



Wealth Care LLC February 2024 Commentary

We came across some interesting charts:

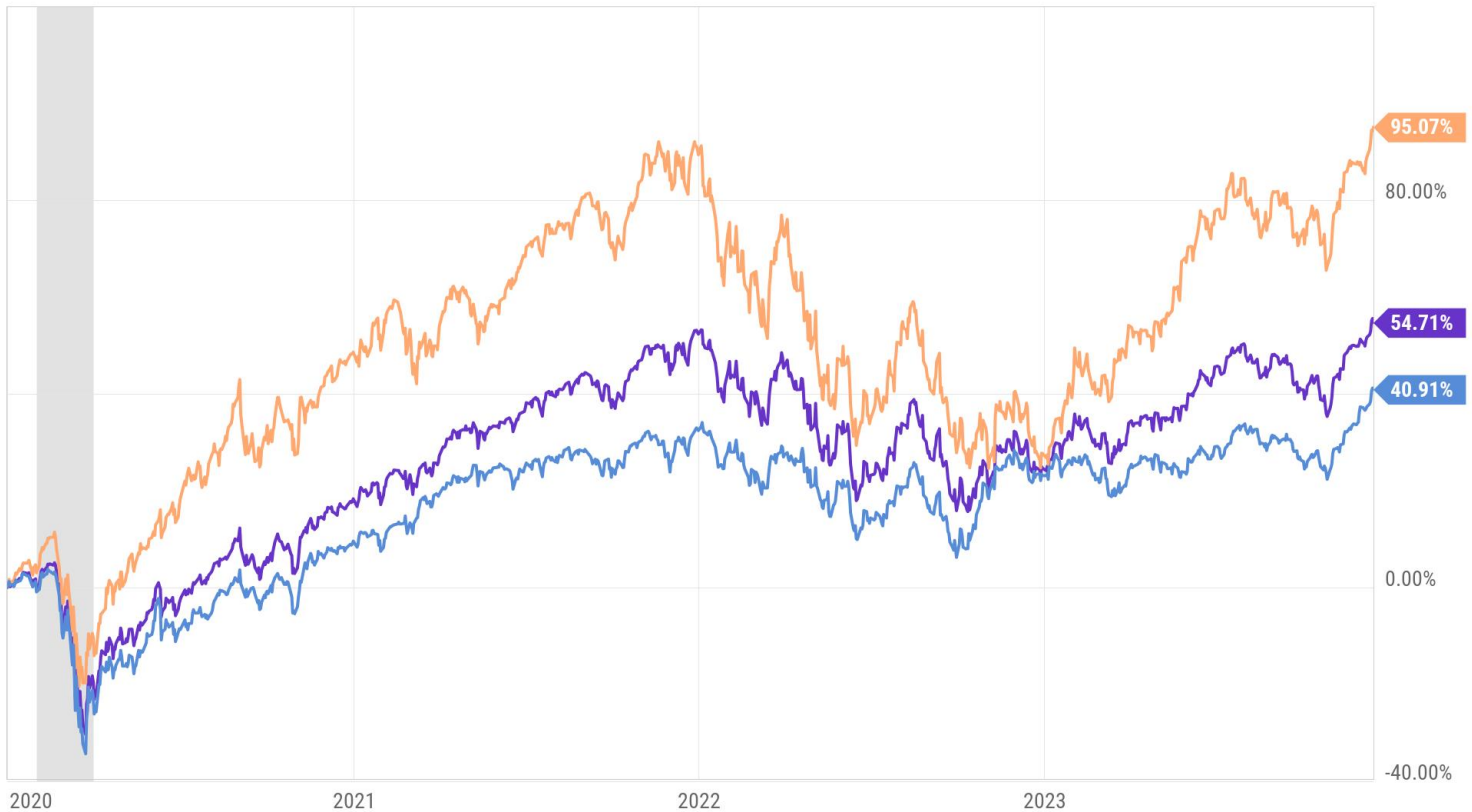


Here is 70 years of price returns for the S&P 500 (large US stocks). You can see that the rise reasonably fits an 8% long term annual gain. The average dividend rate has been 1.5% for a total annual gain of 9.5% per year for the last seventy years.

Look here at the returns just since 2020 starting before the pandemic!!



