



## Wealth Care LLC November 2023 Commentary

### Why Investing is a Long-Term Process:

Even though the stock market generates 10% annual returns on average, it rarely delivers that in any given year. If you go into the market expecting a 10% return, you will be disappointed. If you stay invested and disciplined, it is likely you'll be pleased.



(Source: Ben Carlson, A Wealth Of Common Sense)

“Staying” invested is oh so important:

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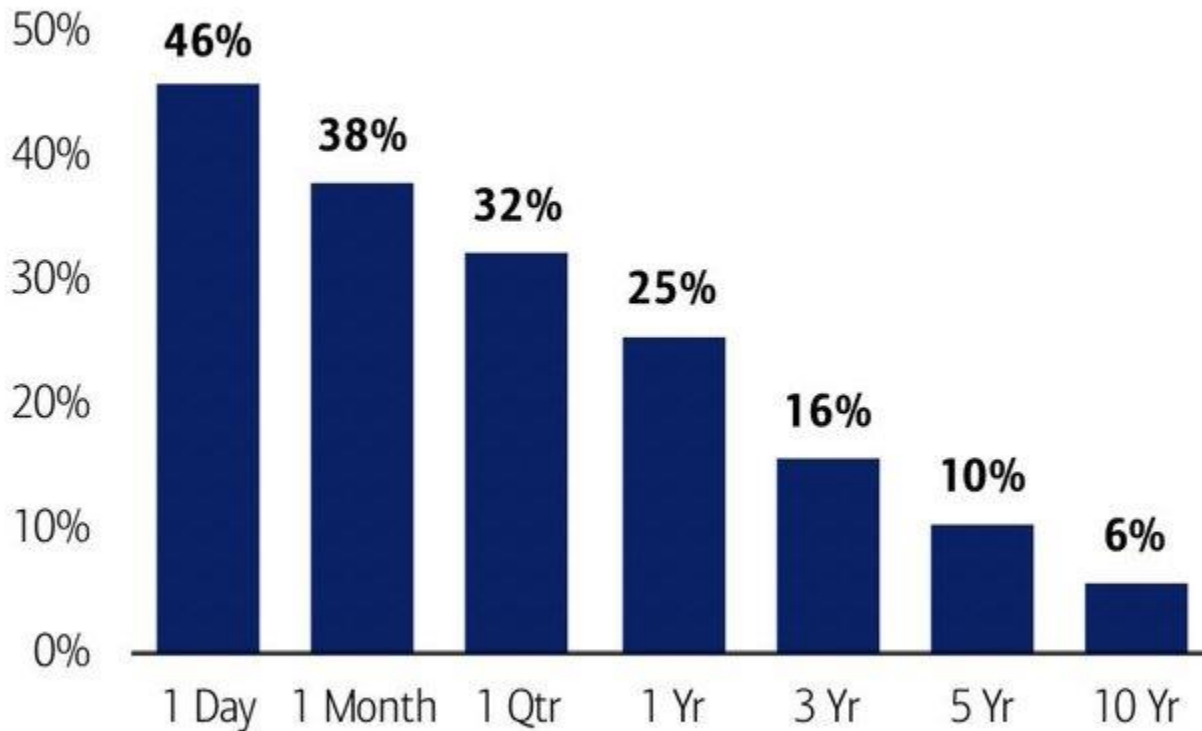
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**Exhibit 2: As time horizons grow, equity losses fall off**

Probability of negative returns, based on S&P 500 total returns from 1929-present



