

Houston AAII Retirement SIG

Meeting the Mayhem Challenge Rules for Markets & Investing

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Thursday April 10, 2025

AGENDA

1. OUTLOOK
2. BUDGET BUCKETS
3. MIND Over MONEY
4. MECHANICS Over MONEY

MAJOR OPPORTUNITY – GDP BONANZA

APPENDIX – Ignore the Past?!

1. OUTLOOK

Trump Economic Plan – Annual Sources

- Tax Extension & New Provisions \$400B
- DOGE Savings \$100B
- Tariff Revenue \$500B
- Market Losses Temp.
- GDP growth losses ST Neg.
 - Potentially offset over time as new capital flows into US
- Inflation from Repriced Imports < \$480B>
 - Avg Income \$60k*5% for 160mm taxpayers

1. OUTLOOK

- Trump Economic Plan - Annual Uses

- Tax Extension & New Provisions
 - 15% Personal & Business Income + Capital gains
 - No tax on tips, Social Security or Overtime pay
- DOGE Savings
 - Immediate & future dividend payments to Taxpayers
 - Akin to Alaskan dividends from oil royalties
- Tariff Revenue
 - Tax dividends to reduce Deficit & Debt
- Market Losses & any Inflation on Imports – No compensation
- Loss of GDP growth
 - Likely to become a net positive if new capital flows into US for productive purposes

1. OUTLOOK

How we arrived here ...

- Annual Deficit \$2T - greater than Pre-covid years in absence of a World War
- Trump decided on an approach involving tax reform, trade reform, & slashing of Govt waste based on principle of reducing burden on taxpayers
 - If not now, with a fresh majority, when?
 - Alternative was to spend ourselves into oblivion?
 - But is it all too much at once?
- We are all shareholders now (58%) so all sensitive to market change

1. OUTLOOK - GDP Major Components (2024)*

➤ Consumption	\$16,303b 69%
➤ Investment	\$ 4,335 b 18%
➤ Govt Expenditures	\$ 3,941 b 17%
➤ Net Exports over Imports	<u>\$1,035 b 4%></u>
➤ Total Gross Domestic Product	<u>\$23,303 100%</u>

2. NEXT STEPS

WHAT NOW AFTER MARKETS CRASHED?

- Major headwinds from highest CAPE ratios in history
- Our valuations were not as bad as dot.com boom but were still much higher than foreign developed & emerging markets
- After repricing, US markets are still high, so consider:
 - Reduce Hi-PE stocks & replace w/Broad Market exposure
 - Buy Foreign stocks & bonds & reduce US exposure
 - Buy Value stocks vs Growth in US & overseas
 - Buy Small caps vs Large caps in US & overseas
 - Buy Hi-Yield bonds
- More on next slides

