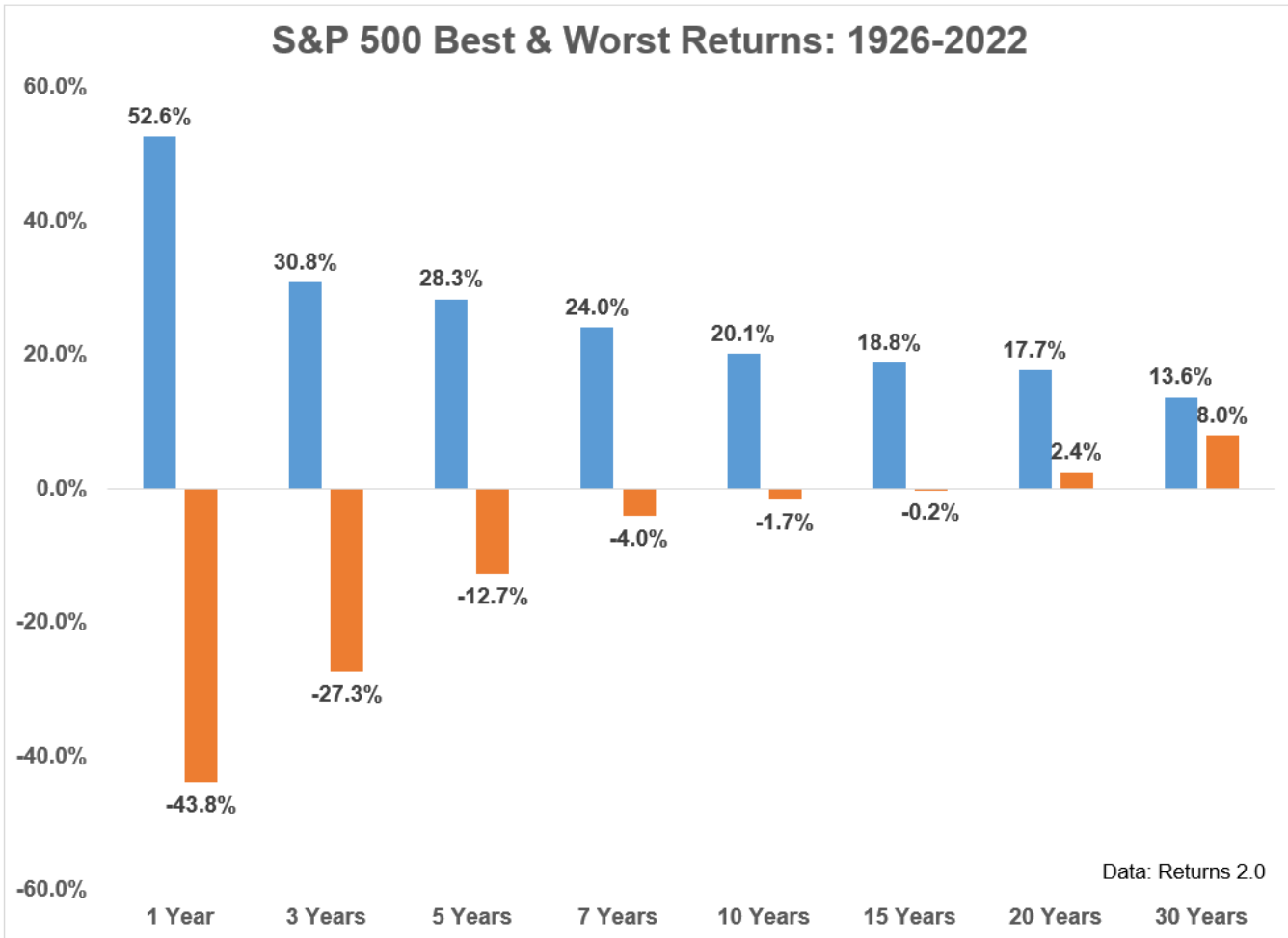




## Wealth Care LLC April 2024 Commentary

At the time of this writing (around March 15, 2024), the S&P 500 index (roughly five hundred of the “best” US company stocks) has risen over 87% in price for a five-year period. In addition to that price rise, an investor would have gained roughly another 2% a year in dividends. So, you would have doubled your money-and during a time in which we had a global pandemic, war in Europe, war in the Middle East, the fastest rise in interest rates in decades, and the worst inflation in decades. We are not predicting the future but remain reminded of the utter impossibility of predicting our investment returns in the short term or based on externalities such as politics.

