



Wealth Care LLC June 2020 Commentary

Investment Thoughts

Let us repeat a thought experiment we have done before in these pages. We “anchor” our wealth by the highest values achieved, regardless of whether we sold to cash or not at a given time.

So, who would you rather be-the family with a portfolio whose prices reflect a 12% drop in the last three months OR,

A family with a roughly 8% gain over the last 12 months?

Of course, you know both are true for all of us that let our investments ride over both time periods. Which starting point you start to count from markedly affects how you feel about your investments and your wealth. Since we should only have “long term” funds invested in global stocks, none of this relatively short-term price fluctuation should matter at all. But it is still interesting to consider.

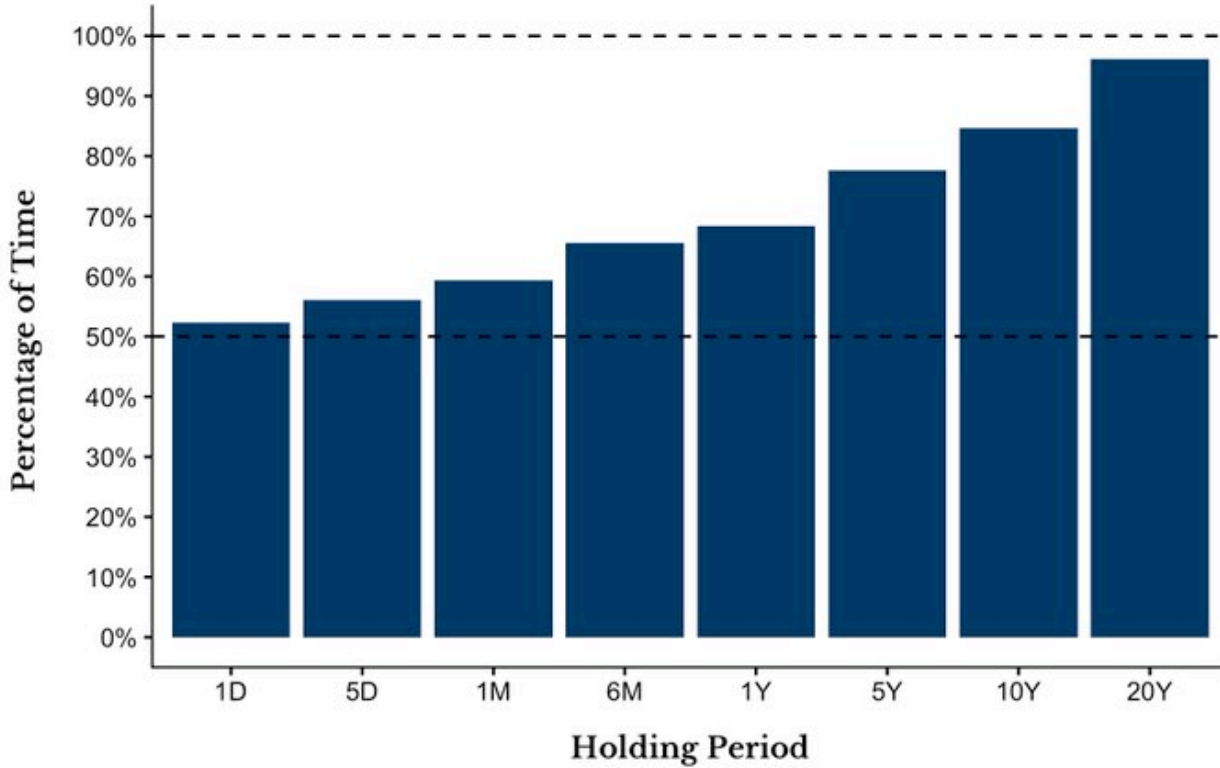
Unemployment-Wow!





Patience Pays Off

Percentage of Periods Where Dow Had a Positive Return



Source: Bloomberg, 1915-2020 (OfDollarsAndData.com)
 Note: Dow data does not include dividends.

Ultra Low Interest Rates

In 1982, the 2-year US Treasury [yield](#) was 15%. Today it is 0.17%...



US Generic Govt 2 Yr Index .1676 +.0023 +1.39% At 05/22/20



Price Chart

01/01/82 - 05/22/20 Period: 1W

Start 13.6390

Change -13.4714 (-98.77%)

High on 02/12/82 15.0790

Low on 05/15/20 0.1451



Mutual Funds vs ETFs

You may notice that your portfolios at Wealth Care LLC are predominantly comprised of large, low cost, diversified mutual funds. We don't use Exchanged Traded Funds nearly as often, except on the rare occasion that we want to make a purchase at a particular time of the day. Mutual funds are all bought and sold at the end of the trading day-at which time their holdings are valued and the price of the fund adjusted. Theoretically, ETFs do the same on a minute by minute basis during the day-but not always. Several years ago we observed a period of market volatility in which the value of some EFT holdings was "different" than their prices. The same has been happened several times in the last two months-from the Wall Street Journal:

A broad set of bond exchange-traded funds are trading out of sync with their underlying assets, testing investors' faith in a fast-growing part of the investment world. Bond ETFs of BlackRock, Vanguard Group and others traded at historic discounts to the net asset value of their underlying bonds in recent days. BlackRock's iShares iBoxx USD Investment Grade Corporate Bond ETF closed down at a discount of over 5% late last week, a record since 2008. The \$28 billion bond fund, with