	VAL	ANN
● SPDR® S&P 500 ETF Trust (SPY) Total Return Price % Change	54.71%	11.65%
● Invesco QQQ Trust (QQQ) Total Return Price % Change	95.07%	18.39%
● SPDR® Dow Jones Industrial Avg ETF Tr (DIA) Total Return Price % Change	40.91%	9.05%



ANIMAL SPIRITS

Dec 15 2023, 8:12PM EST. Powered by YCHARTS

As author Ben Carlson notes:

Just think about everything investors have had to deal with these past few years:

- The pandemic caused us to turn off the economy for 1-2 months in the spring of 2020.
- The unemployment rate shot up to 14%.
- We had no idea how long the pandemic would last or when we would find a vaccine.
- March 2020 was one of the worst months in stock market history.
- Interest rates fell to historic lows.
- Oil prices went negative.
- We experienced the fastest bear market from all-time highs to down 30% ever.
- Then stocks came roaring back.
- There was a meme stock/crypto bubble.
- Inflation came back from the dead to reach its highest level in 40 years.

www.WealthCareLLC.com | F. 815.301.3777

Steven Podnos MD, MBA, CFP® P. 321.543.1099 E. Steven@wealthcarellc.com • Rachel Podnos O'Leary J.D., CFP® P. 321-505-7592 E.

Rachel@wealthcarellc.com

Lauren Podnos, CFP® P. 321-537-7502 E. Lauren@wealthcarellc.com • Jacob Podnos CFP®, RICP® P. 321-432-0344 E. Jacob@wealthcarellc.com

