



Consider the Roller Coaster. . .

by Jim Bell, CFP®, President and Founder

I was born with a sensitive stomach. Among my three siblings (I was the third of four), I was always the one to get carsick. Even today, driving to Muir Woods or Stinson Beach makes me sweat, and I have to be the one driving or there could be a disaster. I am never the one to run for the roller coaster line at the Santa Cruz Boardwalk or Disneyland, that's for sure. In a weak moment when my nieces, nephews, cousins, or kids implore me to ride with them, it can spoil my whole day. I am happier sitting on the sidelines entertaining the grandchildren and guarding the coats and purses.

One year ago there were 18 metropolitan areas with unemployment at 3% or lower. Today, there are 31 metropolitan areas with this distinction.

— Jim Bell, CFP®



The stock market in 2015 was a roller coaster ride with plenty of drama and historic events, such as the largest correction (down 12.4%) since 2011 and the first Federal Reserve interest rate hike in almost 10 years, combined with tremendous turmoil overseas. What is true about roller coaster rides is that after the screaming, excitement, fear, and sometimes stomach upset, you end the ride right where you started. This is pretty much true regarding

the U.S. stock market in 2015. After all the drama, investors ended up where they started: almost flat to slightly negative.

One thing that is different about the U.S. stock market compared to the typical roller coaster ride is that 72.4% of the time investors end up at a higher level than where they started. More often than not, investors are rewarded for the roller coaster ride. From 1926 to 2014, the S&P 500, including dividends, has gone up 63 years (72.4%) out of the 87 years in this period, which includes the Great Depression and the Great Recession. Conclusion: a disappointing year in the stock market should not cause investors to abandon the ride.

What could cause the ride to be positive in 2016?

1. The U.S. Congress is more functional, and the next debt ceiling debate won't occur until 2017. Congress gave us a self-inflicted wound in 2011 when some of the representatives seriously recommended that we should default on U.S. Treasury Bonds. In 2013, Congress forced a shutdown of the government. Today, spending bills are passing with efficiency, including a multi-year highway funding bill, which will help stimulate the economy and help improve the labor market, not to mention that it will improve our infrastructure which has been seriously neglected.
2. S&P/Case-Shiller Home Price Index covering the entire United States rose 5.2% in the 12 months ending in Octo-

MORE COVERAGE INSIDE

- Account Performance Report [Page 2](#)
- Oakland's Attitudinal Healing Connection Receives the 2015 Bell Youth-in-the-Arts Grant! [Page 3](#)
- Making Decisions [Page 4](#)

ber. This contributes to the wealth effect which causes U.S. homeowners to feel more secure and more willing to spend.

3. Yes, interest rates are rising, but interest rates historically have caused trouble for the stock market when the 10-year Treasury yield gets to 6%. This yield currently is slightly above 2%, so we have a long way to go before interest rates dampen the stock market.
4. On December 18, the *Wall Street Journal* published a study about Lincoln, Nebraska where the unemployment rate is down to 2.3%. The national rate is now at 5%. Lincoln is a manufacturing hub so these are mostly good-paying jobs for skilled labor. Average hourly earnings have increased by 11% in the past year. One year ago there were 18 metropolitan areas with unemployment at 3% or lower. Today, there are 31 metropolitan areas with this distinction.

(continued on page 2)

Account Performance Report Through December 31, 2015

Since 1999 we have calculated the average return of our clients' accounts. These performance figures are derived from actual accounts managed by Bell Investment Advisors. Here is a quick look at the latest results:

Index	2015	January 1999 to December 31, 2015	
	Total Return	Total Return	Annualized Return
Bell Average APE Account (1)	-2.0%	195.7%	6.6%
S&P 500 Index (2)	1.4%	128.8%	5.0%
MSCI EAFE Index (2)	-0.4%	96.7%	4.1%

This table compares our average account performance with the U.S.-based stocks of the S&P 500 Index and the foreign stocks of the MSCI EAFE Index over the last 16-plus years.

