



Soundings

What's New - December 2023

Quote of the month:

"The road of life is paved with flat squirrels that couldn't make a decision."

Anonymous

Commitment is hard. If not, nearly all of us would be skinny, rich, and in a good relationship. Sure, luck plays a part in our standing. Where were we born, and to whom? In what kind of gene pool do we wade? Do our friends have eligible single friends? That said, much of our destiny is determined by our courage and ability to commit to something that is meaningful. Life is not easy, never has been, and it's not designed to be. But despite what you hear from the media's "industrial rage complex" there's never been a time of greater opportunity. But it takes purposeful decision making, the Stoic's called it "reasoned choice". Why not start today?

November showed us how markets can turn on a dime. According to Charlie Bilello, Chief Market Strategist at Creative Planning, "Just 4 weeks ago Bears outnumbered Bulls by 26%. In the latest AAI Sentiment Poll, Bulls outnumbered Bears by 29%. The 55% swing from net bearish to net bullish is the largest 4-week improvement in sentiment since March-April 2009." We all know that past performance is no guarantee of future results, but the end of March 2009 marked the lows of the Global Financial Crisis.

We lost some great one's recently...you'll read about one very dear to us on the back page. Henry Kissinger was 100; Charlie Munger, Warren Buffett's long-time investing partner, was just a month shy of his 100th birthday; Justice Sandra Day O'Connor made it to 93. I bet you know someone in their 90's who's thriving. In this month's *Market & Economic Commentary*, I've placed a piece from Wall Street Journal titled, "Magic Pills Are Coming." In it, the author notes the wonders of modern medical technology and implies that longevity is not something to leave to chance. It's a great read, well worth your time. First, the numbers...

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Market Update - Year to Date Returns

<u>Major Indexes</u>	<u>As of December 1st</u>
Dow Jones Industrials	8.5%
S&P 500 Index	19.0%
NASDAQ	35.9%
MSCI EAFE (International)	9.2%
Russell 2000 (small cap index)	2.7%
Barclays Capital Aggregate Index (Bonds)	2.0%
XAU (gold/silver)	4.0%

D.A.L.I. Signals - 12/01/2023

Commodities	Int'l Equities	U.S. Equities	Cash	Currency	Fixed Income
245	244	241	168	106	81
22.6%	22.5%	22.2%	15.5%	9.8%	7.5%

Source: Nasdaq Dorsey Wright

- Inclusion of these indexes is for illustrative purposes only. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect investment performance. Individual investor's results will vary. The Dow Jones Industrial Average (DJIA), commonly known as the "Dow", is an index representing 30 stocks of companies maintained and reviewed by the editors of the Wall Street Journal. The S&P 500 is an unmanaged index of 500 widely held stocks that's generally considered representative of the US stock market. The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ market. The MSCI EAFE (Europe, Australasia, & Far East) is an unmanaged index that is generally considered representative of the international stock market. The Russell 2000 index is an unmanaged index of small cap which generally involve greater risks. The Philadelphia Gold and Silver Index (XAU) is an index of sixteen precious metal mining companies that is traded on the Philadelphia Stock Exchange.
- The Barclays Capital Aggregate Index measures changes in the fixed rate debt issues rated investment grade or higher by Moody's Investors Service, Standard & Poor's, or Fitch Investors Service, in that order. The Aggregate Index is comprised of the Government/Corporate, the Mortgage-Backed Securities, and the Asset-Backed Securities indices.
- DALI is a proprietary matrix created by Dorsey Wright & Associates, an independent 3rd party. It presents the relative strength relationship of six broad asset classes or "teams", domestic equities, international equities, commodities, fixed income, cash, and currencies. Each are represented by an equal number of ETFs. Each team play against each member of the other teams, with net victories tallied in an effort to rank each asset class team by order of overall strength. Raymond James is not affiliated with and does not authorize or sponsor any of the listed websites or their respective sponsors. Raymond James is not responsible for the content of any website or the collection or use of information regarding any website's users and/or members.
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Market & Economic Commentary

At healthcare conferences, someone always asks, “What if there was a magic pill?” One that could cure major diseases. What would the healthcare industry look like? Some emergency rooms and hospitals but less doctors and spending? Inevitably, the discussion ends with, “But, of course, there is no magic pill.” So, we spend, spend, spend on healthcare, from \$1.4 trillion in 2000 in the U.S. to more than \$4.3 trillion—18% of the economy—in 2021. Could there be magic cures? History shows plenty of wonder drugs and treatments. Aspirin reduces inflammation. Penicillin and other antibiotics fight infections. Insulin treats diabetes. Stents unblock arteries. These treat but don’t cure diseases. Plus, two-thirds of American adults are overweight or obese, which puts them at greater risk for many chronic diseases such as heart disease and stroke. According to the National Institutes of Health, “86% of health care costs are attributable to chronic disease.”

By now you’ve heard about glucagon-like peptides (GLP-1). Drugs that mimic these hormones, like Novo Nordisk’s Ozempic and Wegovy and Eli Lilly’s Mounjaro, seem to treat diabetes by lowering blood-sugar levels. They also promote weight loss and lower the risk of heart disease. What can’t GLP-1s do? A friend of mine with diabetes started taking Mounjaro and now, because of shortages, takes Ozempic. He lost 70 pounds, got his A1C levels back to normal and told me, “I’m simply not hungry anymore. It’s not even like I’m full. I used to throw back a whole pizza and a gallon of milk. Now a slice and a bottle of water is more than enough. The food I used to crave has no interest for me.” Amazing. Goldman Sachs Research expects this to be a \$100 billion market by 2030. It could save multiples of that in healthcare costs. Patients take these drugs via injectable pens. Pills are coming—dare I say magic pills?