Table 3.1. Government Current Receipts and Expenditures

[Billions of dollars] Seasonally adjusted at annual rates

Bureau of Economic Analysis

Last Revised on: March 27, 2025 - Next Release Date April 30, 2025

1. OUTLOOK – We've arrived meet the Mess ..

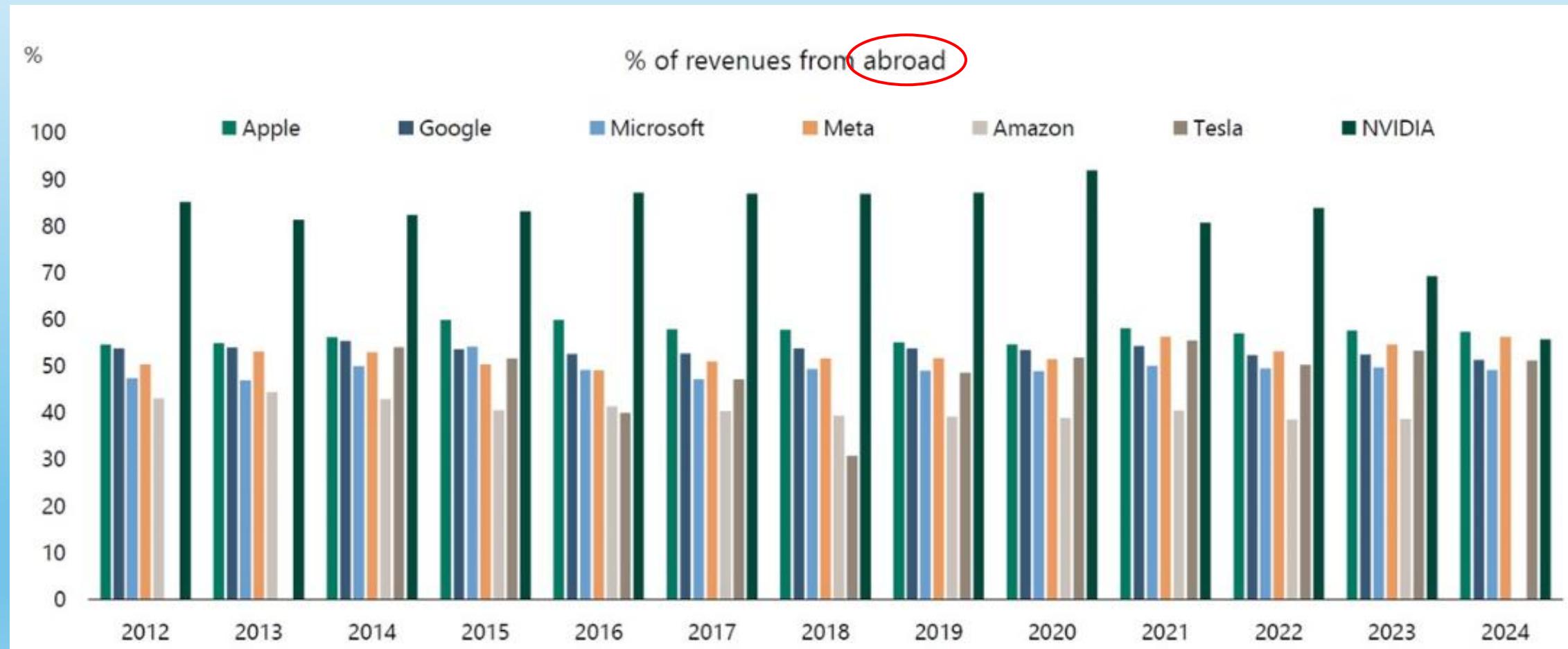
Line	Category	2022				2023				2024				Pct of Receipts
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1	CURRENT RECEIPTS	7,814	7,951	7,839	7,846	7,481	7,511	7,617	7,727	7,892	7,930	8,025	8,166	100%
2	Current tax receipts	5,652	5,760	5,688	5,673	5,339	5,341	5,415	5,476	5,571	5,655	5,724	5,824	71%
3	Personal current taxes	3,254	3,297	3,225	3,203	2,834	2,828	2,866	2,894	2,966	3,005	3,054	3,105	38%
4	Taxes on production and imports	1,812	1,853	1,869	1,867	1,877	1,885	1,896	1,914	1,938	1,955	1,976	2,004	25%
5	Taxes on corporate income	550	575	561	569	593	592	618	632	630	657	656	676	8%
7	Contributions for government social insurance	1,666	1,689	1,736	1,752	1,782	1,811	1,839	1,859	1,889	1,896	1,904	1,925	24%
10	Income receipts on assets	263	242	176	151	137	139	143	160	160	165	164	163	2%
20	CURRENT EXPENDITURES	8,547	8,706	8,847	9,078	9,164	9,241	9,387	9,457	9,692	9,815	10,011	10,098	124%
21	Consumption expenditures	3,474	3,560	3,590	3,642	3,681	3,674	3,759	3,782	3,840	3,882	3,948	3,997	49%
22	Current transfer payments	4,041	4,097	4,151	4,256	4,250	4,290	4,272	4,263	4,414	4,476	4,593	4,626	57%
23	Government social benefits	3,973	4,015	4,032	4,150	4,153	4,192	4,180	4,189	4,348	4,414	4,472	4,526	55%
24	To persons	3,945	3,987	4,003	4,121	4,122	4,160	4,148	4,157	4,315	4,380	4,438	4,491	55%
27	Interest payments ²	881	919	987	1,069	1,128	1,174	1,252	1,313	1,341	1,363	1,377	1,380	17%
28	To persons and business ²	712	746	798	866	913	948	1,018	1,083	1,104	1,125	1,137	1,138	14%
29	To the rest of the world	168	174	189	203	215	226	233	230	237	238	240	243	3%
31	NET GOVERNMENT SAVINGS	-733	-754.9	-1008	-1232	-1683	-1729	-1770	-1730	-1800	-1885	-1985.7	-1931.6	-24%
43	NET LENDING or NET BORROWING (-)	-551	-807	-1093	-1346	-1998	-2196	-2207	-2023	-2088	-2189	-2322	-2257	-28%