Source: S&P, Bloomberg, BofA US Equity & Quant Strategy

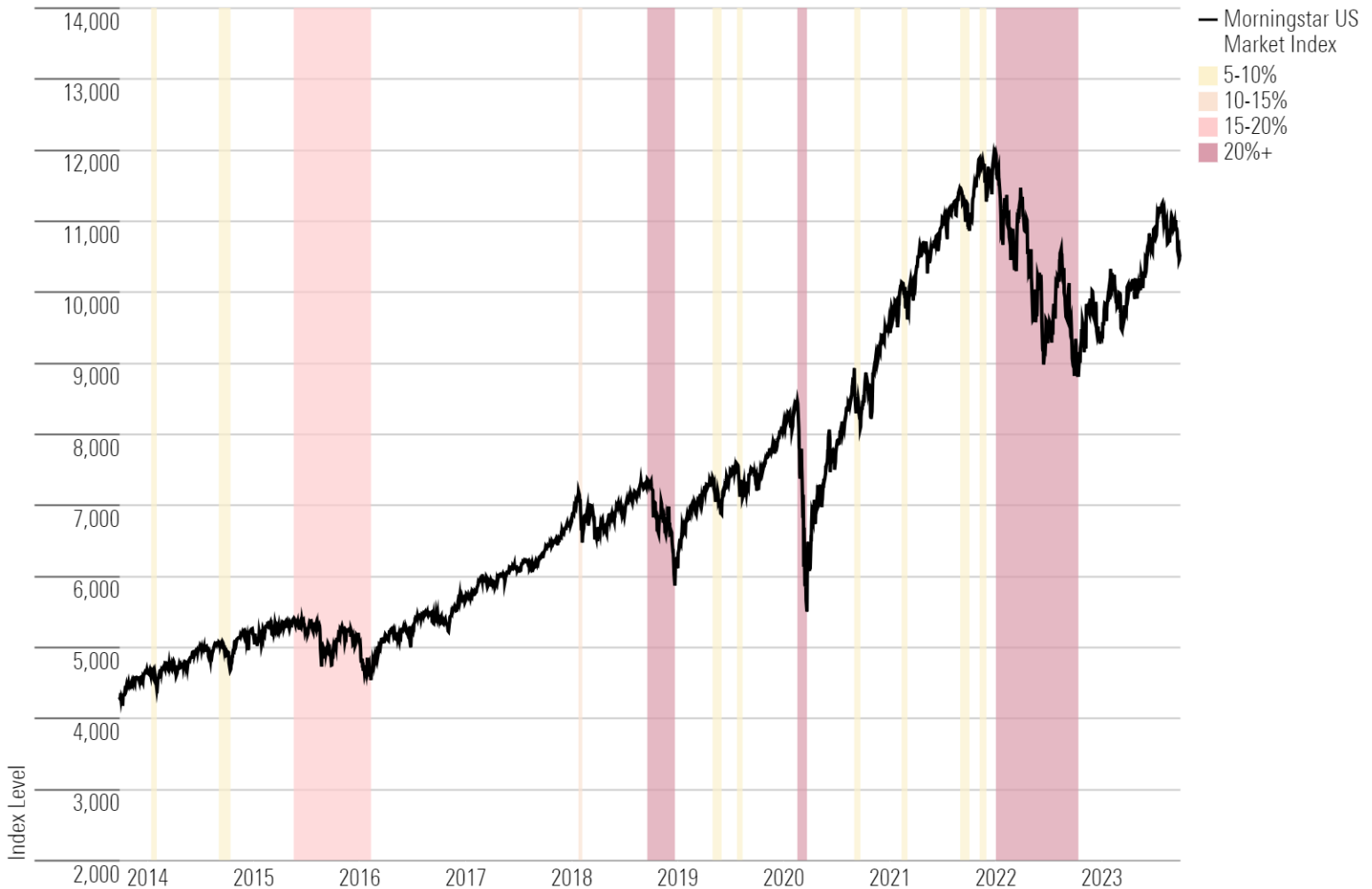
BofA GLOBAL RESEARCH

**Draw Imaginary Line on the Chart Below**

Look carefully at the chart below. Just prior to the pandemic in 2020, the US stock market was sitting at 8500 on the Morningstar US stock index (just one way to measure market prices). Then a huge drop with the pandemic onset, then a rush upwards and then down partially again. Our point is that many of our families have commented on poor market performance and prices over the last 18 months. BUT-draw an imaginary line from just before the pandemic started to today! It's all up, from ~8500 to ~10,500. It looks just like the real line between 2014 and 2020-when it went from ~4500 to ~8500. Had we had a nice steady upwards price increase like the imaginary line-everybody would be happy, right? It is so very important to remember that in



the short to intermediate term, markets go up and down, but in the long term, they go up with regularity.



Should You Buy an Initial Public Offering (IPO)?

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| Ticker | Name           | IPO Date   | % Return Since 1st Day Close | (+/-) S&P 500 since IPO |
|--------|----------------|------------|------------------------------|-------------------------|
| ABNB   | Airbnb         | 12/10/2020 | -12.8%                       | -39%                    |
| UBER   | Uber           | 5/9/2019   | 6.2%                         | -59%                    |
| LYFT   | Lyft           | 3/29/2019  | -86.9%                       | -156%                   |
| SNOW   | Snowflake      | 9/16/2020  | -41.4%                       | -78%                    |
| PTON   | Peloton        | 9/25/2019  | -94.0%                       | -138%                   |
| ZM     | Zoom Video     | 4/17/2019  | 11.0%                        | -77%                    |
| SNAP   | Snapchat       | 3/2/2017   | -61.4%                       | -169%                   |
| U      | Unity Software | 9/18/2020  | -49.2%                       | -89%                    |
| PLTR   | Palantir       | 9/30/2020  | 62.0%                        | 22%                     |
| DASH   | Doordash       | 12/9/2020  | -58.6%                       | -86%                    |
| HOOD   | Robinhood      | 7/28/2021  | -69.7%                       | -74%                    |
| GDRX   | GoodRx         | 9/23/2020  | -88.0%                       | -132%                   |
| TOST   | Toast          | 9/22/2021  | -66.4%                       | -71%                    |
| APP    | AppLovin       | 4/15/2021  | -37.7%                       | -48%                    |
| SPOT   | Spotify        | 4/3/2018   | -5.2%                        | -101%                   |

“SAFE”

Isn't Fixed Income “Safe”?