Here’s another magic cure: Israeli company Insightec, backed by Koch Industries, has made a helmet with 1,020 acoustic sources that when placed on a shaved head can focus ultrasound signals to specific spots in the brain. For patients with tremors, including some with Parkinson’s disease, the system uses magnetic resonance, similar to an MRI, to guide “focused ultrasound” to a specific spot in the brain, which it heats to 113 degrees Fahrenheit. This creates a lesion, which miraculously eliminates tremors with a less than 1% chance of side effects. Insightec CEO Dr. Maurice R. Ferré tells me the company’s “incisionless brain surgery” is in 200 medical centers. Its devices have been used to perform 20,000 procedures that cost \$18,000 to \$20,000, replacing \$60,000 electrode-implanting brain surgery. He adds that the company has 35 ongoing trials investigating focused ultrasound for things like depression, obsessive-compulsive disorder, Alzheimer’s, and even neurodegenerative diseases like ALS.

There are other promising technologies. Crispr gene therapy can fix gene mutations for Duchenne muscular dystrophy and coming soon are one-off treatments for sickle-cell anemia. Even cancer treatment is changing rapidly. I paid \$950 for the Galleri blood test from Grail, a subsidiary of Illumina. Using AI, it looks for patterns in your blood that can identify over 50 different cancers, even at a very early stage. My tests came back negative. Whew. And if it found cancer? The same mRNA that quickly turned out Covid vaccines from BioNTech and Moderna is being used to fight cancer, including hard-to-detect pancreatic cancer. Wouldn’t that be a magic pill? Find cancer with a blood sample and take the appropriate mRNA pill before cancer requires expensive hospital care.

For other ailments? Medical chatbots are already here. Type symptoms into an AI large language model and out pops a diagnosis. Google claims its Med-PaLM 2 scores 86.5% accuracy on United States Medical License Exam-style questions. I doubt chatbots will ever be 100% accurate, but they will help augment doctors. And, according to JAMA Internal Medicine, patients think chatbots are more empathetic than doctors 80% of the time anyway.

Technology is changing medicine. Maybe there is a magic pill after all.

Andy Kessler, “Magic Pills Are Coming.”, The Wall Street Journal, November 23, 2023

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On a Personal Note

From Sandy: I was out of the office for a few weeks, so Jon & Collin both had to wear many hats in my absence. I am back now and we are starting a new month. As we approach the Christmas and New Years Holidays we start to reflect on the year and what all has transpired. I am still focused on October and November and all that has changed in my life. I am not even sure yet what December will look like for me, but I am strong and God is by my side. Many of us have an empty seat at the Holiday Dinner table this year, including me, which brings a bit of sadness along with the joyous festivities so I would like to start by saying my heart and prayers go out to all of you who are missing a loved one this holiday season.

As some of you know, I go to Shreveport, Louisiana a few times a year to visit my mother and brother Keith, who lives with her. I dread the long drive, but cherish the precious time we spend together, remembering the past and making new memories. My sister Jan (who is also my best friend in life), met me there October 7th and we spent a fun filled week all together. Mom always makes sure we eat plenty while we are there and we barely get finished with breakfast before she is asking what time we want to eat lunch and dinner. We love on each other, get in some shopping, laugh and talk about old times growing up and all we put mom through. We take care of little projects around the house that have accumulated since our last visit. A couple times a day, I'd check in with my hubby Terry, holding down our home in Navarre, to fill him in on my day and see what he and the dogs were up to. We rarely went on trips together because our 3 dogs think they are real children and do not travel well. As always, the time flew by and before we knew it, the week was over.

I got nervous on the way home because Terry was not answering my check in calls. When I finally got home, he said he had not been feeling well and hadn't told me because he didn't want to spoil my trip. Long story short...his temperature had spiked, and he was too weak to make it to the car, so I had to call EMS. We spent a week in the hospital and learned that he was in kidney failure. His doctor was very honest with us and after much thought, Terry chose not to go through dialysis, quality versus quantity. Terry wanted his final days spent at home, so Hospice was set up. He reached out to his grown kids and grandchildren, and they made the trip down from Minnesota to be by his side. My sister Jan came down and we all jumped into motion to prepare for the arrival of all the equipment he would need to keep him comfortable. My daughter Misty is a Nurse Practitioner who works in Nephrology and was right there by our side, able to explain all the medical jargon. His time with his kids & grandkids was precious. The weather could not have been more beautiful. Terry wanted to feel the sunshine on his face so I spread a couple of quilts out in the yard and they all sat out there with him, totally focused on his every word. There was a lot of love, hugs, happy memories, and forgiveness all around. They were all able to say their final goodbyes before returning back home.

Along with his family, and me of course, Terry loved dogs, the beach, music and race cars. If there were people and a dog in the room he would get on the floor and talk to the dog first. He always had his music going and said it was in his soul. He built a few race cars in his lifetime and loved his 2012 souped up Mustang some of you may have seen around town. He spent a few of his final days sitting in that mustang in the garage listening to his favorite band Journey. As ill as he was, he was still able to climb in through those roll-bars like a spider monkey. That was his Happy Place. Terry went on to his final destination on November 9th and saying goodbye to him was the hardest thing I have ever had to do. They say there are different stages of grief, and I am not even sure which one I am in right now, but I know my God, family and friends are there for me and I WILL BE OK. Many of you have lost a loved one and know what I am going through. There are so many emotions, and it is difficult, but IT IS POSSIBLE to choke back the tears to handle what needs to be handled. Jon, Kathleen, & Collin have been so awesome and here for me. I could not ask for more. We all wish you all a Joyous Holiday Season spent with your loved ones.

Until next month, with warmest regards, *Jon, Collin & Sandy*

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