Source: BEA 2024

Legend / Footnotes:

1. Consists primarily of contributions by residents of the U.S. territories and the Commonwealths of Puerto Rico and Northern Mariana Islands.
2. Prior to 1960, interest payments to persons (line 28) and interest receipts on line 12 are not shown separately, but are included in interest payments (line 27), which is shown net
3. Prior to 1999, current transfer payments to the rest of the world (line 26) are displayed net of current transfer receipts from the rest of the world (line 18).
4. Prior to 1959, subsidies (line 30) and the current surplus of government enterprises (line 19) are not shown separately; subsidies are presented net of the current surplus of
5. Prior to 1960, government social benefits to the rest of the world are included in line 26, 'Other current transfer payments to the rest of the world.'

1. OUTLOOK ANGST 01 - EARNINGS EXPOSURE OFFSHORE REVENUE - MAG 7 (51%), S&P (41%)



Source: Apollo Economics – T Slock

1. OUTLOOK ANGST 02 – SEVERAL \$500b SHIFTS

1	Gross domestic product (GDP)	23,303.5	100%	1
2	Personal consumption expenditures	16,053.9	69%	2
3	Goods	5,449.9	23%	3
4	Durable goods	2,049.3	9%	4
9	Nondurable goods	3,410.6	15%	9
14	Services	10,623.6	46%	14
16	Housing and utilities	2,635.4	11.3%	16
17	Health care	2,814.5	12.1%	17
18	Transportation services	497.2	2.1%	18
19	Recreation services	618.8	2.7%	19
20	Food services and accommodations	1,067.7	4.6%	20
21	Financial services and insurance	1,162.8	5.0%	21
22	Other services	1,412.2	6.1%	22
26	Gross private domestic investment	4,335.8	19%	26
27	Fixed investment	4,257.0	18%	27
29	Structures	676.3	2.9%	29
30	Equipment	1,328.1	5.7%	30
35	Intellectual property products	1,502.8	6.4%	35
36	Software	767.8	3.3%	36
37	Research and development	662.3	2.8%	37
43	Net exports of goods and services	-1,035.8	-4%	43
44	Exports	2,605.8	11.2%	44
45	Goods	1,731.4	7.4%	45
47	Imports	3,641.6	15.6%	47
48	Goods	2,963.4	12.7%	48
50	Government Cons Expense & gross	3,941.3	16.9%	50
51	Federal	1,503.7	6.5%	51
52	National defense	851.1	3.7%	52
53	Consumption expenditures	652.2	2.8%	53
55	Nondefense	652.5	2.8%	55
56	Consumption expenditures	454.4	1.9%	56
58	State and local	2,436.5	10.5%	58
59	Consumption expenditures	1,980.0	8.5%	59

