



**Wealth  
Management**

Edition 428 | November 11, 2019

## The Markets

Last week, major United States stock indices finished at historic highs.

According to a source cited by *Barron's*, U.S. stock markets are responsible for creating \$6 trillion in paper wealth this year. 'Paper' wealth is when an asset is estimated to be worth a specific amount. The wealth becomes 'real' when the asset is sold.

If you're having difficulty comprehending \$6 trillion, imagine this: 3,786 miles of stacked \$100 bills. That's about 15 times higher than the space station. It's roughly the distance of a drive from the East Coast to the West Coast of the United States and about halfway back again.

To date, 2019 has been an exceptional year for U.S. stocks. At the end of last week, the Dow Jones Industrial Average was up 18.7 percent year-to-date, the S&P 500 had gained 23.4 percent, and the Nasdaq Composite had risen 27.7 percent.

Returns like these sometimes inspire investors to ignore their risk tolerance and increase allocations to U.S. stocks. That may not be a wise move. In an article titled, 'How not to understand money,' *Financial Times* explained:

"One of the first things to know about equity investing is that stocks go up as well as down, and even the most successful ones never go up in a straight skyward trajectory."

There is a theory which holds that, over time, returns revert to the mean. *Investopedia* describes the phenomenon like this:

"A reversion to the mean involves retracing any condition back to a previous state. In cases of mean reversion, the thought is that any price that strays far from the long-term norm will again return, reverting to its understood state."

Since the current U.S. bull market in stocks has delivered above average returns for more than a decade, some analysts anticipate future returns may be less robust as returns revert to the mean.

Suffice it to say, it's not a good idea to be lured into holding more stocks because recent returns have been exceptional. Those returns are, after all, in the past.

Data as of 11/8/19	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	0.9%	23.4%	10.2%	13.1%	8.7%	11.0%
Dow Jones Global ex-U.S.	0.8	14.3	6.9	6.1	2.0	2.5
10-year Treasury Note (Yield Only)	1.7	NA	3.2	1.9	2.4	3.5
Gold (per ounce)	-3.0	14.2	19.6	4.5	4.7	2.8
Bloomberg Commodity Index	-0.4	4.2	-4.0	-1.6	-7.3	-5.0

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods. Sources: Yahoo! Finance, MarketWatch, [djindexes.com](http://djindexes.com), London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

**THE NEWEST NEW MATH.** If you learned ‘old’ math, you may find ‘new’ math bewildering, and that can make helping with homework really challenging. It’s possible we’ll soon have an even newer math curriculum.

Many Americans learned old math: addition and subtraction, multiplication tables, and long division. Some may have absorbed linear equations in algebra and isosceles triangles in geometry. The new math entails a similar but different skill set. For instance, new math requires students to:

- Solve 12 times 37 using box multiplication
- Answer 10 minus 7 using a 10-frame
- Solve 57 minus 14 using base ten subtraction
- Explain how to decompose numbers
- Solve word problems using an open number line

If you are familiar with any of these new problem-solving methods, congratulations! You are ahead of the curve.

Unfortunately, the new math hasn’t been improving Americans’ performance on the Program for International Student Assessment (PISA), a standardized test administered in 70 countries. In 2018, the U.S. placed 39<sup>th</sup> in math.

Jo Boaler, the Nomellini-Olivier Professor of Mathematics Education at Stanford University, and Steven Levitt, an economist and author, think we need to change what we’re teaching. In an opinion piece in the *Los Angeles Times*, they wrote:

“What we propose is as obvious as it is radical: to put data and its analysis at the center of high school mathematics. Every high school student should graduate with an understanding of data, spreadsheets, and the difference between correlation and causality. Moreover, teaching students to make data-based arguments will endow them with many of the same critical-thinking skills they are learning today through algebraic proofs, but also give them more practical skills for navigating our newly data-rich world.”

Get ready for 21<sup>st</sup> century math!

### **Weekly Focus – Think About It**

“Instead of being like a circus where the trainer uses his stick to make animals do stunts to serve the interest of the audience, the system of education should be like an orchestra where the conductor waves his stick to orchestrate the music already within the musicians’ hearts in the most beautiful manner. The teacher should be like the conductor in the orchestra, not the trainer in the circus.”