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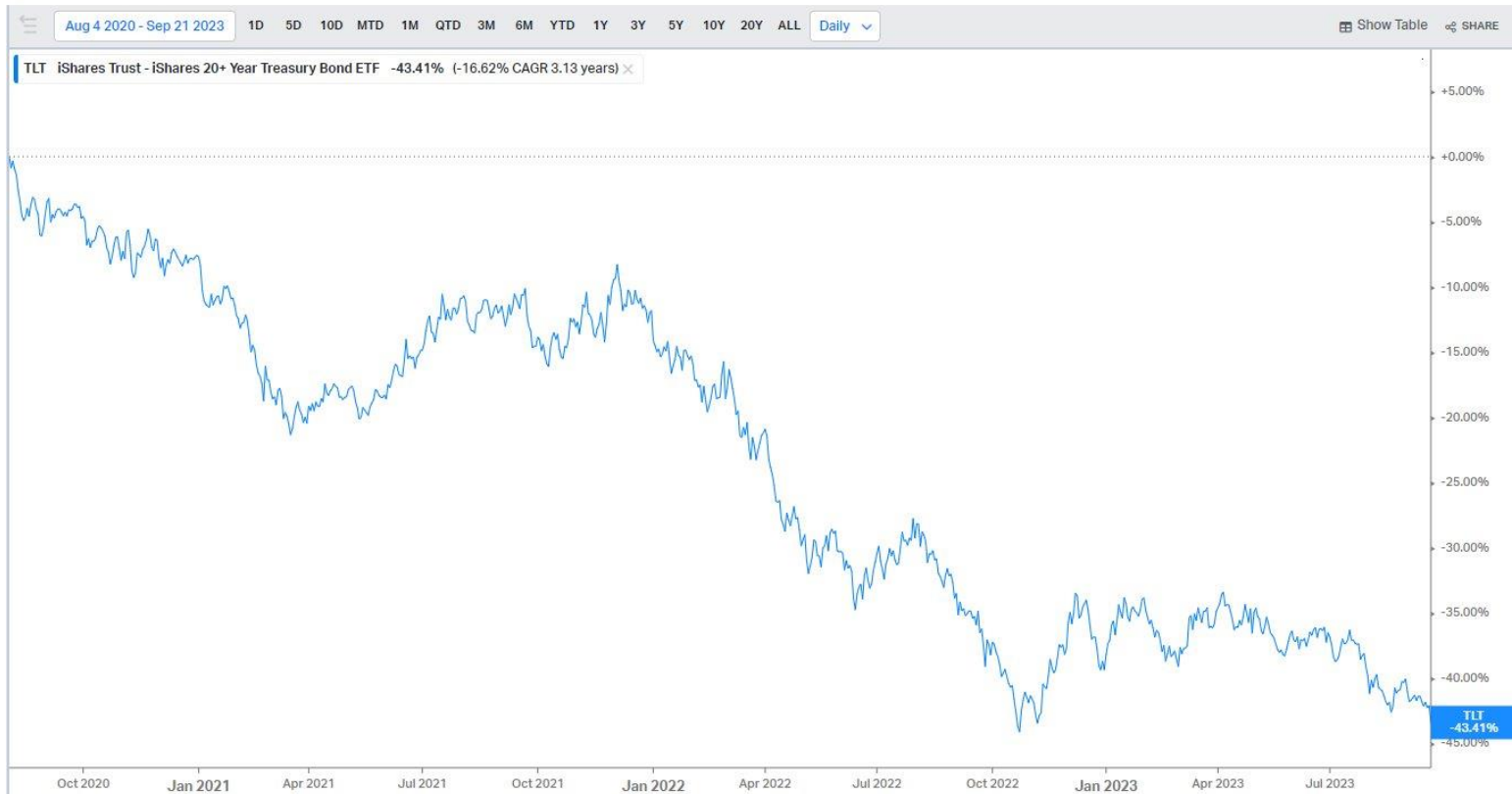
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You have two main categories in which to invest your liquid funds. One is stocks (yeah!!) and the other is fixed income (including cash). We are periodically urged to make a portfolio “more conservative” with less stocks-usually when there is downward volatility. But look at this chart of prices for a “totally safe” 20 year US bond:



Yikes!

We've written before about making choices with fixed income investments. We can go with plain Jane investments like the bonds above-which traditionally do well when the economy suffers (and stocks go down). But, not always-if interest rates are rising at the same time-we get results like above.