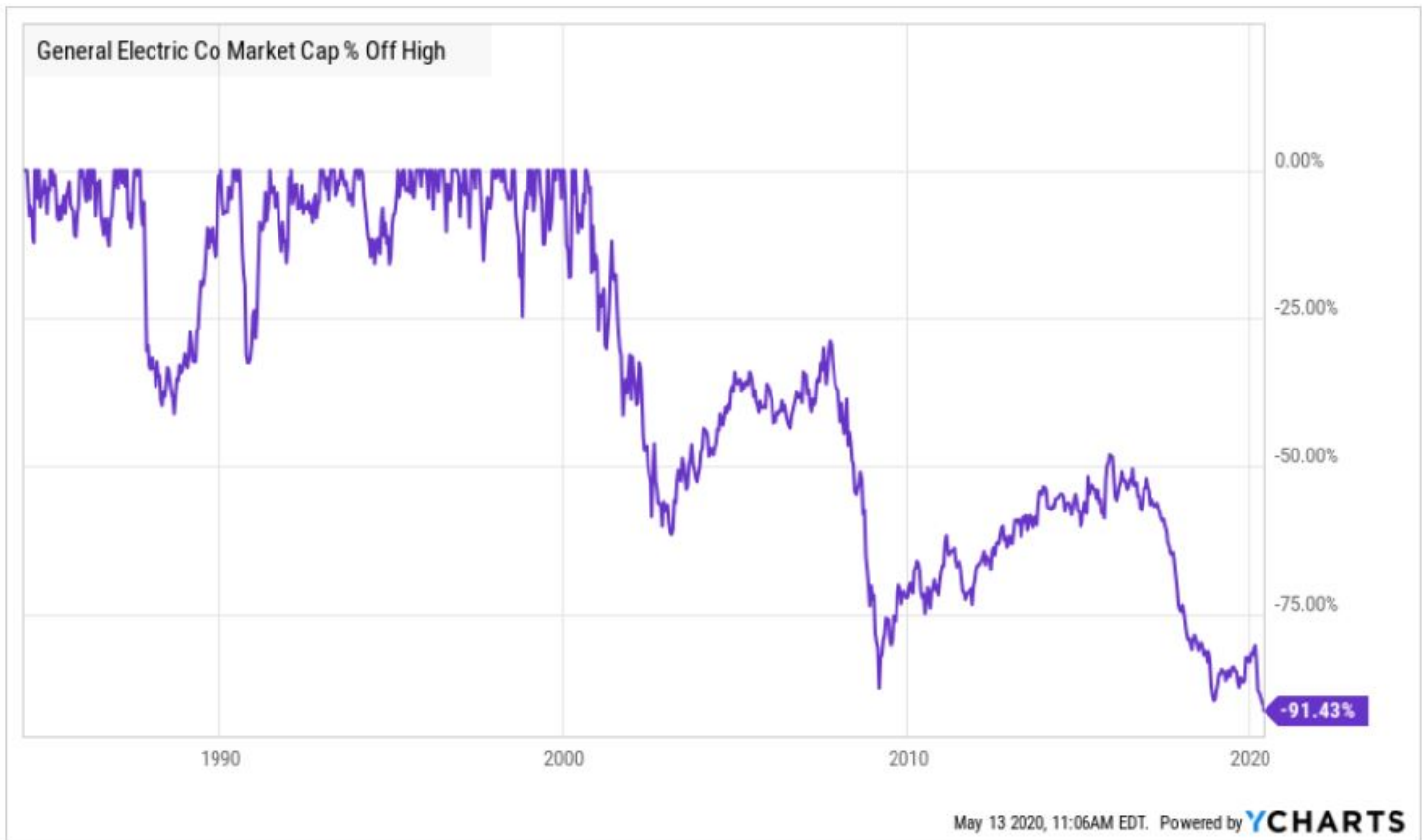


the ticker LQD, typically trades within a fraction of a percent of the bonds it is designed to track. It closed at a discount of over 1.5% every day of the past week. (via The Wall Street Journal)

Now, this may not matter if you are just holding the investments and can wait for the price differential to resolve-but it bothers us just the same. In addition, when ETFs were first introduced, their annual expenses were usually lower than mutual funds, but that is no longer a factor, as the mutual funds we use generally have expenses are now ultralow.

Dangers of Owning “Great Companies”

General Electric was the largest company in the US 15 years ago



Miscellaneous



Mind Reading and Mind Control Technologies Are Coming -Really!

<https://blogs.scientificamerican.com/observations/mind-reading-and-mind-control-technologies-are-coming/>

Correct USB plug orientation

You try to insert a USB plug and it doesn't fit. You flip it over and it still doesn't fit, so you flip it back to the original side and now it fits. Ugh! How many thousands of times has that happened? Just remember this: the topside of **any** USB plug will be smooth metal and the underside will have a groove down the center. Keep the smooth side up. — KK

Random Thoughts

We have two lives, the second begins when we realize we only have one. –Confucius

It is OK to experiment with picking stocks when your young and unaware of how much you don't know. The problem occurs if you get lucky and hit a big winner because you might think this means you have skill. Then you're destined to spend a lot of time and money learning you don't.-Rick Ferri

🎬 “If you're the smartest person in the room you're in the wrong room.”

Message in a Bottle 2020

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