024

The S&P 500 attracts all of the headlines. This index is comprised of the 500 largest US based corporations and is weighted by the market capitalization. As of the end of the quarter the top 10 stocks represented 32% of the S&P 500. 50% of the index is in just 33 stocks.

The Russell 2000 index represents the other end of the spectrum — smaller US based companies. Small company stocks tend to better represent how the overall economy is doing in the US. As the chart on the right shows small caps (the orange line) have not enjoyed the same gains the S&P 500 (the blue line) has the past couple of years.

Bonds (the green line) typically help reduce risk in a portfolio, but over the past 2 years any allocation to bonds has hurt returns. This is abnormal and likely to revert back to a more normal function as the Federal Reserve winds down their inflation fight.



SOURCE: YCharts | Past performance is not a guarantee of future results. All investments involve risk. The S&P 500 is a capitalization weighted index of the largest 500 US based corporations. The Russell 2000 represents the lowest capitalization stocks of the Russell 3000, which includes the largest 3000 stocks based in the US. The Bloomberg Aggregate Bond index is an issuance weighted index of the available US investment grade or higher bonds. Investors cannot invest directly in an index and will incur additional fees trying to replicate these returns.

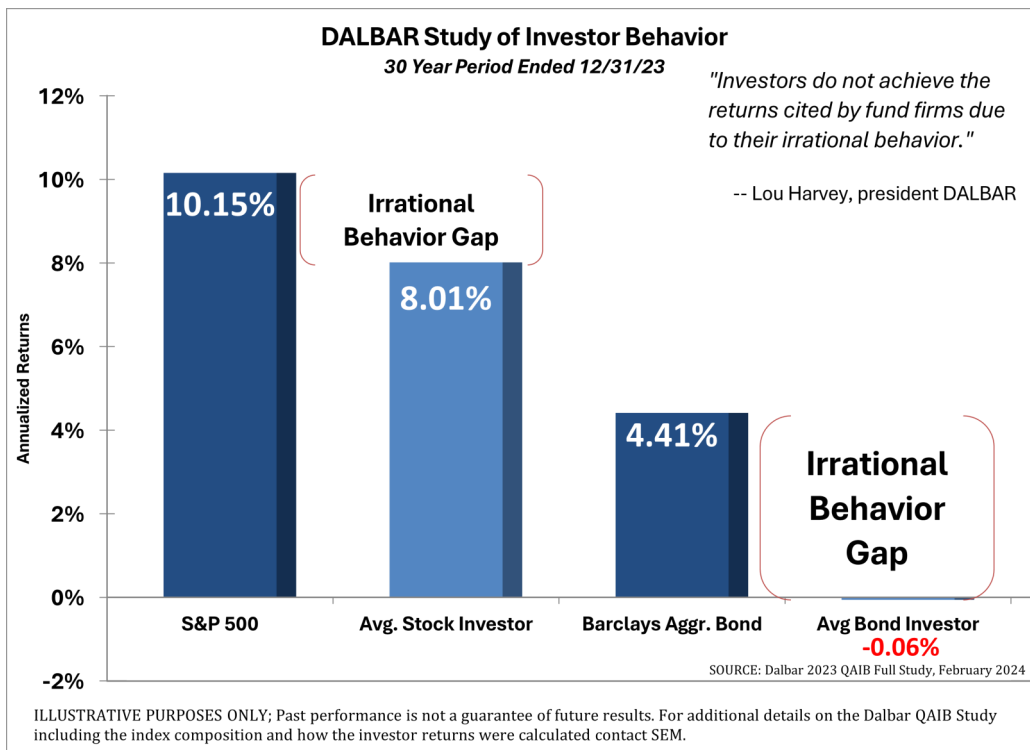
We are tracking this closely at TradersBlog.SEMWealth.com

Offsetting the Behavior Gap

For over 25 years, SEM has been following the Dalbar Quantitative Analysis of Investor Behavior. It always fascinates us to see the results. Despite decades of education and data illustrating the value of remaining invested for the long-term, each year when the results are released they tell the same story — the average investor tends to let their emotions get the best of them which keeps them from keeping pace with the returns they should have achieved.