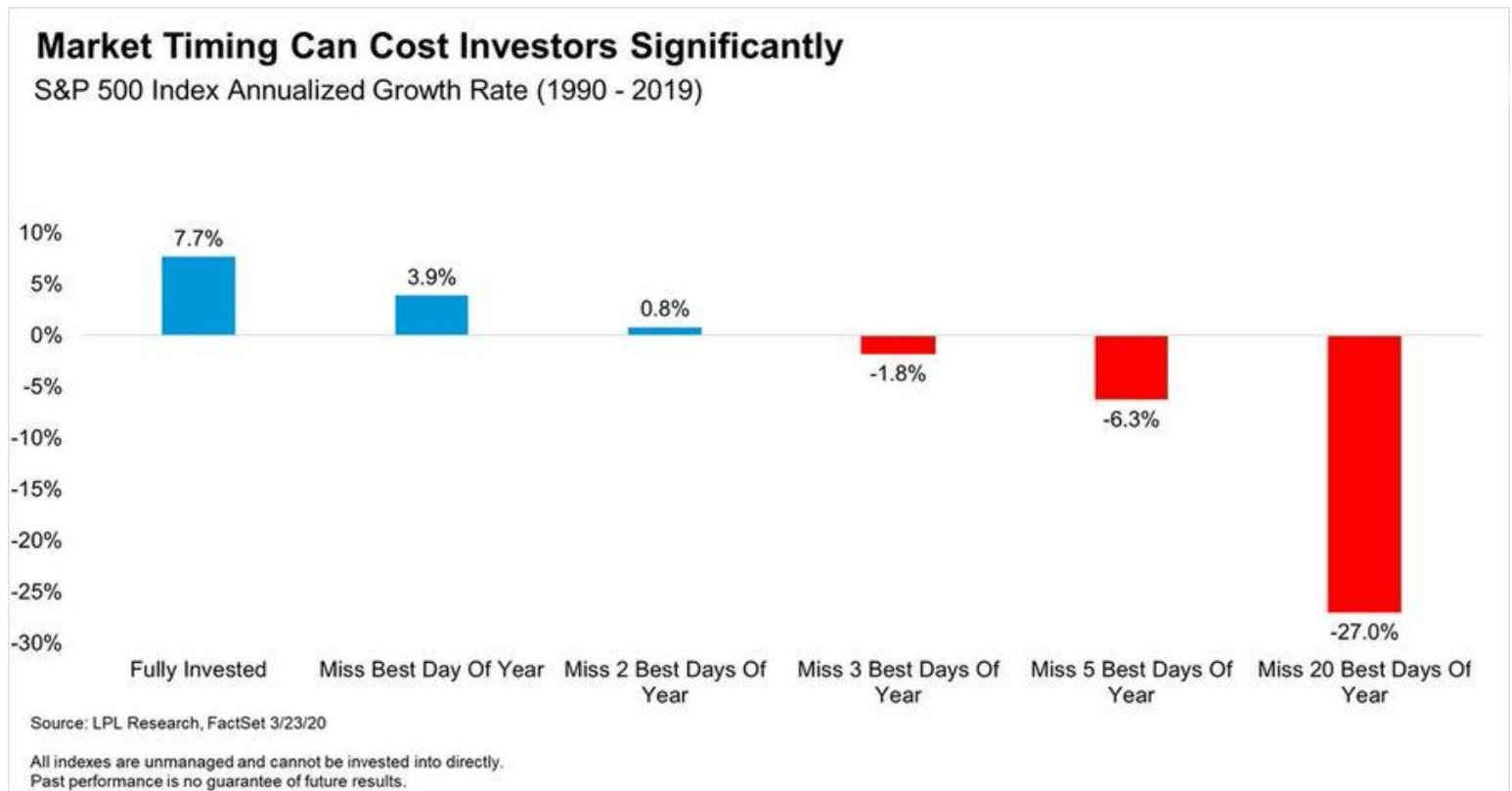


- We had a nasty bear market in 2022.
- The Fed took short-term rates from 0% to 5% in a hurry.
- The bond market saw its worst crash in history.
- The 60/40 portfolio had one of its worst years ever.

For the past two years investors have been inundated with predictions of a recession, a repeat of the 1970s, stagflation, a housing market crash and worse.

None of these things happened.

So during the three years of a global pandemic, two wars (Ukraine and the Middle East), and the fastest rise in interest rates in over 50 years-we have above average returns. And here is yet another chart on why no one can time the market:





Speaking of Interest Rates:



One of us remembers mortgage rates in the mid double digits! The graph is a nice reminder that interest rates today are not really historically high!

Annual Comments and Principles:

We wanted to share these comments from author Nick Murray with you as the new year begins. We have edited and added to the comments, but overall we could not say most of it in a better way:

It is both delightfully simple and genuinely compelling to be able to summarize the behavior of the equity markets, not only in the calendar year just ended but over the last two years. I can in fact do it in two sentences:

In 2022, the Dow, the S&P 500 and the Nasdaq 100 experienced peak-to-trough declines of 21%, 25% and 35%, respectively. A week before Christmas 2023, all three were in new high ground on a total return basis (that is, including dividends). Why stocks did this is irrelevant to the wonderful lessons to be drawn from this experience. There are almost as many theories and explanations of why as there are market commentators, of whom I am happily not one. (I would point out, however, that

www.WealthCareLLC.com | F. 815.301.3777

Steven Podnos MD, MBA, CFP® P. 321.543.1099 E. Steven@wealthcarellc.com • Rachel Podnos O'Leary J.D., CFP® P. 321-505-7592 E.

Rachel@wealthcarellc.com

Lauren Podnos, CFP® P. 321-537-7502 E. Lauren@wealthcarellc.com • Jacob Podnos CFP®, RICP® P. 321-432-0344 E. Jacob@wealthcarellc.com



the number of said commentators who successfully forecast both the market action of 2022 and that of 2023 is, to my knowledge, plus or minus zero.)

What should matter most to us long-term, goal-focused, plan-driven equity investors is not why this happened but that it happened. Specifically, that there could be a pervasive and very significant bear market over most of one year, and that those declines could be entirely erased in the following year. Although not nearly as quick or as perfectly symmetrical as the 2022-23 experience, in the largest sense that's how it works.

General Principles-Wealth Care LLC

- The economy cannot be consistently forecast, nor the market consistently timed. Thus we believe that the highest-probability method of capturing equities' long-term return is simply to remain invested all the time. This is harder to do than most people think.
- We are long-term owners of businesses, as opposed to speculators on the near-term trend of stock prices.
- Declines in the mainstream equity market, though frequent and sometimes quite significant, have always been surmounted, as America's most consistently successful companies ceaselessly innovate.
- Long-term investment success most reliably depends on making a plan and acting continuously on that plan.
- An investment policy based on anticipating (or reacting to) current economic, financial or political events/trends most often fails in the long run.