Recently, someone remarked that we repeatedly emphasize certain aspects of stock market investing-and that patience is required to maximize profits in our investments. We agreed that we always look for ways to emphasize this behavior. It is perhaps the most frequent issue we are asked about. Every time we are asked about “where the market is going”, we would like to point to the chart below. For, we don’t know where the market is going in the next week, month or even in the next few years, but we can be comfortable in knowing that it will go up if we are patient.



So, over and over, we see that patience wins out. The stock markets' chance of losing money drops while we wait. This is not to say that there are times at which certain asset classes are more attractive than others (meaning cheaper relatively), but that getting rewarded for this knowledge also takes time. Here is yet another way to look at this:



## To Increase Your Odds Of Success

Historic Odds Of Making Money  
In The S&P 500 By Holding Period



## Increase Your Holding Period

We also know that there are always conflicting factors that can suggest that the markets are ready to boom or bust. It depends on what you are looking for. Various pundits are always pontificating about why the market is due to either rise or fall “anyday now.” Here’s an example currently:



## Signs of Excessiveness and Extremism

### TOP SIGNS

1. Large no. of IPOs
2. Rapidly Rising Prices
3. Excess Leverage
4. Availability of Credit
5. Over-optimistic Front Covers of Newspapers & Magazines
6. Very High Trading Volumes
7. Historically High P/E & EV/EBITDA Multiples
8. Art & Luxury Markets Booming
9. Financial Press and Financial TV become Favourites
10. "This Time is Different" Declared
11. Amateur Investors move to Equity Asset Class
12. Innovation Leads to Euphoria
13. Social Proof Leads to Herding

### BOTTOM SIGNS

1. No Mergers and Acquisitions
2. No IPOs
3. No new money for Venture Capital
4. Low Price/Sales & EV/EBITDA Multiples
5. Many Companies Trading below Book Value
6. Very Low P/E Multiple
7. Central Banks eased for 6 to 12 Months
8. Recession Declared Officially, News is Stale
9. Previously Favourite Sectors are Hated
10. Credit only available to High Quality Borrowers
11. Investors are Cautious and Out of the Market
12. Negative Front Covers of Newspapers and Magazines
13. Negative and Depressed Consumer Sentiment

One worry that we have *currently* is seeing signs of enthusiasm and "fear of missing out" with some of our clients and friends. We've had more inquiries and requests to buy some individual stocks that are "hot" than in several years. This is usually a bad sign that a top is being reached. We won't change our plans based on this, but we are just making the observation. The last time we saw this behavior was with real estate in ~2006-7 and with the tech stock bull market in the very late 1990s.

Here is a bestselling book idea on how to certainly make money in our investments:



Morgan Housel   
@morganhousel



A book called Shut Up and Wait.

Each page is just this chart.



6:21 AM · Jul 24, 2017 · Twitter for iPhone

## Miscellaneous

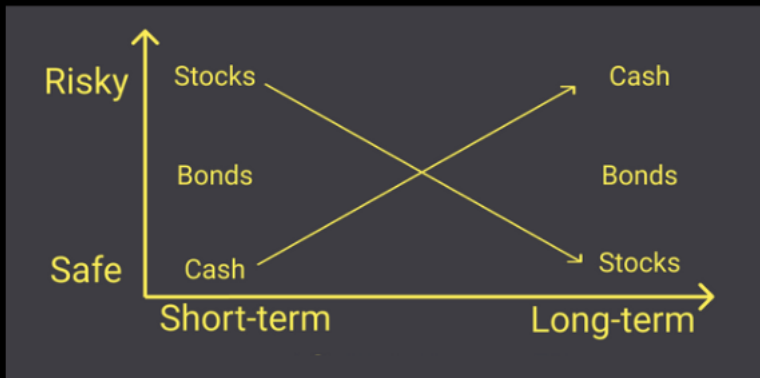
**The discovery of 2.34 billion metric tons of rare-earth elements near Wheatland, Wyoming,** signals the beginning of a new era in the competition for the raw materials that power the global economy. If wisely exploited, this find—estimated to be the richest in the world—will [give the U.S. an unparalleled economic and geopolitical edge against China and Russia for the foreseeable future](#). The lode at Halleck Creek has the potential to make the U.S. the



