LCBS-2024-01-30-PowerOfFullMarketIndexes.pdf

DISCLAIMER - I am not a Financial Advisor and do not work for any Brokerage Firm. The opinions given are of my own and are not to be used as professional advice. These are my findings and can hopefully help you to make informed decisions on investing. Consult a Broker or Lawyer before making any investment.

The Power of Full Market Indexes

The stock market is full of varying types of investments. Few make more money in the long haul than the Full Stock Market Indexes. About 12 years ago, I read the book "The Little Book of Common Sense Investing" by the late Jack Bogle. Jack Bogle was one of the great minds in the investment world and his Vanguard group of investments is still one of the best. In his book, he explained that only 2% of the people making marketing decisions on Mutual Funds can outperform the full stock market index.

And if you invest your money with one of those in the top 2, next year they will not be in the top 2% slot. One exception to that rule was Peter Lynch and his fantastic Magellean fund. He consistently outperformed the market for many years. But the truth of the matter is that no matter how smart you are, you are hard-pressed to beat the 'average' of the whole stock market. I really took this to heart and over the past 12 years, the full stock market ETFs in my portfolio has outperformed all other investments.

Over the past 15 years, the stock market has consistently put out average yields above 12%. Years like 2022 are a misnomer in that we have so many things wrong in our world that there is no consistency to the market.

Schwab investments printed an article two weeks ago about the 2022 phenomena where both the stock market and the bond market lost money. This has only happened twice in the history of the stock market.

2023 was a good year for the stock market and 2024 is starting out good also.

Back to the article for the day, why are full market indexes so wonderful? You get the best of it all. You are fully diversified over the entire market. So in a good year, you should see a 12 to 14% average if history repeats itself. There is no guarantee that it will, but people who stick with the market in both ups and downs seem to make the most money.

Three great ETFs (Exchange Traded Funds) that I have owned for years are the I-Shares ITOT, the Vanguard full stock market index VTI, and the Schwab Full Market Index SCHB. Another great one that is not the whole market but is the S&P 500 that is doing great is the Vanguard VOO. I read this week that renowned investor Warren Buffett has instructed his estate to invest his money into VOO giving you an idea of how much Warren Buffett regards this ETF.

Another good S&P 500 ETF is SPY.

Are these locks for profits? Not at all. But over time, I think you will find these to be some of the most steady and consistent investments. I have not been able to prove it yet, but I think that DGI investing may yield a bit more than the full stock market indexes, but only time will tell. DGI stands for Dividend Grow Investments. You are zeroing in on stocks that have long-term market increases of dividends with the ability to grow in value. I did an article on [DGI investing.]

Consider the full stock market indexes in your investment plans. I try to keep at least 25% of my investments in full stock market indexes and have had great success with them over the past 20 years.

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