The other choice is to go for more aggressive types of fixed income-these pay higher rates of interest and are less responsive to interest rate changes. They do suffer more, however, when the economy is shaky.

We actually use a mix of traditional and aggressive fixed income investments, but tilted towards the higher return funds. We also always urge our families to have enough “cash” to sleep at night.



Even worse is the performance of the European Union 30 year bond. Hard to believe it sold in March of 2020 at a negative 0.5% return (meaning you paid to own it—"investors" bought them to hold something "safe.>"). These bonds have lost 64% of their price as of September 2023. Those that bought them either can take the loss or continue to pay to own them. Ouch.

Final Comment:

*In terms of total returns, this is the biggest bond market rout in 150 years. Last year was in fact US bond investors' worst year since 1871, with a total return of minus 15.7%, even worse than the annus horribilis of 2009. For 2023, the year-to-date return has been almost minus 10%; annualized, that's minus 17.3% — even worse than 2022. We are looking at bond investors' two worst years in a century and a half."-Mohammed A. El-Arian*

## Miscellaneous



## IT PAYS TO BE PATIENT

### MARKET PERFORMANCE BY DAY

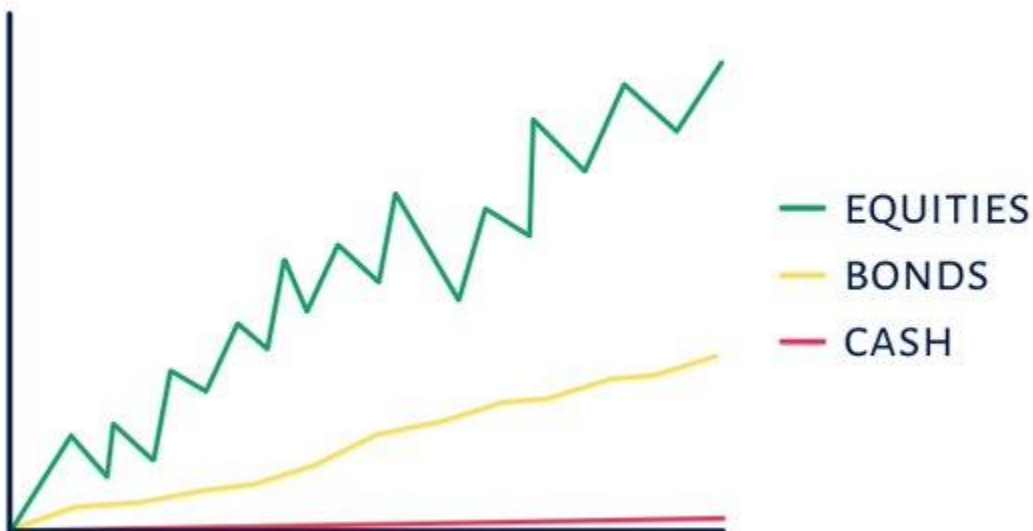
↑ 53%      ↓ 47%

### MARKET PERFORMANCE BY DECADE

↑ 97%      ↓ 3%

M

## VOLATILITY AND RETURN



M





## HOTEL HQ

NEVER LOSE TRACK OF YOUR STUFF AGA'IN

1 FOLD AND LAY A  
SMALL TOWEL OR  
FLANNEL FLAT ON  
A DESK OR TABLE

2 USE AS YOUR  
HOME FOR  
KEYS, CARDS  
AND HANDY BITS



### Random Notes

"Time may be a great healer, but it's a lousy beautician."

Anonymous

"Wisdom doesn't necessarily come with age. Sometimes, age just shows up all by itself."

Tom Wilson

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**Ben Zlotnick**

10mo

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One day Albert Einstein wrote on the blackboard:

$$9 \times 1 = 9$$

$$9 \times 2 = 18$$

$$9 \times 3 = 27$$

$$9 \times 4 = 36$$

$$9 \times 5 = 45$$

$$9 \times 6 = 54$$

$$9 \times 7 = 63$$

$$9 \times 8 = 72$$

$$9 \times 9 = 81$$

$$9 \times 10 = 91$$

In class they mocked him and made fun of him because he had made a mistake, as the correct answer for  $9 \times 10$  is 90.

Albert Einstein waited for everyone to shut up and said: " Despite me answering the first 9 questions correctly, no one congratulated me. Instead, when I got one wrong, everyone started laughing. This means that despite being very successful, society will only notice the smallest mistake and make fun of it. Don't let simple criticism destroy your dreams ".

MORALE.

Only those who do nothing don't make mistakes.

Work hard everyday.



How do we measure the cost of things? The cost of a thing is the amount of what I will call life which is required to be exchanged for it, immediately or in the long run.

Henry David Thoreau,

**From 1973:**



**November 1, 2023 The Wealth Care LLC Team**

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