Current Commentary

The long-term disruptions and distortions resulting from the COVID pandemic are still working themselves out in the economy, the markets and the society itself, in ways that can't be predicted, much less rendered into coherent investment policy.

- The central financial event in response to COVID was a 40%

www.WealthCareLLC.com | F. 815.301.3777

Steven Podnos MD, MBA, CFP® P. 321.543.1099 E. Steven@wealthcarellc.com • Rachel Podnos O'Leary J.D., CFP® P. 321-505-7592 E.

Rachel@wealthcarellc.com

Lauren Podnos, CFP® P. 321-537-7502 E. Lauren@wealthcarellc.com • Jacob Podnos CFP®, RICP® P. 321-432-0344 E. Jacob@wealthcarellc.com

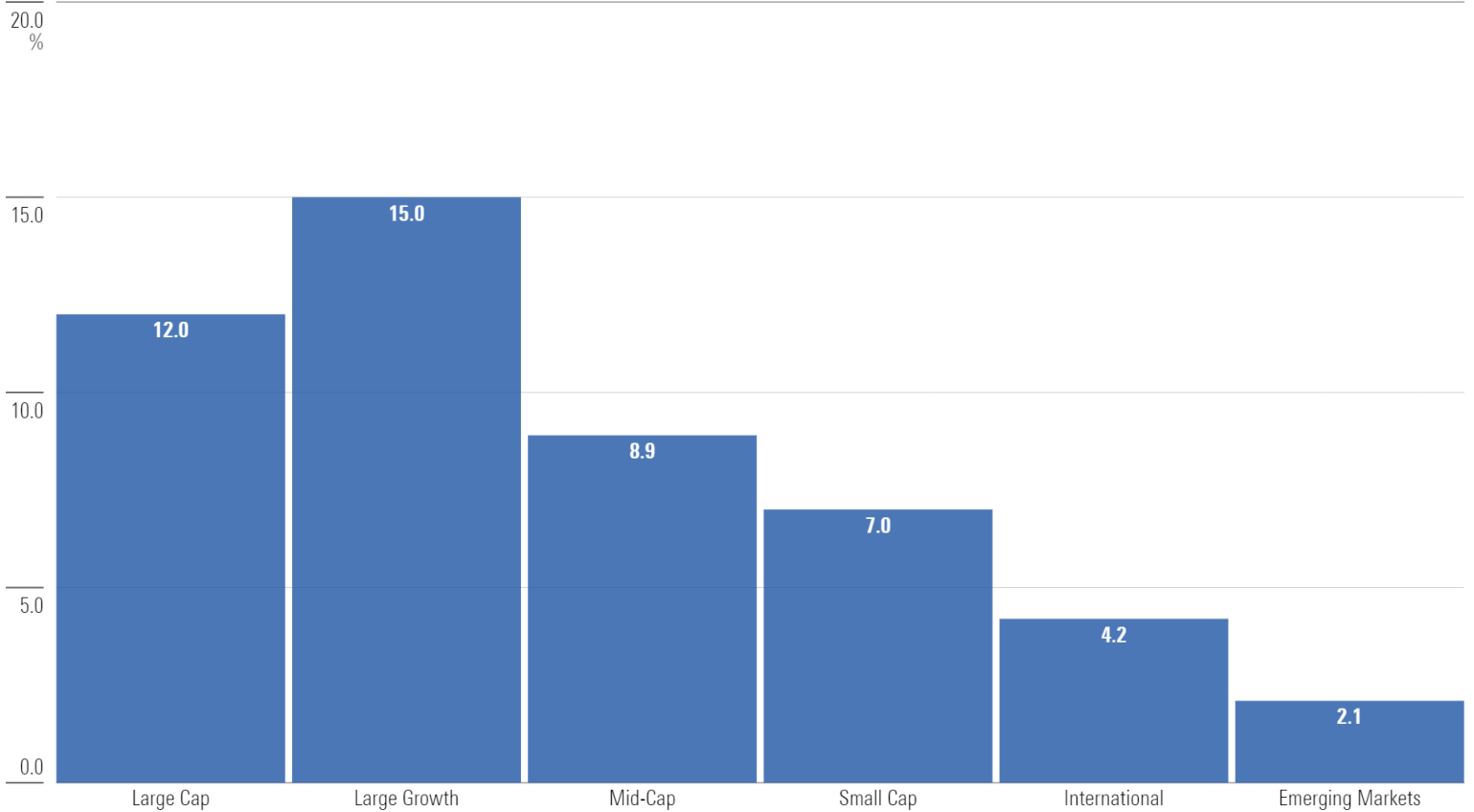


explosion in the M2 money supply by the Federal Reserve. It predictably ignited a firestorm of inflation.