Source: BEA 2024 in 2017 Chained Dollars

1. OUTLOOK ANGST 03 – TREASURY MKT STABILITY?

Large Expanding Treasury Issues

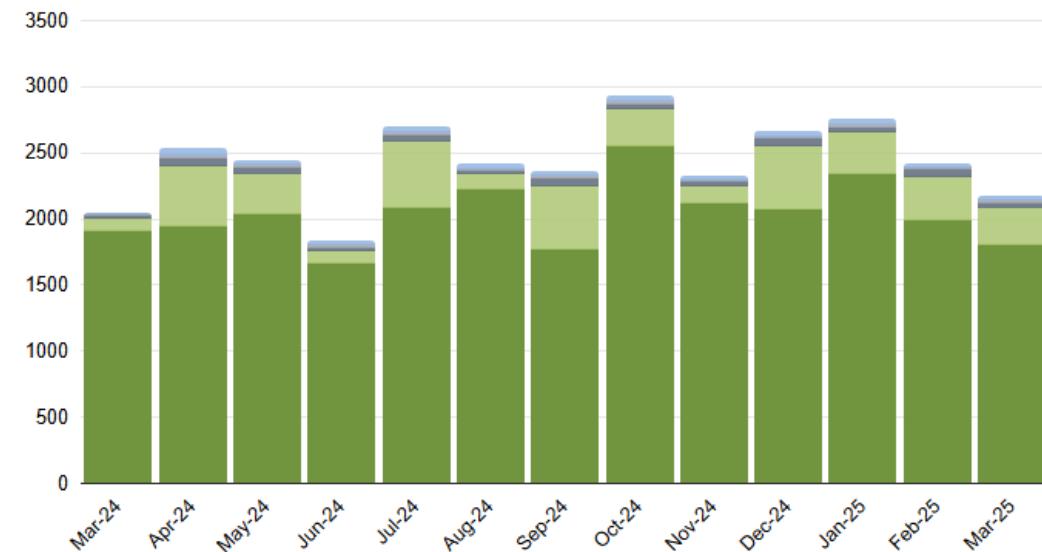
YTD statistics include:

- Issuance (as of March) \$7.3 trillion, +1.7% Y/Y
- Trading (as of March) \$1,048.0 billion ADV, +17.9% Y/Y
- Outstanding (as of March) \$28.6 trillion, +6.1% Y/Y