world's largest processor of the minerals used to make computer chips, smartphones and aircraft engines. Rare earths are fundamental to advanced economic manufacturing. They are also critical in all military technologies, and thus have become central to national security.

(Source: [wsj.com](http://www.wsj.com))

## What's Safe In The Short-Term

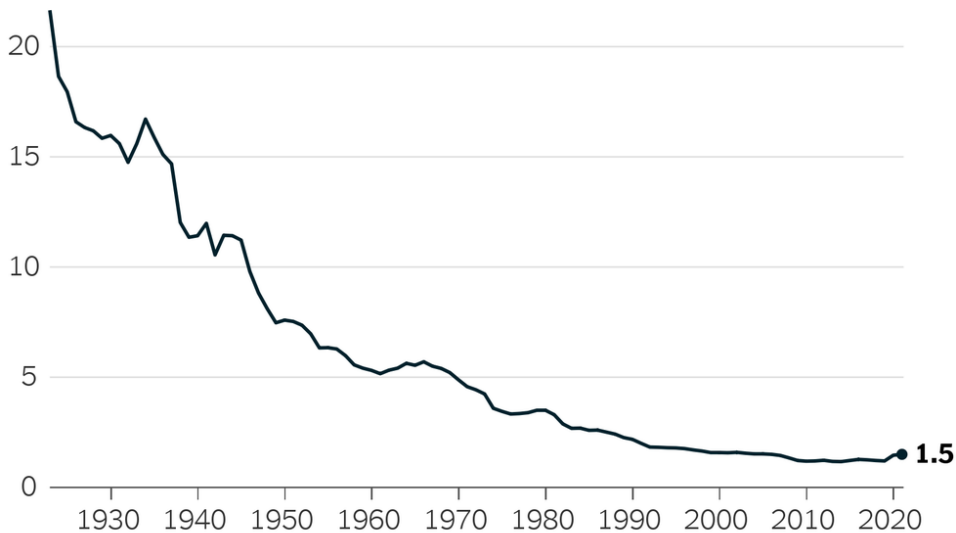


## Is Risky In The Long-Term



## Good news:

U.S. death rate from motor vehicles, per 100 million miles traveled



When you lose weight, you literally breathe it out: 80% of the human fat you lose is exhaled as carbon dioxide. The oxidation of 10 kg of human fat requires 29 kg of inhaled oxygen, which produces 28 kg of CO<sub>2</sub> and 11 kg of H<sub>2</sub>O. This process can be summarized as  $C_{55}H_{104}O_6 + 78O_2 \rightarrow 55CO_2 + 52H_2O + \text{energy}$ , obviously. ([“When somebody loses weight, where does the fat go?”](#))

## Random Notes

Looking at the stock market, it always seems obvious which companies are going to be around forever. But the leaders are always changing — ***not a single company in the top five from 1980, 1990 or 2000 remains there today.*** This is why diversification is so important.-Peter Mallouk



If it makes you a worse person (parent, neighbor, writer, whatever), it's not success. If starting a business stresses you out, if it tears your relationships apart, if it makes you bitter or frustrated with people—then it doesn't matter how much money it makes or external praise it receives. It's not successful.-Ryan Holiday

A lot of people like making money more than they enjoy having money. The change, not the accumulated amount, is the thrill.-Morgan Housel

How you spend every day is how you spend your life. -Kent Hendricks

Lost money can be found; lost time is lost forever-Vala Afshar

**The Wealth Care LLC Team 4-1-2024**