



## Wealth Care LLC July 2023 Monthly Commentary

As we start the latter half of 2023, we see that the broad US stock market (S&P 500) has done quite well (up over 13% for the year to date as of 6/25/23). This rise is led by tech stocks (the Nasdaq is up almost 30% for the same time period), but the overall publicity of this recovery has been subdued. Instead we daily articles about the “recession” that is to come soon. Any long term investor understands this volatility is normal and that recessions don’t matter. It is our opinion that a recession seems unlikely anyway with such a demand for labor. Inflation has moderated, but we also think it will remain higher than in the past.

### What is fixed income for?

We’ve discussed that long term stock market returns exceed inflation and taxes-and are the only liquid investment that does so. Fixed income investments are in portfolios (including cash) not to “make money” but to have a source of funds for distributions that are not exposed to the occasional drop in stock market prices (think retirees). For those that can tolerate volatility (which should be most people that are still accumulating/saving for retirement)-stocks are the way to go while fixed income is a loser. Here’s the latest evidence:

**On a total return basis, the Bloomberg U.S. Aggregate Bond Index did not keep pace with the increase in the CPI rate over the 15-year period ended in December 2022. While surging inflation in 2021 and 2022 accounts for some of the bond market’s lagging performance, it is our opinion that loose monetary policy at the Federal Reserve is the real culprit. At just 0.84%, the federal funds target rate (upper bound) was 226 bps below the CPI rate for the 15-year period in the table. That trend has not reversed completely. As of February 6, 2023, the federal funds target rate stood 175 bps below the CPI rate. With that in mind, it is our opinion that investors still run the risk of losing money safely in the bond market.**



**S&P 500 Index & Bloomberg U.S. Aggregate Bond Index Total Returns vs.  
CPI and Federal Funds Target Rate 15-year Monthly Averages**

Time Frame	S&P 500 Index	Bloomberg U.S. Aggregate Bond Index	CPI	Federal Funds Target Rate (Upper Bound)
2008-2022	8.79%	2.66%	3.10%	0.84%

Source: Bloomberg. Past performance is no guarantee of future results.

We think it is fair to say that this underperformance of fixed income continues into 2023 (losing money after inflation)

## Custodial Logins

In this era of increasing cyber risk, we are increasingly reluctant to login with your credentials to sites that are not at Fidelity Institutional. We will be in touch if this pertains to you.

## Artificial Intelligence

At our peer group meeting in June, we reviewed the current state of AI. It holds both tremendous promise and tremendous potential risk. In the miscellaneous section, we've entered a link that will let you try it.

## Inflation

Getting Better!

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# THE POWER OF COMPOUNDING

If you were to double **\$0.01** everyday  
for **30 days**, you would have...

<b>Day 1</b> \$0.01	<b>Day 11</b> \$10.24	<b>Day 21</b> \$10,485.76
<b>Day 2</b> \$0.02	<b>Day 12</b> \$20.48	<b>Day 22</b> \$20,971.52
<b>Day 3</b> \$0.04	<b>Day 13</b> \$40.96	<b>Day 23</b> \$41,943.04
<b>Day 4</b> \$0.08	<b>Day 14</b> \$81.92	<b>Day 24</b> \$83,886.08
<b>Day 5</b> \$0.16	<b>Day 15</b> \$163.84	<b>Day 25</b> \$167,772.16
<b>Day 6</b> \$0.32	<b>Day 16</b> \$327.68	<b>Day 26</b> \$335,554.32
<b>Day 7</b> \$0.64	<b>Day 17</b> \$655.36	<b>Day 27</b> \$671,088.64
<b>Day 8</b> \$1.28	<b>Day 18</b> \$1,310.72	<b>Day 28</b> \$1,342,177.28
<b>Day 9</b> \$2.56	<b>Day 19</b> \$2,621.44	<b>Day 29</b> \$2,684,353.56
<b>Day 10</b> \$5.12	<b>Day 20</b> \$5,242.88	<b>Day 30</b> \$5,368,709.12