Despite two significant bear markets during this time period, our ACTIVE PORTFOLIO ENHANCEMENT[®] methodology has produced an annualized return of 6.6% since 1999. Our advantage lies in our proactive, globally-focused, momentum-based approach versus the passive strategy of tracking a particular market index.

When you compare performance results, it is important to make note of what is, and is not, included in the stated returns. Our returns are reported net of all management fees, mutual fund expenses, and trading costs. Here, the bottom line is the bottom line.

Notes

(1) Includes the effects of Bell's management fee, mutual fund expenses, Schwab transaction fees, short-term redemption fees, and cash holdings.

(2) Does not include the effects of the items described in Note 1.

Disclosures

Past performance is no guarantee of future results. Future returns may differ significantly due to materially different economic and market conditions. Returns assume the reinvestment of dividends and capital gain distributions. These investments involve risk and the possibility of loss—including principal. Mention of a security in this newsletter should not be taken as advice to buy or sell that security.

In regard to the Bell Average Account, the term "average" is defined as a simple average—not a weighted average. Only fee-paying clients who fully employ our ACTIVE PORTFOLIO ENHANCEMENT strategy are included in the return calculation. Client accounts that hold individual securities or funds not recommended by Bell; employ fixed income, hedging, cash reserve, market timing, socially responsible, or any other strategy not representative of ACTIVE PORTFOLIO ENHANCEMENT; or maintain cash allocations greater than ten percent of the portfolio for more than thirty days are not included in the calculation. We believe that removing these accounts improves the stated results, as ACTIVE PORTFOLIO ENHANCEMENT has traditionally been our most successful strategy. Additionally, only client accounts that were managed for the full calendar year are included in that year's return calculation. Accounts opened mid-year are not included in that specific year's reported results. We do not believe this policy has any material effect on the stated results.

The S&P 500 Index is an unmanaged, market-cap weighted index of large-cap stocks commonly used to represent the U.S. stock market. More information can be found at www.standardandpoors.com. The MSCI EAFE Index is an unmanaged, unhedged, market-cap weighted index of foreign stocks commonly used to represent developed stock markets outside of the United States. More information can be found at www.msicibarra.com. Neither the Bell Average Account nor these indices can be invested in directly. The composition and volatility of Bell's client accounts vary and may significantly deviate from these indices over time. ■

Consider the Roller Coaster... (continued)

We are beginning the sixth year in a row of producing at least two million jobs per year, which compounds our economic growth. There has been some criticism that too much of this job growth is for the lowest paying jobs, but the unemployment rate for college graduates (the highest paying jobs) is at 2.5%, so the high paying job category is in good shape as well.

5. The demand for office space in the U.S. is way up, reflecting a vigorous trend for business expansion.

And yes, there are many things to worry about: the weakening economy in China, the new hostility between Saudi Arabia and Iran, and other perils — but don't let this discourage you from staying on the ride. The odds are in your favor. ■



Happy New Year!
from all of us at
Bell Investment Advisors

Investment Management
Financial Planning
Career/Life Coaching

While each of our offers stands alone, we believe that when people take advantage of all three, they maximize the possibility of building positive momentum for life.

Good News for All Bell Clients

You are automatically covered with identity theft protection! Bell has renewed our partnership with AllClearID, a firm that specializes in identity restoration and fixing other problems arising after identity theft. Should you need additional information, please contact your Relationship Manager or read more at: bellinvest.com/news.

