



NEW ENGLAND CAPITAL FINANCIAL ADVISORS, L.L.C.

Registered Investment Advisor

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Financial Advisors
Independent Objective Advice

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Dear New England Capital Clients,

All of us at New England Capital Financial Advisors, LLC would like to take this opportunity to wish you and your family a Happy Holiday Season and a very healthy, safe and prosperous New Year for 2015. I am truly blessed to be doing what I love to do in partnership with professional and competent colleagues for the benefit of you – our valued clients.

While it has been a relatively good year in both the stock and bond markets, we have still experienced volatility in 2014. For example, in the first 9 trading days of October, 7 of the 9 days experienced a change (either up or down) of 1% per day. About that same time, one fund that tracks the S&P 500, SPDR S&P 500 ETF, traded \$160 billion of its shares. This is \$160 billion fund, which means it had 100% turnover in just one week. What this tells me is that speculators and short term thinkers, not investors, have driven this volatility.

As a professional investor, I know something that most people find impossible to believe: the threat of scary ups and downs in the market is a good friend to the long term investor. Why? Because over the long turn, stocks have provided returns far higher than bonds or cash. If it weren't for the occasional scary gyrations, any rational person would put his or her money where the highest returns have been historically.

Of course, historically, predicting the short term direction of the market has been a fruitless exercise. Instead of asking what will the stock market do next, I have a better question: Why are we paying such close attention to daily market movements and why do we get anxious over short term swings in stock market prices?

The thing to remember is that the **daily stock prices** are determined by mood swings of skittish investors or speculators whose fears are from "expert" commentators who profess to know the unknowable. The press knows bold, scary statements will get your attention. What they don't say, because it's boring, is that the **value of your stock holdings** are really determined by the effectiveness of millions of workers who go to work every day in offices, factories, farms, warehouses, power plants and research

facilities, who slowly and incrementally, with their daily labor, build up the value of the businesses they work for.

The last time I checked, the incremental progress hasn't stopped. The economy is still growing. I know you won't get a daily report on the **value** of investments you own; only the daily **changing opinions** of skittish investors. Of course if you take a second look at the growth of an investment in stocks over the long-term, you get a better idea of how the value is built over time, no matter what the market will do tomorrow.

As we look forward to the holiday season please call us to review your accounts. We want to ensure your financial success and the achievement of your life goals for not only the coming new year but for years to come.

HAPPY HOLIDAYS

From all of us at

NEW ENGLAND CAPITAL