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## THERE'S ALWAYS A CRISIS



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### Miscellaneous

#### Free Open AI Chat GPT for the iphone

[https://apps.apple.com/us/app/openai-chatgpt/id6448311069?utm\\_source=substack&utm\\_medium=email](https://apps.apple.com/us/app/openai-chatgpt/id6448311069?utm_source=substack&utm_medium=email)

#### Update on drugs to aid longevity

<https://proto.life/2023/04/the-stepping-stone-approach-to-getting-longevity-drugs-to-market/>

#### Two other simple ideas that might help health:

#### Multivitamins could improve memory in older adults

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A clinical trial of more than 3,500 people over age 60 who were randomized to take either a daily multivitamin supplement or a placebo for three years shows that taking a multivitamin can improve memory in older adults. That conclusion was based on cognitive tests performed at the end of each year in the study, which showed the performance of people taking the multivitamin declined less than those taking placebo. In a statement, the researchers who led the study at Columbia University in New York City and Brigham and Women's Hospital in Boston said that this could be a simple, inexpensive way to help older adults slow down memory decline. [\*American Journal of Clinical Nutrition\*](#)

### **An apple a day keeps frailty at bay**

Antioxidants and dietary compounds found in fruits and vegetables are believed to lower the risk of developing frailty and other age-related conditions in older adults. In particular, a dietary flavonol known as quercetin, is being [actively pursued in longevity research](#). Now new research emerging from data collected in the 75-year-old U.S. Framingham Heart Study suggests that quercetin, which is found in apple peels, broccoli, berries, and kale, could help prevent the development of frailty in older adults. Following 1,701 older people for 12 years, the study found that for every 10mg higher intake of daily flavonols (about the amount in one apple), the odds of frailty were reduced by 35 percent. [\*American Journal of Clinical Nutrition\*](#)

### **Random Notes**

I've sent this out to some of you before-but it is so very good, and represents another type of wealth:

[www.albertbridgecapital.com/post/stay-in-the-game](http://www.albertbridgecapital.com/post/stay-in-the-game)

### **Stay in the Game**

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This is going to be an uncharacteristic departure for me. This story is deeply personal, for our family, and for our oldest son in particular. But it is a story he's letting me tell, because it is a story he wants people to hear.

My son Max was born in Detroit in 1997, he spent the next summer in Hong Kong when I was interning at Fidelity Investments, and moved to London before he was two when I accepted an offer to work for Fido there full-time.

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He was an amazing child, and became an amazing young man. But he had his demons. And just before he turned 16 years old, those demons arrived with a vengeance. I will spare you the details, but for the next three years, he went through a personal hell. Imagine all the things you don't want to have happen to your teenager. They happened to him. For three years my wife and I would wait on our front stoop until 5:00 am, in the shadow of the Albert Bridge, hoping that he would come home. On those nights that he didn't, we would call the hospitals, and call the police. And sometimes the police would call us.

There are many avenues that parents can take in these situations, and we were very lucky that we could afford to just about try them all. But none of them helped. The change in schools didn't help. The psychologists didn't help. The wilderness therapy didn't help. Our closest friends and extended family all waded in too, but nothing helped.

Max didn't want to be here. He didn't feel a sense of belonging anywhere. His self-esteem was non-existent. The anxiety was paralyzing. He often contemplated ending it all, and only the thought of the impact on his three younger siblings prevented him from doing so.

It was a living hell for Max. And honestly it was a living hell for us too. There was nothing we could do about it. The most difficult thing for my wife and I to accept was that only Max could make the choices. It wasn't up to us. We couldn't save him. It was up to him if he was going to live, or going to die. As one of my best friends told me at the time, only Max could choose to live.