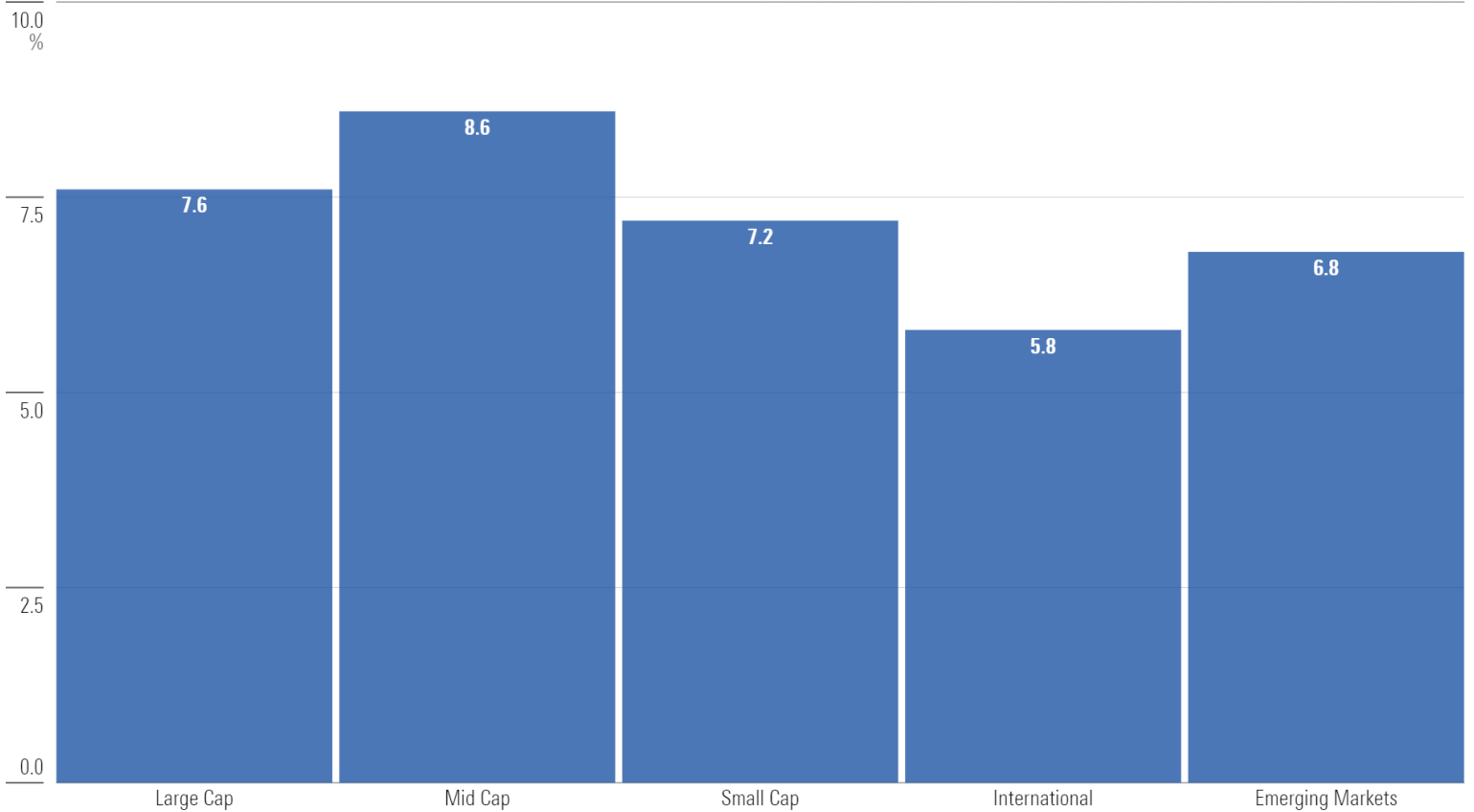
- To stamp out that inflation, the Fed then implemented the sharpest, fastest interest rate spike in its 110-year history. Both debt and equity markets cratered in response.
- Despite this, economic activity just about everywhere but in the housing sector has remained relatively robust; employment activity has, at least so far, been largely unaffected.
- Inflation has come down significantly, though not yet close to the Fed's 2% target. But prices for most goods and nearly all services remain elevated, straining middle-class budgets.
- Capital markets have recovered significantly, as speculation now centers on when and how much the Fed may lower interest rates in 2024, and whether a recession may yet begin, whatever they do. These outcomes are unknowable—probably even to the Fed itself—and don't lend themselves to forming a rational long-term investment policy.
- Significant uncertainties abound. Trends in the U.S. federal deficit and the national debt continue to appear unsustainable. Social Security and Medicare appear to be on paths to eventual insolvency unless reformed. The serial debt ceiling crisis continues, and a bitterly partisan presidential election looms. The markets will face significant challenges in the year just beginning—as indeed they do every year.