U.S. Treasury Securities Issuance

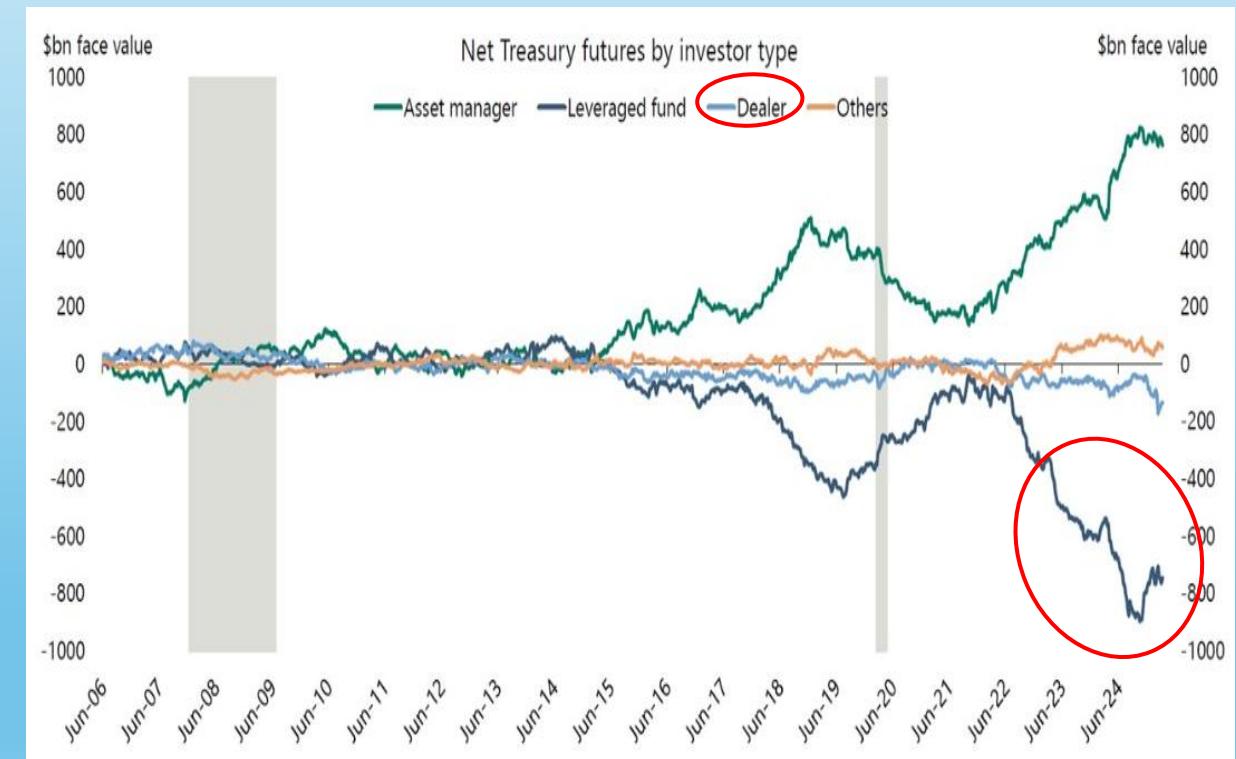
\$ Billions

■ Bills ■ Notes ■ Bonds ■ TIPS ■ FRNs



Into a Constrained ... Fragile Treasury Market

Dealer Positions are Highly Leveraged & Debt Limited



Source: Treasury Department, Apollo Economist

2. NEXT STEPS – WHEN DO WE NEED THE MONEY?

Look at the Buckets

Time Period			Percent	
Bucket	or w/Draw Plan	Asset	of Portfolio	Illustrative Assets
One	Now - Year 2	Cash like	8%	Treasury Direct TBills
		“ “	Yr 1 4%	BIL
		“ “	Yr 2 4%	MINT
Two	8 Years	Bonds	37%	
			7%	VBIRX Short Term Bond Index
			7%	VTAPX Short Term Inflation Protected Index
			15%	VBTLX Total Bond Market Index
			8%	VWIAIX Wellesley Income Fund
Three	The Balance	Equities	55%	
			22%	VDIGX Dividend Growth Fund
			10%	VTSAX Total Stock Market Index
			10%	VFWAX All World ex US Index
			8%	VWEAX High Yield Corporate Bond
			5%	VGPMX Precious Metals & Mining

2. NEXT STEPS – BB's EQUITIES are REQUIRED



2. NEXT STEPS – When Do You Need the Money? – REVIEW the BB's - ASSETS & w/DRAWALS

Percent of (Simulated Time) the Final Balance > Initial Balance

Asset Mix

Asset Types

w Drawal Scenarios

Overall Asset Allocation	Sub Allocations	RMD From age 73-98	4% Annual Withdrawal	5% Annual Withdrawal
40% Equity 60% Fixed	25% Large Stock 15% Small Stock 45% Bonds 15% Cash	42.7%	98.7%	90.7%
60% Equity 40% Fixed	40% Large Stock 20% Small Stock 30% Bonds 10% Cash	81.3%	100%	94.7%
80% Equity 20% Fixed	50% Large Stock 30% Small Stock 15% Bonds 5% Cash	92.0%	100%	100%

