

The Light at the End of the Tunnel

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Not too long ago, my family and I went through a home remodel. This remodel was one of those bigger remodels you hear of – not just updating a kitchen or bathroom, but included an addition of approximately 800 square feet to the house. For the majority of the remodel my wife and I slept on a bunkbed in our 14 year-old son's room (and yes, he slept in the room with us - on the top bunk). We did not have a kitchen, needed to share a shower with our four children at home and generally had our lives thrown upside down for a period of five months. There were times where some thought about throwing in the towel and giving up on the process came to mind.



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The remodeling experience nearly allowed me to fully understand the Benjamin Franklin quote, "In this world nothing can be said to be certain, except death and taxes." I think I nearly died on multiple occasions thinking the remodel would never be completed (and tired of hitting my head on my son's bunkbed when sitting up in the morning), as well as seeing the increase in my property taxes due to the home addition.

I would like to add one more "certainty" to Ben Franklin's, which is we will face anxiety/change during life. I think it fair to say that during this remodel we experienced a high level of anxiety resulting in occasional outbursts from child or parent. The outbursts may have included comments such as, "Will this never end?" and "This is a nightmare - I don't know if I, let alone our family, can survive this crisis." However, at the conclusion of the remodel, we found ourselves with the home of our dreams and the family felt that the temporary inconveniences were worth the outcome.



Sometimes we find the world going through a “remodel” of its own. Last June we watched the citizens of the British Empire vote to leave the European Union (most commonly called “Brexit”). This “remodel” caused almost as much anxiety in the financial markets as did my remodel on my home (OK maybe a little more anxiety was felt in the financial markets). The day after the vote we read comments in the press such as the following from the Washington Post “[the vote had] escalated the risk of global recession, plunged financial markets into free fall, and tested the strength of safeguards since the last downturn seven years ago.”

Similarly, the Financial Times said Brexit had the makings of a global crisis. “[This] represents a wider threat to the global economy and the broader international political system...The consequences will be felt across the world.” While it is true that the Brexit vote will impact many political facets of life within the European Union, the initial impact on the financial markets was fairly short lived. In just a matter of days, and after this turmoil, we saw the stock markets hit new all-time highs.

Similar to my family’s home remodel, at times the stock market will face a remodel and the journalists will “help” us understand the remodel with comments that can often cause us great anxiety. Sometimes, as investors we feel like my family did while in the midst of the remodel – maybe we should just throw in the towel and give up on investing. However, the markets have shown us again and again that if we are patient and wait out the remodel, we will find ourselves in a better situation than before.