Why Diversify?

Here are asset class returns for the last ten years (annualized). After looking at this, why would anyone buy anything other than large US stocks?? (see below for answer)



Here is the 20 year chart-which shows that over longer periods of time, asset class returns tend to even out. So if that continues to be the case, it might be very smart to invest in the “lagging” classes of International and Emerging Markets.



Tax Note

Just a reminder that you should start receiving your tax forms from Fidelity in late February.

Make sure to remind your accountant if you:

Made Charitable contributions from your IRA

Funded a Back Door Roth IRA

Made contributions to your Charitable Gift Fund at Fidelity

Miscellaneous

www.WealthCareLLC.com | F. 815.301.3777

Steven Podnos MD, MBA, CFP® P. 321.543.1099 E. Steven@wealthcarellc.com • Rachel Podnos O'Leary J.D., CFP® P. 321-505-7592 E.

Rachel@wealthcarellc.com

Lauren Podnos, CFP® P. 321-537-7502 E. Lauren@wealthcarellc.com • Jacob Podnos CFP®, RICP® P. 321-432-0344 E. Jacob@wealthcarellc.com



“THIS TIME IS (NOT) DIFFERENT”



A Site that recommends movies and TV: taste.io

How to Say “No”:

The best and most polite excuse is just to say you have a rule. “I have a rule that I don’t decide on the phone.” “I have a rule that I don’t accept gifts.” “I have a rule that I don’t speak for free anymore.” “I have a rule that I am home for bath time with the kids every night.” People respect rules, and they accept that it’s not *you* rejecting the [offer, request, demand, opportunity] but that the rule allows you no choice. -Steve Kamb

Elon Musk is preparing for the most consequential launch of his career. But this one isn’t rocket science—it’s brain surgery. Musk’s company Neuralink Corp. is seeking a volunteer for its first clinical trial, meaning it’s looking for someone willing to have a chunk of their skull removed by a surgeon so a large robot can insert a series of electrodes and superthin wires into their brain. When the robot finishes, the missing piece of skull will have been replaced with a computer the size of a quarter that’s meant to stay there for years. Its job will be to read and analyze the person’s brain activity, then relay that information wirelessly to a nearby laptop or tablet. For

www.WealthCareLLC.com | F. 815.301.3777

Steven Podnos MD, MBA, CFP® P. 321.543.1099 E. Steven@wealthcarellc.com • Rachel Podnos O’Leary J.D., CFP® P. 321-505-7592 E.