Analysis of 75 rolling 25-year periods from 1926 to 2024

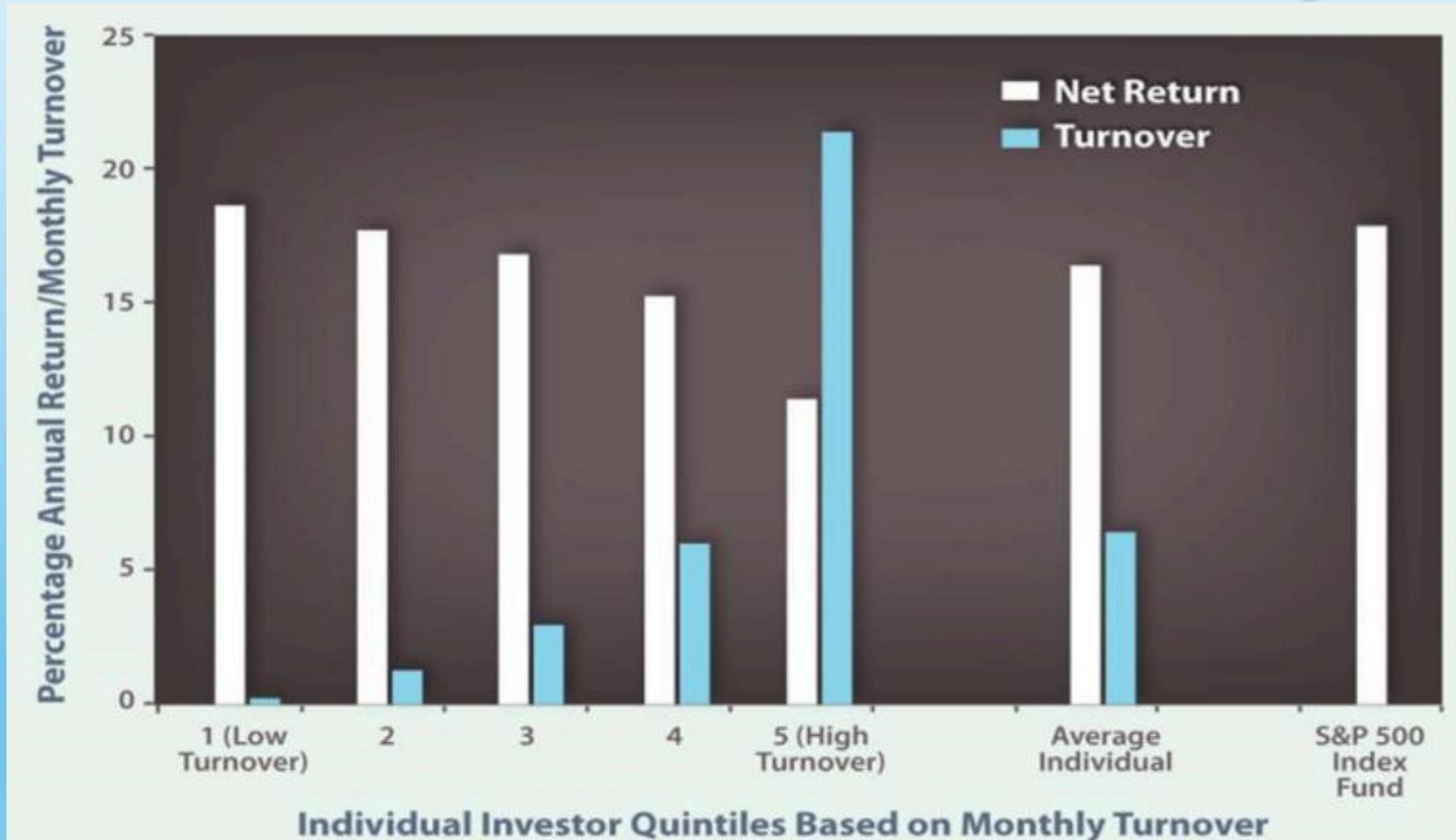
2. NEXT STEPS – INVESTING PSYCHOLOGY

Mind over Money.... Brain over Heart (Poll A)

- 1. Be Humble – Confident Investors take undue risk = Worse performance
- 2. Don't trust but Verify - Bernie Madoff & compare to S&P/Barclays Agg)
- 3. Embrace Risk - Volatility is the price premium to earn higher return
- 4. Simplify - Whenever possible
- 5. Be good at Suffering- Adversity drives Virtue
- 6. Tune out the Noise
- 7. Know What you own & Why you own it – Keep notes
- 8. Emotions are spontaneous – Must choose a planned response
- 9. Value Time over Money – Allocate prudently & stay invested (Compound)

3. NEXT STEPS – INVESTING PSYCHOLOGY

BE HUMBLE - “Don’t be a Hero, No Ego”



Source: Numbers are Rules from Creative Planning @ Charlie Bilello – 20 Rules for Markets & Investing, Quote per PT Jones

