



Yes, it is once again that time of year! It is time for our NepsisTop 10 Predictions for the Stock Market in 2018! Of course, to stay on track with our historical performance (and we all know past performance is NOT indicative of future performance!), we were once again 10 for 10 in our predictions for 2017.

Remember, past performance is not indicative of future performance! However, I do like our odds of going 10 for 10 once again in 2018!

You may be asking yourself, why does Nepsis do these annual predictions, especially this type of predictions? The answer is simple. We live in a world that I believe has an addiction to prediction. We see day in and day out investors continue to make big investment decisions and mistakes as they listen to countless predictions, compare their portfolio to benchmarks without understanding how they work, and compare their portfolios to other portfolios without understanding how the returns were achieved and with what level of risk it took to achieve the returns.

My hope is that our predictions can provide a level of clarity and common sense for investors that will enhance their investment process, remind them of the perpetual industry noise that inundates them daily, and put a smile on their face.

It amazes me to see the amount of predictions investors see, especially lately with so many prognosticators having been wrong about the current bull market - you might think they would pipe down, but nothing deters them from making the next big prediction. One of my biggest beefs about predictions is that most people don't really pay attention to those predictions down the road. No one checks to determine their success, failure, or true impact to their investment process.

I believe many investors show indications of an addiction to prediction mentality for several reasons! Why is that? I think it is mainly due to the feeling the person experiences when they believe they are getting a "leg up" or an "inside scoop" on information, as well as gaining justification for their decisions – or that's what behavior scientists and theorists might say.

Of course, everyone knows that there is no crystal ball, but people suspend their disbelief to latch on to a silver bullet or quick fix solution instead of being disciplined with their investment strategy. Let's face it, there are a lot of people that love hearing predictions and unfortunately, I believe many people focus more on predictions than they do on what they own and why they own it.

So, in an effort to keep our streak going, I will once again be making my bold predictions for 2018. .

As I mentioned earlier, do investors really pay attention to see how accurate the experts' predictions are? No, of course not! Therefore, I am going to make it easy for you and let you know how we have fared in our predictions since we started providing them in 2012.

In the five years that we have been making predictions, we are 6-6! That's right, we have been right on every single one! I realize that may be an absolute surprise for some. However, as you will see from the past predictions, we do not go very far out on a limb. Instead, we look at what should be common sense combined with many of the ideas investors seem to focus their efforts. When all is said and done, when you are investing OVER TIME, it should be the investment philosophy and strategy that provides you with the confidence to stick to the investment process. Portfolio returns are relative to risk taken. Additionally, as we like to tell clients, you don't make or lose money UNTIL investments are sold. Focus on process and achieving long-term goals, not a short-term number.

2018 Stock Market Predictions!

- 1** Most predictions on where the S&P 500 will end in 2018 will be wrong with the potential consequence of investors missing out on great opportunities to buy great companies on sale!
- 2** Company stock prices, as well as the "stock market" will move up and down irrationally – as usual.
- 3** Many investors will continue to attempt to time the market and be wrong, missing out on great investment opportunities on sale.
- 4** Focusing on short-term or historical performance will distract investors from making intelligent long-term investment decisions.
- 5** Some investors will allow their emotions to get the best of them and make investment decisions emotionally as opposed to fundamentally.
- 6** Stock market volatility will continue to scare investors and in turn, create great buying opportunities – Like they always do!
- 7** Many investors will continue to focus on inaccurate portfolio comparisons with benchmarks focusing on fees and short-term performance vs the investment process – a symptom of poor investment Clarity.
- 8** Investors will continue to be overdiversified in their portfolio and not properly asset allocated leaving their portfolios inefficient.
- 9** Investors will continue to follow the headlines instead of the bottom line when making investment decisions.
- 10** Investors will continue to have an unrealistic time horizon for their investments focusing more on short-term pain vs long-term gain – The tragedy of a short-term thinker.

Invest with Clarity™! — Mark Pearson