Rachel@wealthcarellc.com

Lauren Podnos, CFP® P. 321-537-7502 E. Lauren@wealthcarellc.com • Jacob Podnos CFP®, RICP® P. 321-432-0344 E. Jacob@wealthcarellc.com



the purposes of the trial, an ideal candidate would be an adult under age 40 whose four limbs are paralyzed. Such a patient would likely have Neuralink's implant inserted into what's known as the hand knob area of their premotor cortex, which governs the hands, wrists and forearms. The goal is to show that the device can safely collect useful data from that part of the patient's brain, a key step in Neuralink's efforts to convert a person's thoughts into a range of commands a computer can understand. (Source: [bloomberg.com](https://www.bloomberg.com))

Random Notes

When I was young man, I didn't have very much money. My mom always said, "Work until your bank account looks like a phone number." Finally, after 40 years of hard work, "Mom, I've made it!!" Available Balance \$9.11

Happiness has more to do with where you're heading than where you are. A person who is worth two billion dollars will feel sad if he suddenly loses one billion because he's moving in the wrong direction, even if the change has no impact on his ability to buy what he wants. We tend to feel happy when things are moving in the right direction and unhappy when things are trending bad. The directional nature of happiness is one reason it's a good idea to have a sport or hobby that leaves you plenty of room to improve every year. (Scott Adams).



Wife texts husband on a cold winter morning:

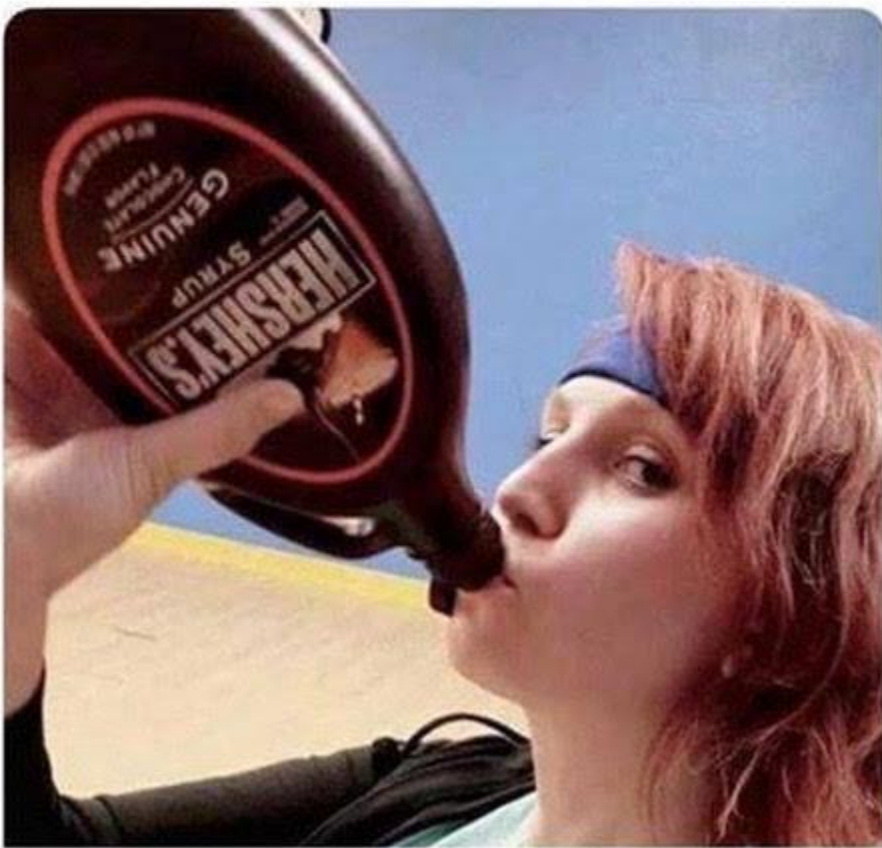
"Windows frozen, won't open."

Husband texts back: "Gently pour some lukewarm water over it and then gently tap edges with hammer."

Wife texts back 10 minutes later: "Computer really messed up now."



I've been using this as a water bottle for about a month now. I kinda love the judging eyes it gets me at the gym



The Wealth Care LLC Team February 1, 2024

www.WealthCareLLC.com | F. 815.301.3777

Steven Podnos MD, MBA, CFP® P. 321.543.1099 E. Steven@wealthcarellc.com • Rachel Podnos O'Leary J.D., CFP® P. 321-505-7592 E.

Rachel@wealthcarellc.com

Lauren Podnos, CFP® P. 321-537-7502 E. Lauren@wealthcarellc.com • Jacob Podnos CFP®, RICP® P. 321-432-0344 E. Jacob@wealthcarellc.com