Just over two years ago, he realized that the scene in London was poisonous for him, and he asked if he could head out. He'd asked before, and we'd let him go to far-flung destinations, but the grass wasn't greener in any of them. It rarely is. So we didn't expect anything to come of it this time, but told him that we'd pay for the flight, because he really did need to get out of London, and there was almost no way things could get worse.

He chose a destination a lot of rudderless kids like to visit. It might as well have been Goa, Tulum, Koh Tao or Maui, but he chose Costa Rica. A friend of his, a good guy, was backpacking there, and invited him to come. I told Max we'd cover the first week, but if he wanted to stay longer, he had to get a job and support himself. We truly didn't know what to expect, but it felt like a last shot for him.

He loved that first week there, and indeed got a job working at one of the hostels (in exchange for room and board). But after the honeymoon was over (and eventually, the honeymoon is always over), reality set in. His anxiety set in, and his depression set in. Things did get worse.



At the darkest point, he almost called it. And there was nothing we could do about it. Even if we weren't 5,000 miles away there was nothing we could do about it.

But, for some reason, he decided not to. Max decided to stay in the game.

We later learned the reason. He'd found an eight-week old puppy roaming the streets of Santa Teresa. The dog had been abused, was eating scraps from trash heaps, and was terrified of people. But Max and the dog, which he named "Chica", connected with each other. Max and Chica became inseparable.

Max, who by then was 19 years old, started to realize he had something to offer. Chica needed help, and Max was there to provide it. Max started doing adult things, like earning and saving money so that he could take Chica to the vet for check-ups and vaccinations. And Chica started getting healthy. And Max started getting healthy. I could hear it in his voice when he would call. There was an excitement about life and the future that I hadn't heard since he was 14 years old. He was starting to get his groove back.

On one of those phone calls he said to me "Dad, I think I'm ready to leave Costa Rica." Then he continued "and while I miss you guys, I don't think I should come back to London."

"I want to go somewhere where I won't be tempted by my old habits, but where I can feel at home, and restart everything," he said. "Somewhere like Georgia or Indiana."

He said "Georgia or Indiana" because he was vaguely familiar with both. I grew up in Indiana, and then moved to Atlanta, where I lived for several years, and ultimately met my wife, Max's mom. I told him that either Georgia or Indiana would be a wonderful idea, and that there were great people in both places. I mentioned that I would be comfortable knowing that my old buddies in the ATL would be around just in case he needed a backstop; and that back in Indiana, he'd of course have his grandparents and uncle there for support as well.

So he chose Indianapolis. My wife and our other kids flew over to help get him settled into a new apartment downtown, and they got to meet Chica. And before we knew it, Max was working a full-time job, and not doing any of the bad stuff he used to do. He still had his demons (these kids always have them - heck we all have 'em - they just learn to manage them), and things were by no means perfect yet. But he could work through the anxiety, and work through the depression, because he had responsibilities now. He had Chica.





On his own in Costa Rica, Max had figured out how to get Chica into the US, and convinced someone at American Airlines to let her fly on his lap, because they wouldn't let dogs fly in the hold due to the heat. Thereafter, he and Chica settled into their little apartment downtown near the White River canal, and each of them began their new life, together. Max had saved Chica. And Chica had saved Max.

One afternoon three months later, when Max was walking Chica, she saw something she hadn't seen in Costa Rica. It was a squirrel, and before Max could stop her, Chica chased that squirrel straight out onto Indiana Avenue. Right in front of a speeding car.

The car ran over Chica. My son screamed. In that brief moment everything that Max had worked for, everything he had overcome, everything that he was living for, was gone.

But the blow didn't kill the dog. The driver that hit her sped off and left Chica half-dead and crying in the road. But the next car *did* stop. It was a young black kid. A young black kid who saw a young white kid on his knees in the middle of downtown Indianapolis. His name was Kenny. He opened his door, got out of his car, walked up to my son, and said "hey, I got you". He then walked Max out to the middle of Indiana Avenue and they picked up a bloody Chica and loaded her into Kenny's car.