1111 Broadway, 16th Floor
Oakland, CA 94607
510.433.1066 ■ f 510.433.1067
800.700.0089

Fountaingrove Village
2097 Stagecoach Road, Suite 230
Santa Rosa, CA 95404
800.700.0089

info@bellinvest.com
bellinvest.com
careerlifecoaching.bellinvest.com



Bell Investment Advisors

Investment Management ■ Financial Planning ■ Career/Life Coaching

Oakland's Attitudinal Healing Connection Receives the 2015 Bell Youth-in-the-Arts Grant!

by Bonnie Bell, MA, MDiv., Principal, and Director of Career/Life Coaching

After reviewing a number of applications from outstanding grassroots organizations providing arts programs for Oakland youth, the Bell selection committee chose the highly-acclaimed ArtEsteem program of the Attitudinal Healing Connection in West Oakland to receive the 2015 Bell Youth-in-the-Arts Grant. The organization will specifically use the \$5,000 grant to focus on activities relating to the Oakland Superheroes Mural Project, a project of ArtEsteem. You owe it to yourselves to see this amazing work of public art, located inside the freeway overpass on West Street between Brockhurst and 33rd Streets. The area in front of the mural has become a shrine in honor of the young artist, Antonio Ramos, who was tragically shot and killed last year while working on the mural. The mural itself represents peace and love in the community, making this loss all the more painful for the neighborhood. The Attitudinal Healing Connection is nearby, at 3278 West Street, where most of the center's activities have taken place since 1995.

Past Recipients

Each year, we look forward to the day we actually deliver the check to our grant winner. Past recipients have included the Berkeley/Oakland AileyCamp at Cal Performances, the Gritty City Repertory Youth Theatre, and 51Oakland. The grant has enabled each of these organizations to provide innovative arts programs for public school students who would otherwise not be exposed to the healing power of the arts.

The Center

This year when it came time to deliver the check, it happened to be a cold, drizzly November day. However, we found ourselves welcomed into a warm atmosphere of love and acceptance as soon as Executive Director Amana Harris (author of *Self as Super Hero*) met us at the door, cofounder Kokomon Clottey (storyteller, record producer and author of *Mindful Drumming: Ancient Wisdom for Unleashing the Human Spirit and Building Community*) offered us hot tea, and other members of the friendly, cohesive staff gathered to meet us. The fireplace, wood-paneled walls, and colorful art in the community room contribute to the warmth and healing atmosphere available for children, teens, and their parents through programs featuring visual and cultural arts after school and evenings through Family Art Nights. How did I not know about this place before?

The Bell Grant

The primary purposes of the Bell Youth-in-the-Arts Grant are to support, reward, and shine a bright light on the many inspirational arts organizations that have organically emerged in Oakland to offset the loss of arts programs in public schools due to continuing budget cuts. It seems to us that we hear way too much bad news about Oakland and not enough about all of the good news that actually exists.

Your Role

We receive many accolades for our financial donations to and our involvement with

You owe it to yourselves
to see this amazing work
of public art ...

— Bonnie Bell, MA, MDiv.



community organizations. We appreciate the attention, but what would please us more would be to have *you* join us in this support! Please explore the Community section of our website, www.bellinvest.com/about/community and learn about some of the wonderful organizations that exist for the express purpose of solving the problems we hear so much about in Oakland.

In addition to featuring our 2015 grant recipient, the Attitudinal Healing Connection of Oakland, on our website throughout 2016, we will also feature other applicant organizations one at a time each month. We hope you will find an organization to support financially or on a volunteer basis, and if you do, let us know about it! ■

UPCOMING EVENTS



LUNCH, NETWORKING, PRESENTATION

Making a Good Life Happen®

Wednesday, January 27, 12 – 1:30 pm

WEBINAR (FOR CLIENTS ONLY)

Investment Committee Update

Wednesday, February 24, 2 – 2:30 pm

WEBINAR

How to Make Your Life Work Financially, Part I

Wednesday, March 23, 2 – 2:30 pm

WINE & CHEESE GATHERING

The Women's Roundtable

Wednesday, March 30, 6 – 8 pm

REGISTER FOR THE WEBINARS:

bellinvest.com/events

REGISTER FOR OTHER EVENTS:

510.433.1066 or rsvp@bellinvest.com

The principles of Attitudinal Healing are a gift to us all:

1. The essence of our being is love.
2. Health is inner peace; healing is letting go of fear.
3. Giving and receiving are the same.
4. We can let go of the past and of the future.
5. Now is the only time there is, and each instant is for giving.
6. We can learn to love ourselves and others by forgiving rather than judging.
7. We can become love finders rather than fault finders.
8. We can choose and direct ourselves to be peaceful inside regardless of what is happening outside.
9. We are students and teachers to each other.
10. We can focus on the whole of life rather than the fragments.
11. Since love is eternal, change need not be viewed as fearful.
12. We can always perceive ourselves and others as extending love or giving a call for help.