3. NEXT STEPS – INVESTING PSYCHOLOGY

DON'T TRUST
DO VERIFY

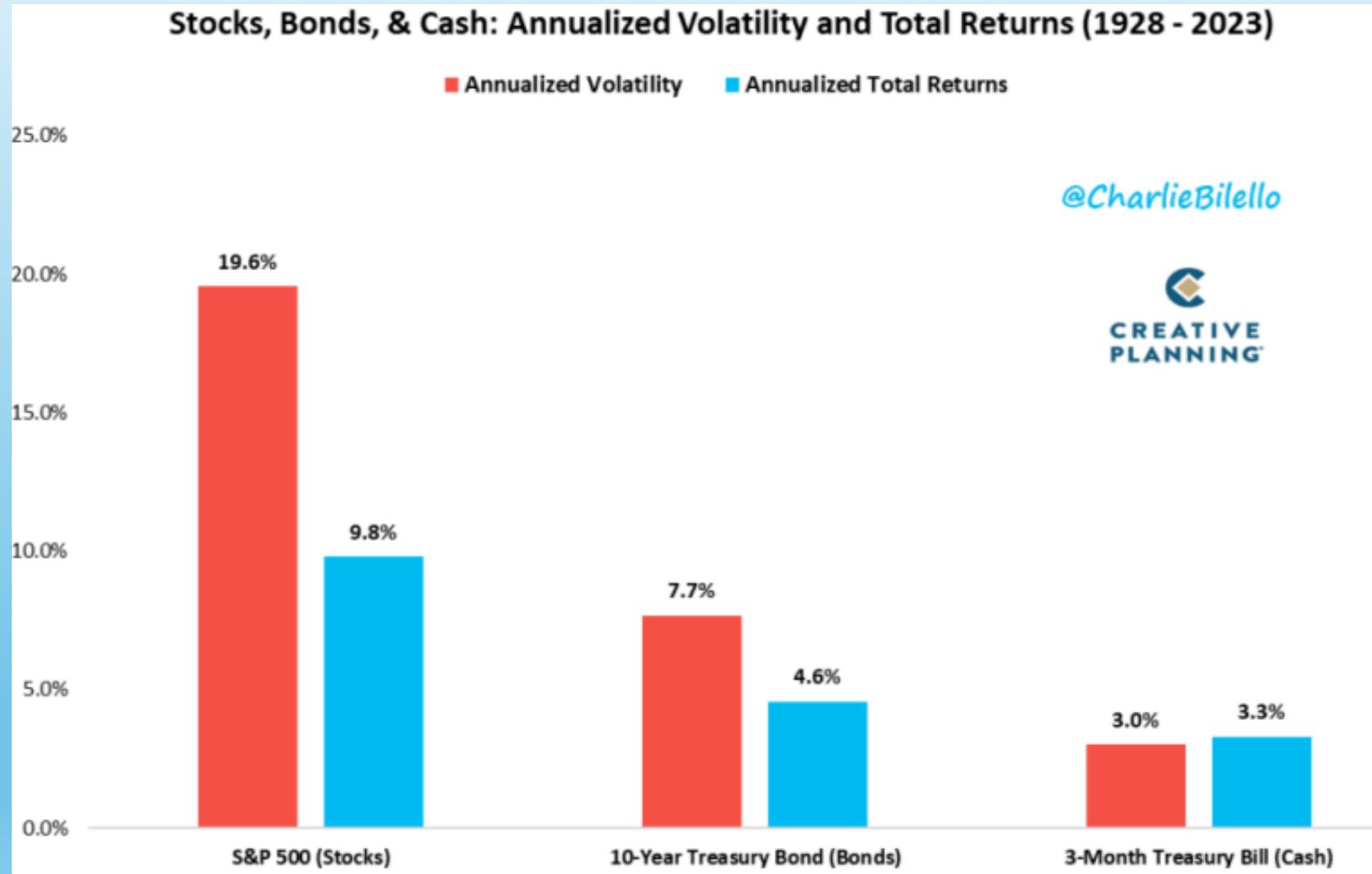
Ex - Fairfield Sentry

- Never Down 17 years!
- 10.6% Return
- Ddown <1%

Returns and Performance Statistics (Dec 1990 - Oct 2008)			
Year	Fairfield Sentry Fund	S&P 500	Barclays Agg
1990 (Dec Only)	2.8%	2.8%	1.6%
1991	17.6%	30.5%	16.0%
1992	13.7%	7.6%	7.4%
1993	10.7%	10.1%	9.7%
1994	10.6%	1.3%	-2.9%
1995	12.0%	37.6%	18.5%
1996	12.1%	23.0%	3.6%
1997	13.1%	33.4%	9.7%
1998	12.5%	28.6%	8.7%
1999	13.3%	21.0%	-0.8%
2000	10.7%	-9.1%	11.6%
2001	9.8%	-11.9%	8.4%
2002	8.4%	-22.1%	10.3%
2003	7.3%	28.7%	4.1%
2004	6.5%	10.9%	4.3%
2005	7.3%	4.9%	2.4%
2006	9.4%	15.8%	4.3%
2007	7.4%	5.5%	7.0%
2008 (Jan - Oct)	4.5%	-32.8%	-1.7%
Cumulative Return	504%	333%	219%
Annualized Return	10.6%	8.5%	6.7%
Annualized Volatility	2.5%	14.3%	3.7%
Annualized Return/Vol	4.30	0.60	1.78
Sharpe Ratio	2.72	0.32	0.75
Treynor Ratio	1.22	0.05	0.77
Max Drawdown (Monthly)	-0.6%	-44.7%	-5.1%
Ann Return/Max Drawdown	16.49	0.19	1.30
% Positive (Months)	92%	65%	70%

