

*Delta Investment Management is a registered investment advisory firm. Delta welcomes discussions with individuals seeking investment advice and advisors seeking a new turnkey asset management solution.*

*Delta manages portfolios at TD Ameritrade and Schwab.*

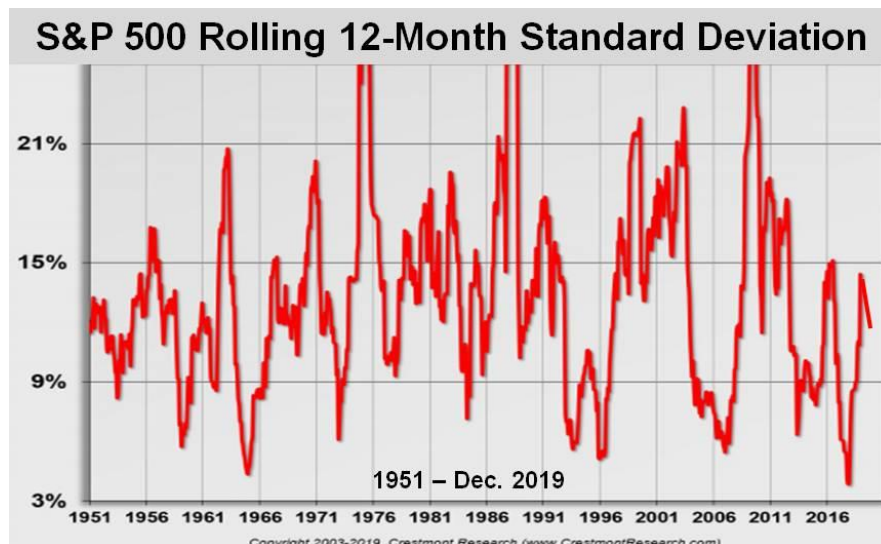
*Please contact Delta at [info@deltaim.com](mailto:info@deltaim.com) or 415-249-6337 to learn more.*

December 27, 2019

## **The Volatility of Risk**

Volatile assets are considered “risky.” Stocks are volatile and are labeled risk assets. Investors buy stocks because over time they are compensated for the risk. The long-term average return of stocks is 8%.

Volatility itself is volatile. Over the past 3, 5 and 10-year periods, the standard deviation (1 standard deviation captures 68% of all events) of the S&P 500 has been 12%. Historically, over the past seventy years, one standard deviation for the S&P 500 has been 15%.



The chart above shows how volatile volatility is over time. We have enjoyed a decade of relatively low volatility. History tells us we should expect to see higher volatility in the future.

As volatility rises, so do investor emotions. Rapid, significant loss can cause despair and asset sales at distressed prices. Rapid gain can lead to elevated investor

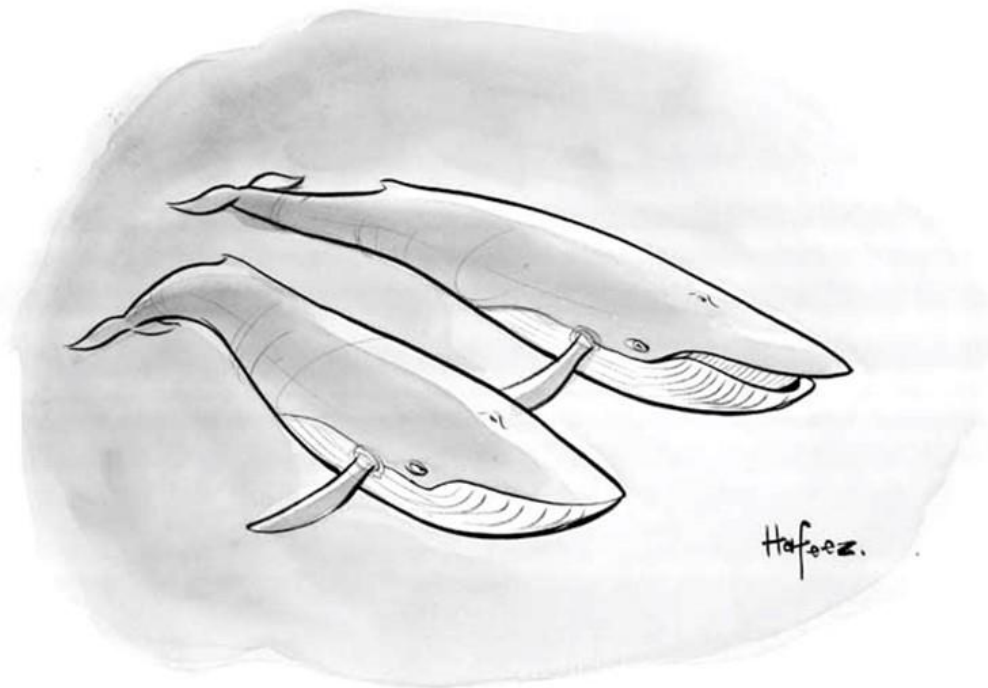
confidence and complacency regarding risk. High volatility turns many reasonable people into poor investors.

If and when volatility rises, having a disciplined method for making buy/sell decisions becomes critical to successfully managing through the storm. Give us a call if you would like to discuss how Delta manages equity assets during volatile times.

### **Give Us a Call Today**

We have unique and sophisticated investment methods that seek to capture the stock market's gains while minimizing drawdowns in bear markets. If you would like to learn more about how we manage money, we invite you to give us a call at **(415) 249-6337**, visit [www.deltaim.com](http://www.deltaim.com) or email us at [info@deltaim.com](mailto:info@deltaim.com).

Happy and Healthy New Year!!!



*"My New Year's resolution is to lose thirty-eight thousand pounds."*

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## Delta Stock Market Dashboard

MARKET SENTIMENT IS

**BULLISH**

THIS WEEK'S NUMBER IS

**78.2**

Our technical indicator increased from 73.5 to 78.2 this week

### INDICATOR STATISTICS

Consecutive Bullish Weeks:	10
Cycle Inception Date:	10/25/2019
Range:	57.4 – 78.2
Mean:	68.4
Bullish Weeks YTD:	36
Bearish Weeks YTD:	16
*S&P 500	7.4%
*DJIA	6.6%
*NASDAQ	9.8%

\* Percentage change during current cycle



(Delta MSI is published every week in *Barron's*)

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