Turns out that Kenny had just moved to Indiana, and had grown up down in Georgia. He had been traveling around a bit, and had recently lost his job up north. He subsequently found an offer for a temporary position down in Indianapolis, and had just started work there. He was apprenticing at his new shop, and was hoping to be made a permanent employee. Kenny was just 21.

But none of that mattered to Kenny at that moment. What mattered to Kenny was Chica and my son Max. So Kenny looked up a vet clinic on his phone, and took Max and Chica there. The vet said that without surgery, Chica would die, but the vet wasn't a surgeon, and they needed to go somewhere else.

Luckily Kenny had stayed. Kenny was there by Max's side, like a big brother, and this wonderful young man then took Max and Chica to another vet, one that could do the surgery.

The vet did the surgery. It worked. Chica lived. Her pelvis was broken, but over the next six months Max nursed her back to health.

Without Kenny, none of this would have happened.

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Kenny even stayed in touch with Max afterward. He would text and see how Chica was doing, and how Max was doing. This last Thanksgiving, about one year since the incident, Kenny even got some tickets to go see the Colts play, and asked Max if he would like to come, and then took him out to dinner afterward.

Max is doing great now. He's been working full-time, got super-healthy, started running marathons, and is now on the good path. These were his choices, they had to be, and he did it. But it almost didn't turn out this way. Kenny made sure he stayed on that path.

This guy Kenny, I want to reach out and give him the biggest hug he ever got. I want to tell him that he is special. I want to thank him for saving Chica's life. I want to thank him for saving my son's.

Oh, and as a follow-up. We got some news about Kenny this past week. It's some really good news.

Kenny not only got that job offer, he just got a nice long contract along with it. Kenny Moore, from Valdosta, Georgia, just signed a contract with the Indianapolis Colts to be the highest paid slot cornerback in the NFL, in a deal that is going to pay him at least \$30 million over the next four years.

Good things happen to good people.

Kenny stayed in the game too.



# The True Size of Africa

Comparison of Africa's land area to selected countries/regions

African continent **30.4m km<sup>2</sup>**



\* excluding Russia.

