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WEALTH ADVISORS

Soundings

What's New – February 2024

Quote of the month:
"Much is expected by some – but little by others – and nothing by a few." George Washington

General Washington penned the words above to his friend, Thomas Jefferson, in 1878. He was in Philadelphia and had just been elected, unanimously, to lead the Constitutional Convention. Our young nation was having a heck of a time to say the least, and its leaders had gathered to debate the path forward. Facing epic challenges, they got things done. Magnificently. Anyone in doubt of the current state of affairs should gain solace from that. If you need more, check out Brett Baier's latest, "To Rescue the Constitution", for the rest of the story.

According to the January Barometer (JB) discovered in 1972 by the late Yale Hirsch, "So goes January, goes the year." Coupled with the Santa Claus Rally (SCR) and the First Five Days (FFD) indicator, it forms the January Indicator Trifecta according to Yale's son Jeff. Jeff recently noted that years like 2024, when the SCR and FFD failed, but the JB was positive, are rare, occurring only three times previously. In each prior occurrence, the full year was positive, up over 15% on average over the remaining 11 months. But after such a strong run since late October, a time-out would be both healthy and welcome.

We've come a long way since the completion of the Human Genome Project in 2003. According to its website, the NIH estimated the cost of the project at around $3 billion. Fast forward to the present where an individual can send a saliva sample and $150 to 23 & Me and get an individualized report on their genetic makeup, and we can only imagine where we'll be in a few years. In this month's ***Market & Economic Commentary***, I've placed a piece from Think Advisor Journalist, John Manganaro, on the implications of this knowledge from a financial, economic, and social perspective. It's some fascinating stuff, well worth a look. First, the numbers…

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Market Update – Year to Date Returns

Major Indexes	As of February 1st
Dow Jones Industrials	1.2%
S&P 500 Index	1.6%
NASDAQ	1.0%
MSCI EAFE (International)	-0.4%
Russell 2000 (small cap index)	-3.9%
Bloomberg Capital Aggregate Index (Bonds)	-0.7%
XAU (gold/silver)	-6.5%

D.A.L.I. Signals - 02/01/2024

U.S. Equities	Int'l Equities	Commodities	Cash	Currencies	Fixed Income
304 28.0%	**252** 23.2%	**199** 18.3%	**147** 13.5%	**99** 9.1%	**85** 7.8%

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 and Far East) index 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 Bloomberg Barclays Capital Aggregate Index is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market.
- 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

While most people have heard about the potential for great gains in life expectancy, relatively few are truly taking into account the effects of anticipated advancements in modern medicine, especially in the treatment of chronic conditions such as cancer and heart disease. In fact, according to Ric Edelman, young people should start thinking about their potential longevity in a fundamentally different way than their grandparents' or even their parents' generations. This in turn means that they need to rethink their concept of work, saving, investing and retirement.

As Edelman put it, "It all comes down to the human genome. Our newly established ability to use the genome to treat chronic disease will be an absolute game changer for longevity. New technologies to help treat cancer and other diseases will soon completely change our ability to effectively treat disease and address the negative effects of aging. If you are paying attention, you can see that we are set for some astonishing progress on so many diseases." According to the investor and author, this great leap forward in longevity may sound fantastical, but it has actually happened before and was also foreseen by savvy observers. For example, the development of current medical techniques and other social advances helped to boost longevity in the United States by more than 20 years over the course of the 20th century — and social frameworks had to change accordingly. "The reality is that 'retirement' was itself an invention of the 20th century," Edelman said. "Back in the 1800s and early 1900s, if you were alive, you worked. Then came the great industrialization, and you started to have this concept of a career and a pension. Frankly, that was a totally different environment than what we should expect for the long-term future."

Longer lifespans will not only change the way that people work and invest for retirement, Edelman argued, but they will also result in changes to the way that people live their day-to-day lives — "think housing, vacations and more." "I'm really intrigued by this concept of naturally occurring retirement communities, or 'NORCs,'" Edelman said. "It comes out of some research conducted by the Stanford Center on Longevity, which found that there are actually many middle- and lower-income communities here in the U.S. that demonstrate markedly higher life expectancy than their peers." A NORC is best understood as a community with a growing population of older adults in which the dwellings were not purposefully intended for older adults when they were originally designed and/or built. A NORC can develop in a few ways. It can occur as residents move into a building, a group of buildings or a residential area and age in place over time. Additionally, younger residents might move out or older residents might move in. The age demographics evolve naturally, but the key metric seems to be that at least 40% of households have a resident older than 60. What they have in common is excess longevity and higher expressed happiness among older residents, regardless of their economic status. According to Edelman, there is good reason to hope and expect that more NORCs will naturally develop as the U.S. population ages and "healthy longevity" grows. From a retirement lifestyle perspective, these locations stand out for offering easy access to a range of health and social services to help support older residents age in their own homes — factors closely associated with improved health and longevity. NORCs do so by facilitating and integrating the health and social services already available while organizing additional services and support necessary to enable older adults to remain in their community.