Making Decisions

by Forrest Bell, Sr. Investment Advisor, Financial Planner

It's impossible to go through life without making decisions. One would think with all the practice we get, we would become pretty good at it, but this idea is not supported by research. Since quality of life is influenced by our important decisions, the matter of decision-making is worth our attention.

What Would You Do with Clive?

Thanks to authors and business gurus, brothers Chip and Dan Heath, we have a powerful resource in their book, *Decisive: How to Make Better Choices in Life and Work* (Crown Business Books, 2013). Excerpt: *Shannon, the head of a small consulting firm, is agonizing about whether to fire Clive, her IT director. Over the past year, Clive*

has consistently failed to do more than the minimum required of him. He's not without his talents — he's intelligent and has a knack for improvising cheap solutions to technical problems — but rarely takes any initiative. Worse, his attitude is poor. In meetings, he is often critical of other people's ideas, sometimes caustically so. Unfortunately, losing Clive would cause problems in the short-term. He understands how to maintain the company's database of clients better than anyone else.

The Human Brain

If you followed your thought process while reading this, you may have observed something remarkable: we tend to form judgments and come to decisions rather easily.

... for significant decisions
a good process means
significantly better outcomes.

— Forrest Bell, CFP®



You may have fairly quickly thought Clive should be fired — or perhaps that he should be retained. Either way, you had an impression of Clive and probably an emotional response. That emotion may have triggered a quick judgment. Even if you believed you needed more information in order to make a decision, research demonstrates you would probably be drawn to evidence that supports what you already believe.

According to the authors, even when we are purposeful about slowing down to think, carefully pulling together and analyzing our



1111 Broadway, 16th Floor, Oakland, CA 94607



Building Positive Momentum in
Our Community Since 1991

thoughts, the brain still takes a lot of shortcuts. We tend to narrow our focus on what is immediately obvious. We seek confirmation of our existing biases. We're influenced by our current emotional state, and we're usually overconfident about our final decisions. Our ability to decide quickly is far from useless, though; it's helpful when deciding what kind of burrito to have for lunch. However, this talent can create bad outcomes when the issues are more complicated than what we want for our next meal.

Consider the following survey results and the extent to which flawed decision-making can affect lives: 44% of lawyers would not encourage a young person to pursue a career in law; 87% of mergers and acquisitions fail to create any value for shareholders; 60% of

business executives thought their own bad decisions were as frequent as their good ones; the majority of marriages end in divorce.

Overcoming Mental Habits

It's not easy to overcome the mental habits that lead to unintended outcomes. In most cases, the answer to making better decisions lies in creating a process that anticipates our brains' mental shortcuts, such as the Heath brothers' **WRAP** process: **W**iden your options; **R**eality-test your assumptions; **A**ttain distance before deciding; **P**repare to be wrong.

The Bell Financial Planning Process

What I find remarkable is how closely this recommended decision-making process is aligned with those we provide to our Bell clients, and in particular how our financial

planning process works. For example, clients often embark on financial planning for that final product. This is a narrow focus. In fact (and our clients come to realize this) most of the value of financial planning comes from the process itself, which is designed to expand the possible options and solutions to a client's situation. While emotional considerations are inherent in planning, space is created between emotions and decisions. Our process includes testing multiple scenarios, and as life circumstances change, the plan itself can be reviewed and altered.

If we had to make *all* of our decisions using a process as if we were doing financial planning, we would never make it to work in the morning. But for significant decisions, a good process means significantly better outcomes. ■