

# What to Do When Gains Are Hard to Come By



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If you feel like you have struggled this year to realize good or even positive returns, you are not alone. This has been a very tough year for investors. Though yesterday's comments by Federal Reserve chair Jay Powell helped, returns for most asset classes and categories range from being down to only modestly up year to date. Through yesterday's close, large-cap stocks have a small gain, small-cap stocks are down, most foreign stock indexes are in the red, intermediate- and long-term bonds are lower, gold has lost some of its luster, oil is near its 2018 lows and bitcoin has short-circuited.

Among U.S. stocks, the headline numbers mask what's going on underneath the surface. The S&P 500 Equal Weighted index's year-to-date return continues to be below that of the traditional market-cap weighted S&P 500 index (2.0% versus 4.4%, as of yesterday). The same holds true for smaller companies. The Russell 2000 Equal Weight index lags the Russell 2000 index, falling 2.63% year to date versus a 0.75% gain for its market-cap brother.

| <u>YEAR-TO-DATE RETURNS</u> |        |
|-----------------------------|--------|
| LARGE-CAP STOCKS            | 4.4%   |
| SMALL-CAP STOCKS            | 0.7%   |
| FOREIGN STOCKS              | -9.9%  |
| LONG-TERM BONDS             | -6.6%  |
| INT-TERM BONDS              | -1.0%  |
| GOLD                        | -7.9%  |
| OIL                         | -10.8% |
| BITCOIN                     | -69.2% |

Sources: S&P Dow Jones Indices, FTSE Russell, Morningstar, CNBC and Yahoo Finance.  
Returns as of November 28, 2018; oil and gold as of November 29, 2018.

This year has been more about frustration than doom and gloom. The declines for many asset classes and indexes are in the single digits. The S&P 500 has rebounded back into positive territory, though its year-to-date gains can be wiped out by a few bad sessions. Bitcoin is a disaster, but the plunge was preceded by a massive upward run.

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## More on AAll.com

- [Diversification: A Failure of Fact or Expectation?](#) - The benefits of diversification were questioned during the 2007-2009 financial crisis. In this 2010 *AAll Journal* article, Sam Stovall explained why diversification didn't fail.
  - [The Importance of Diversification in Retirement Portfolios](#) - There's another reason for staying diversified: It can help increase the amount withdrawn from a portfolio each year.
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## Highlights from this month's *AAll Journal*

- [Time in the Market Influences Millennials' Investing Attitudes](#) - Younger investors, influenced by the last bear market, are more conservative than older investors who have more investing experience.
  - [Investment Knowledge and Age Associated With ETF Ownership](#) - Individual investors who own exchange-traded funds (ETFs) tend to be both more knowledgeable and younger than those who don't.
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## AAll Sentiment Survey

Pessimism pulled back from last week's 33-month high but remains well above its historical average. Plus, this week's special question asked AAll members how they thought the average consumer is faring. [More about this week's results.](#)

### **This week's results:**

- Bullish: 33.9%, up 8.6 points
- Neutral: 26.6%, down 1.0 points
- Bearish: 39.5%, down 7.7 points

### **Historical averages:**

- Bullish: 38.5%
- Neutral: 31.0%

- Bearish: 30.5%

Take the [Sentiment Survey](#).

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## What's Trending on AAll

1. [Revisiting the Risks of Retirement Spending Rules](#)
  2. [My Investment Letter: Words of Advice for My Grandchildren](#)
  3. [Actions to Take During the Five Years Prior to Retirement](#)
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## The Week Ahead

Third-quarter earnings season is mostly done, though there will still be a few third-quarter stragglers reporting. Among them are 10 members of the S&P 500, including Broadcom Inc. ([AVGO](#)), Kroger Co. ([KR](#)) and Ulta Beauty Inc. ([ULTA](#)). All three will report on Thursday.

The week's first economic reports will be the November Purchasing Managers' Manufacturing Index (PMI), the November Institute for Supply Management (ISM) manufacturing index and October construction spending—all three will be released on Monday. Tuesday will feature November motor vehicle sales. The November ADP employment report, revised third-quarter productivity and costs, the November ISM non-manufacturing index and the Federal Reserve's periodic Beige Book will be released on Wednesday. Thursday will feature October international trade data and October factory orders. November jobs data—including the change in nonfarm payrolls and the unemployment rate. The University of Michigan's preliminary December consumer sentiment survey will be released on Friday.

Five Federal Reserve officials will make public appearances: New York president John Williams on Monday and Tuesday; Dallas president Robert Kaplan on Monday; Governor Lael Brainard on Monday and Friday; Federal Reserve Chairman Jerome Powell on Wednesday; and Atlanta president Raphael Bostic on Thursday.

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## Local Chapter Meetings

AII Local Chapter Meetings offer you a variety of presentations from expert speakers who will give you their view on the world of investing. A bonus of attending a Chapter Meeting near you is the opportunity to meet other AII members who share your interest and enthusiasm for investing. You can even share the Chapter experience with your family and friends by inviting them to attend Chapter Meetings with you! [Upcoming Meetings »](#)