Estate planning will evolve as well, especially as family trees are changing in dramatic ways. As Edelman observed, some 42% of the U.S. population now have some type of step relation in their immediate family, while 17% of adults have married more than once and 22% of adults have gotten a divorce. "It all makes for very complex family trees, especially when you factor in the future of far greater longevity," Edelman argued. "You may need to think through many more factors and considerations in the estate planning process. There will be hard decisions to be made."

And then there are other fundamental questions: If you retire at age 90 and live to age 120, will your money last? How will Social Security change? Can annuities or life insurance work effectively in a world where many chronic and acute diseases are curable, thereby reducing variability in life expectancy? "We don't know all the answers today, but the bottom line is that the old way of working and retiring just won't work in the long-term future," Edelman concluded. **John Manganaro, "Ric Edelman: Longevity is Disrupting Traditional Retirement," Think Advisor, 1/30/2024.**

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On a Personal Note

I was headed to Gaines Automotive with my motorcycle's rear wheel in the back of my truck, confident my old friend would help me fix an issue that had me at my wits end. I stopped at a busy Tom Thumb in Pace to get some cash and a soft-drink and found myself in line behind a mom with three young boys, all under 5. Mom was big and loud, the boys energetic but relatively behaved, each clutching a bounty of junk food for checkout. The cashiers, a young teen and a Gen Z, had the requisite tattoos and face piercings. My impatient nature and lizard brain began to bring me to an unhealthy place. As a newly minted Stoic, I caught myself, and remembered something I'd resolved to try earlier in the day. Instead of assuming the worst, why not try to expect the best? As I listened to mom talk about her boys with love and excitement of the beginning of a long holiday weekend, my lizard brain softened, and I broke out in a smile. My turn at the checkout, I carried this new outlook to the next encounter with the cashiers. After pleasant conversation, transaction complete, Gen Z cashier smiled and wished me a "blessed day." I sure hadn't seen that coming. But why not? From this day on I'm going to consciously work to retrain my lizard brain from assuming the worst to expecting the best.

The power of forgiveness. We've all been wronged. Many egregiously. Maybe it was society, the government, a family member or close friend. The offender could be anyone or any institution, it really doesn't matter. These days, sadly, it's become a badge of honor to use as a means to entitlement, or an excuse to be less than our best possible selves. But what if instead, we choose forgiveness. I recently finished a wonderful book by Andy Andrews called, *The Heart Mender*. It's a beautiful story, set right down the road in Alabama's gulf coast. A little bit history, a little bit "Andy Griffith" meets "Columbo". In the end, as the subtitle suggest, it was "*A Story of Second Chances.*" Pick it up if you need a little respite from life's craziness.

When it comes to technology, I'm more active-resistor than early-adopter. Just recently, I finally admitted texting was more than a fad. These days, it seems like pod-casts are all the rage. With his twice-daily 40-minute commutes to the office, Collin swears by them. Still, I channeled my inner Emily Litella, "What's all this fuss about…" I didn't even like the name. Pod brought back memories of the final scene from the 1978 horror film, "Invasion of the Body Snatchers". I won't spoil it for you, but Donald Sutherland's character had a very bad day. Well, my eyes have been opened. At the suggestion of a professional acquaintance, I logged into Spotify, and instead of tuning into my "Everything" musical playlist, I searched for a Podcaster that he recommended. One thing always seems to lead to another and I soon fell, full body weight, into the rabbit hole. One of my favorites so far is Lex Fridman. "A Russian-American computer scientist, podcaster, and host of the Lex Fridman Podcast, he interviews guests, which have included prominent figures in various fields, including science, technology, sports, and politics", notes Wikipedia. If you've resolved to spend less time with soul-sucking, brain polluting social media (and media in general), and more time in activities that add to your overall knowledge, understanding of the world, and personal growth, I highly recommend checking him out. See you down the rabbit hole.

From Collin: Recently, my Pops and I boarded a plane to Hollywood, Florida for a three day stay at the Hard Rock Hotel and Casino. No, we did not hit it big on the craps table, but we hit the jackpot in a different way. We were lucky enough to attend the Elite Wealth Advisor Symposium (EWAS) for a second year, a congregation of some of the most innovative and accomplished financial planners in the country (and us). It's a three-day intensive event, and in between the great speakers we had the chance to catch up with old friends who have similar moral compasses. As Benjamin Mayes said, "The tragedy of life is often not in our failure, but rather in our complacency." It is easy to be comfortable when things are going well, but true growth comes from always moving forward. The overarching theme of EWAS this year and in year's past has been, "The Advisor 2.0", who is a trusted resource for any challenge our friends and client family might bump into. We are excited to bring some of what we have learned into action in the coming months, and for future events.

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

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