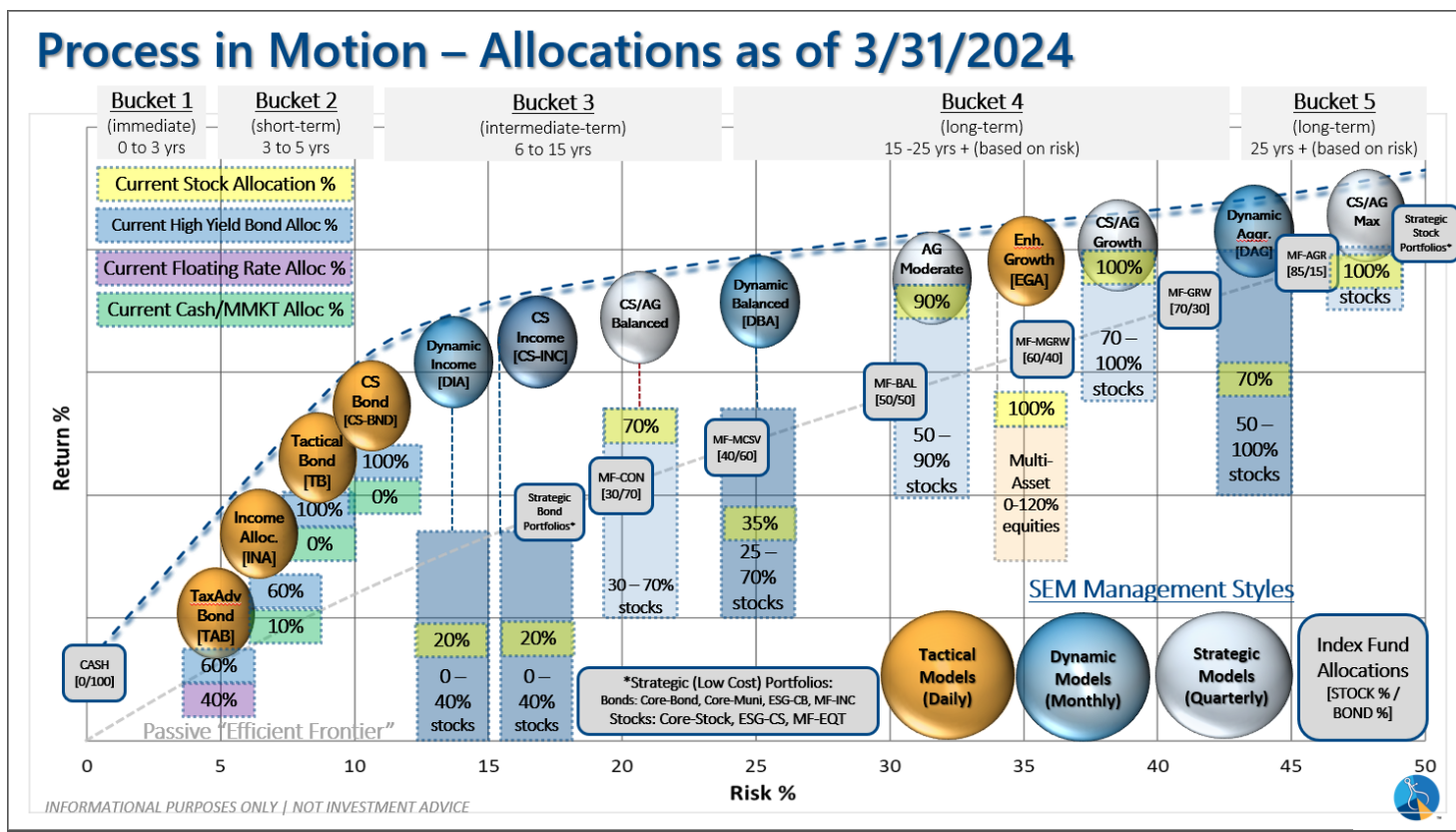
The most striking outcome of the study has been the damage our natural human behavior can do to our bond investments. Over the last 10, 20, and 30 years, the average bond investor has LOST MONEY in what is supposed to be the lower risk portion of their portfolio. As students of investor behavior we know the reason — conservative investors tend to have inherent behavioral biases which lead to poor investment results. At SEM our primary role is to provide investment portfolios which offset these natural tendencies to allow our clients to achieve their financial goals.

While we cannot post our investment returns in this newsletter, we can say the real-time results for our 'bond' investments has been significantly better. If you'd like to see how SEM would structure your own personalized investment portfolio and how those results compare, go to Risk.SEMWealth.com.



Customized Plan for Unprecedented Times

The last 4+ years have had plenty of ‘unprecedented’ events which led too many people to make snap decisions on their investments. At SEM our quantitative, engineered investment approach gives us the ability to adjust portfolios based on the DATA, not our opinions or emotions. We have a wide range of investment models which can be combined to create a portfolio for nearly all types of clients. The chart below shows the various models we have available. If you are at all concerned with your investment allocations, we can take a look at where you are currently and suggest ways to better meet your goals and expectations. To get started go to Risk.SEMWealth.com.



Bonus Content: Fake DocuSign Emails

Fake DocuSign emails are on the rise. Some tips for avoiding DocuSign phishing attacks:

1. **Confirm the email’s legitimacy by contacting the sender using a different communication method.** If you get an unexpected DocuSign from your financial advisor, mortgage lender, etc, don’t reply to the email, pick up the phone, call them, and ask if it’s legitimate.
2. **Check the sender address.** The sender’s email address should almost always end with **docusign.net**.
3. **Check the link.** The link URL should **always** go to address whose domain is **docusign.net**.

Check out the full article for a more thorough rundown on fake DocuSign emails.

TradersBlog.SEMWealth.com/fake-docusign-emails

What other topics would you like to see covered in the newsletter? Let us know at SEMWealth.com/Contact

What is **ENCORE**?

ENCORE is a Quarterly Newsletter provided by SEM Wealth Management. **ENCORE** stands for: **E**ngineered, **N**on-Correlated, **O**ptimized & **R**isk **E**fficient. By utilizing these elements in our management style, SEM’s goal is to provide risk management and capital appreciation for our clients. Each issue of **ENCORE** will provide insight into investments and how we managed money.

The information provided is for informational purposes only and should not be considered investment advice. Information gathered from third party sources are believed to be reliable, but whose accuracy we do not guarantee. Past performance is no guarantee of future results. Please see the individual Model Factsheets for more information. There is potential for loss as well as gain in security investments of any type, including those managed by SEM. SEM’s firm brochure (ADV part 2) is available upon request and must be delivered prior to entering into an advisory agreement.