--Abhijit Naskar, Neuroscientist and author

Best regards,



Ann Marie Etergino, CIMA®  
Managing Director – Financial Advisor

The Etergino Group at  
RBC Wealth Management

5425 Wisconsin Avenue, Suite 301  
Chevy Chase, MD 20815  
Tel: (301) 907-2772 | Toll: (800) 368-3880  
Website: [www.eterginogroup.com](http://www.eterginogroup.com)

The Etergino Group  
*Connecting Wealth with Purpose*



**Wealth  
Management**

**Our mission:**

To build long-term relationships with a select group of clients  
to inspire them to connect their wealth with purpose.

Visit our website: [www.eterginogroup.com](http://www.eterginogroup.com)

Securities offered through RBC Wealth Management, Member FINRA/SIPC.

- These views are those of Peak Advisor Alliance, and not the presenting Representative or the Representative's Broker/Dealer, and should not be construed as investment advice.
- This newsletter was prepared by Peak Advisor Alliance. Peak Advisor Alliance is not affiliated with the named broker/dealer.
- Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.
- \*Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.
- The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.
- The Standard & Poor's 500 (S&P 500) is an unmanaged index. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment.
- The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.
- Gold represents the afternoon gold price as reported by the London Bullion Market Association. The gold price is set twice daily by the London Gold Fixing Company at 10:30 and 15:00 and is expressed in U.S. dollars per fine troy ounce.
- The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
- The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
- Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
- Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.
- Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.  
Past performance does not guarantee future results. Investing involves risk, including loss of principal.
- You cannot invest directly in an index.
- Consult your financial professional before making any investment decision.
- Stock investing involves risk including loss of principal.

To unsubscribe from The Etergino Group commentary please reply to this e-mail with "Remove" in the subject line. Please allow 2-4 weeks for removal.

© 2015 RBC Wealth Management, a division of RBC Capital Markets, LLC, Member NYSE/FINRA/SIPC.

Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this e-mail with their e-mail address and we will ask for their permission to be added.

Sources:

[https://www.barrons.com/articles/stocks-keep-hitting-record-highs-where-to-find-values-now-51573261145?mod=hp\\_DAY\\_1](https://www.barrons.com/articles/stocks-keep-hitting-record-highs-where-to-find-values-now-51573261145?mod=hp_DAY_1) (or go to [https://peakcontent.s3-us-west-2.amazonaws.com/+Peak+Commentary/11-11-19\\_Barrons-Stocks\\_Keep\\_Hitting\\_Record\\_Highs-Where to Find Values Now-Footer\\_1.pdf](https://peakcontent.s3-us-west-2.amazonaws.com/+Peak+Commentary/11-11-19_Barrons-Stocks_Keep_Hitting_Record_Highs-Where_to_Find_Values_Now-Footer_1.pdf))

<https://corporatefinanceinstitute.com/resources/knowledge/valuation/paper-wealth/>

<https://www.thecalculatorsite.com/articles/finance/how-much-is-a-trillion.php>

<https://www.worldatlas.com/webimage/countrys/namerica/usstates/uslandst.htm>

<https://ftalphaville.ft.com/2019/11/07/1573161957000/How--not-to-understand-money-/> (or go to [https://peakcontent.s3-us-west-2.amazonaws.com/+Peak+Commentary/11-11-19\\_FinancialTimes-How\\_Not\\_to\\_Understand\\_Money-Footer\\_5.pdf](https://peakcontent.s3-us-west-2.amazonaws.com/+Peak+Commentary/11-11-19_FinancialTimes-How_Not_to_Understand_Money-Footer_5.pdf))

<https://www.investopedia.com/terms/m/meanreversion.asp>

<https://www.investopedia.com/why-morgan-stanley-says-the-60-40-portfolio-is-doomed-4775352>

<http://theconversation.com/the-common-core-is-todays-new-math-which-is-actually-a-good-thing-46585>

<https://www.understood.org/en/school-learning/learning-at-home/homework-study-skills/9-new-math-problems-and-methods>

<http://factsmaps.com/pisa-worldwide-ranking-average-score-of-math-science-reading/>

<https://www.latimes.com/opinion/story/2019-10-23/math-high-school-algebra-data-statistics>

<https://www.goodreads.com/quotes/tag/education-reform>