



# Wealth Coaches

helping people experience abundant life

## The Markets

If it feels like the stock market has been volatile this year, you're right. Here are a few examples:

- Three-month historic volatility for the “fear” gauge known as the VIX hit a record on October 31, surpassing the prior peak from December 2008.
- Intraday swings in the Dow Jones Industrial Average have averaged 261 points since August 1, an exceptionally large number.
- On four consecutive days back in August, the Dow Jones Industrial Average alternated between gains and losses of more than 400 points, the longest streak ever.

Source: Bloomberg

All this volatility and the lack of a clear, sustained direction in the market have frustrated many investors.

The problems in Europe and the budget wrangling in the U.S. have kept investors in a risk-on, risk-off mode throughout much of this year. As a result, many stocks have traded in herd-like fashion without much regard to individual company fundamentals, according to investment manager Duke Buchan, III.

At times like this, it's important to have patience and as Warren Buffett says, wait for that “fat pitch.”

Data as of 12/16/11	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-2.8%	-3.0%	-2.0%	10.1%	-3.0%	0.7%
DJ Global ex US (Foreign Stocks)	-3.9	-18.8	-16.7	8.3	-5.5	4.3
10-year Treasury Note (Yield Only)	1.9	N/A	3.5	2.4	4.6	5.3
Gold (per ounce)	-6.7	13.0	16.9	23.9	21.0	19.1
DJ-UBS Commodity Index	-4.2	-15.6	-10.8	6.4	-3.8	4.4
DJ Equity All REIT TR Index	0.2	3.6	9.2	19.6	-2.0	9.8

Notes: S&P 500, DJ Global ex US, Gold, DJ-UBS Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; the DJ Equity All REIT TR Index does include reinvested dividends 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, Barron's, 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.

**WHAT IS THE PRICE OF ECONOMIC GROWTH** in China and how does it affect us in the U.S.? Ever since 1978 when Chinese leader Deng Xiaoping laid out a vision of economic reform, China has been on a growth spurt of massive proportion. However, that growth comes

with a huge price in the form of limited freedom. Last week, Chinese leaders clamped down again on freedom of speech in an effort to control the spread of social unrest.

In China, the government blocks access to the microblog service “Twitter” and, instead, a Chinese version called “Weibo” has become popular. In total, more than 300 million Chinese people use microblogs, with Weibo the most popular, according to Bloomberg.

Regarding last week’s clampdown, Chinese officials announced that users of Weibo in Beijing will have to register their real names and be verified by government authorities before posting on the service. In addition, users are banned from posting anything that could lead to disrupting the social order, according to *The Wall Street Journal*.

This isn’t the first government crackdown on freedom of speech. Earlier in the year, the government blocked citizens’ access to searches on the “Arab Spring” that was rumbling through the Middle East. Prior to that, the government blocked access to Facebook, YouTube, and Google.

What’s the government’s problem with freedom of speech?

As the “Arab Spring” uprising in the Middle East demonstrated, social media can enable millions of people to communicate and mobilize in short order. China seems to be very afraid of letting its citizens have this capability for fear that a popular uprising could lead to chaos in a sprawling country of 1.3 billion people.

With China still a major growth engine for the world economy, we have to pay close attention to any social trends affecting the country. If the government clamps down too hard and its citizens rise up, it could quickly morph from a social/political movement to one that has major worldwide economic implications. On top of that, China is gearing up for a once in a decade leadership change in 2012 and, given the country’s history, a smooth transition is not guaranteed.

When investing money, you have to consider possible “black swan” events that have a low probability of occurring, but, if they do occur, could wreak havoc. A Chinese uprising could be one of those and we want you to know that it’s on our radar.

#### **Responsive Investment Strategies® Update:**

<b>Strategy</b>	<b>Percent Invested</b>
RIS® ST Income Instruments Strategy	100%
RIS® Tax Managed Income Strategy	100%
RIS® Bond Strategy	68%
RIS® Tactical Strategy	100%
RIS® Market Strategy	76.4%
RIS® Multi-Asset Growth Strategy	37.5%

## Weekly Focus – Think About It

“If the freedom of speech is taken away then dumb and silent we may be led, like sheep to the slaughter.” --*George Washington, U.S. President*

Have a great week,

MKD Wealth Coaches  
Helping people experience abundant life

691 N. Squirrel Rd. Suite 240  
Auburn Hills, MI 48326  
Phone: 248.418.5100  
Fax: 248.418.5105  
[www.mkdWealthCoach.com](http://www.mkdWealthCoach.com)

P.S. 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.

Member FINRA/SIPC.

- \* This newsletter was prepared by Peak Advisor Alliance.
- \* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general.
- \* The DJ Global ex US is an unmanaged group of non-U.S. securities designed to reflect the performance of the global equity securities that have readily available prices.
- \* 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 London afternoon gold price fix as reported by the London Bullion Market Association.
- \* The DJ 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 TR 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.

\* Past performance does not guarantee future results.

\* You cannot invest directly in an index.

\* Consult your financial professional before making any investment decision.

\* To unsubscribe from the MKD Newsletter please email [mike.fencil@mkdWealthCoach.com](mailto:mike.fencil@mkdWealthCoach.com) , or write us at 691 N. Squirrel Rd. Suite 240, Auburn Hills, MI 48326