Sources: CIA, World Population Review, Visual Capitalist

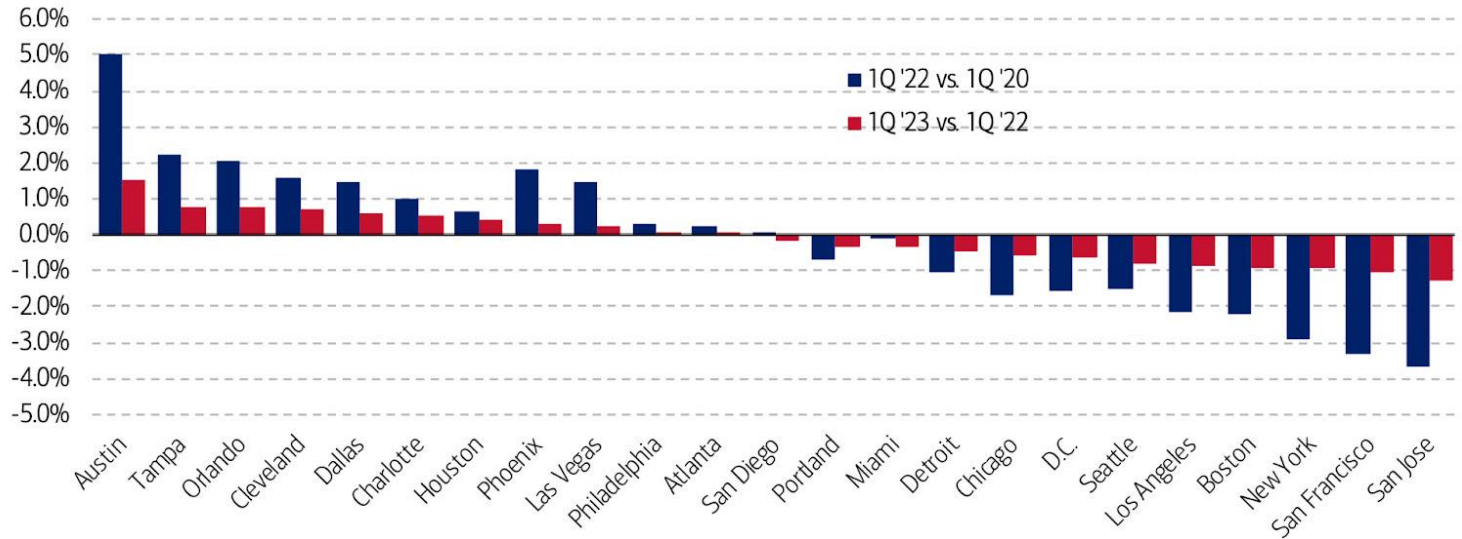


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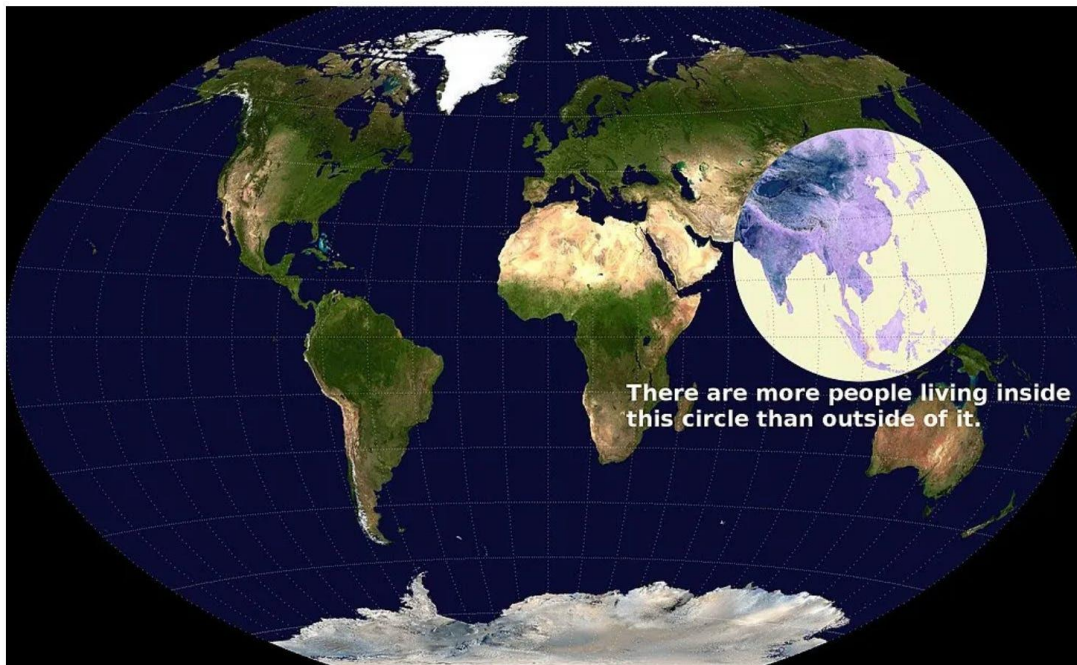


**Exhibit 1: Net population change in major MSAs, according to Bank of America internal data (%change, positive means net inflow, negative means net outflow, ranked by the %change between 1Q '23 and 1Q '22)**

Austin saw the largest net inflow of people both during the first two years of the pandemic and over the past four quarters



Source: Bank of America internal data



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A fine is a tax for doing wrong. A  
tax is a fine for doing well.

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## The Best Time To Invest



Is When No One Wants To Invest

 @brianferoldi

The fastest way to get rich is to go slow.-M Housel

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## The Wealth Care LLC Team July 1, 2023

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