Source: Numbers are Rules from Creative Planning @ Charlie Bilello – 20 Rules for Markets & Investing, Quote per PT Jones

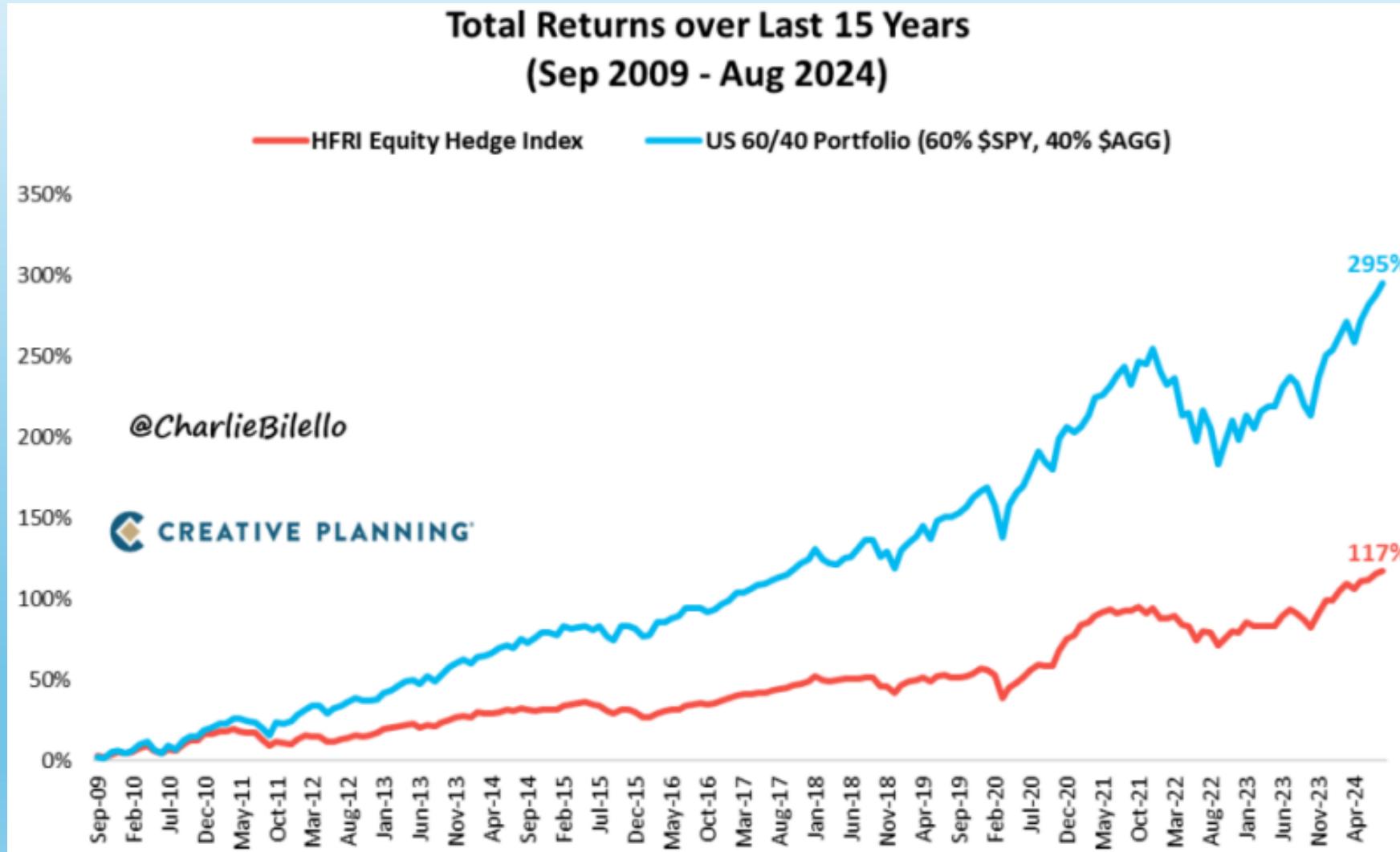
3. NEXT STEPS – INVESTING PSYCHOLOGY MANAGE RISK – THE ONLY ROUTE TO RETURN



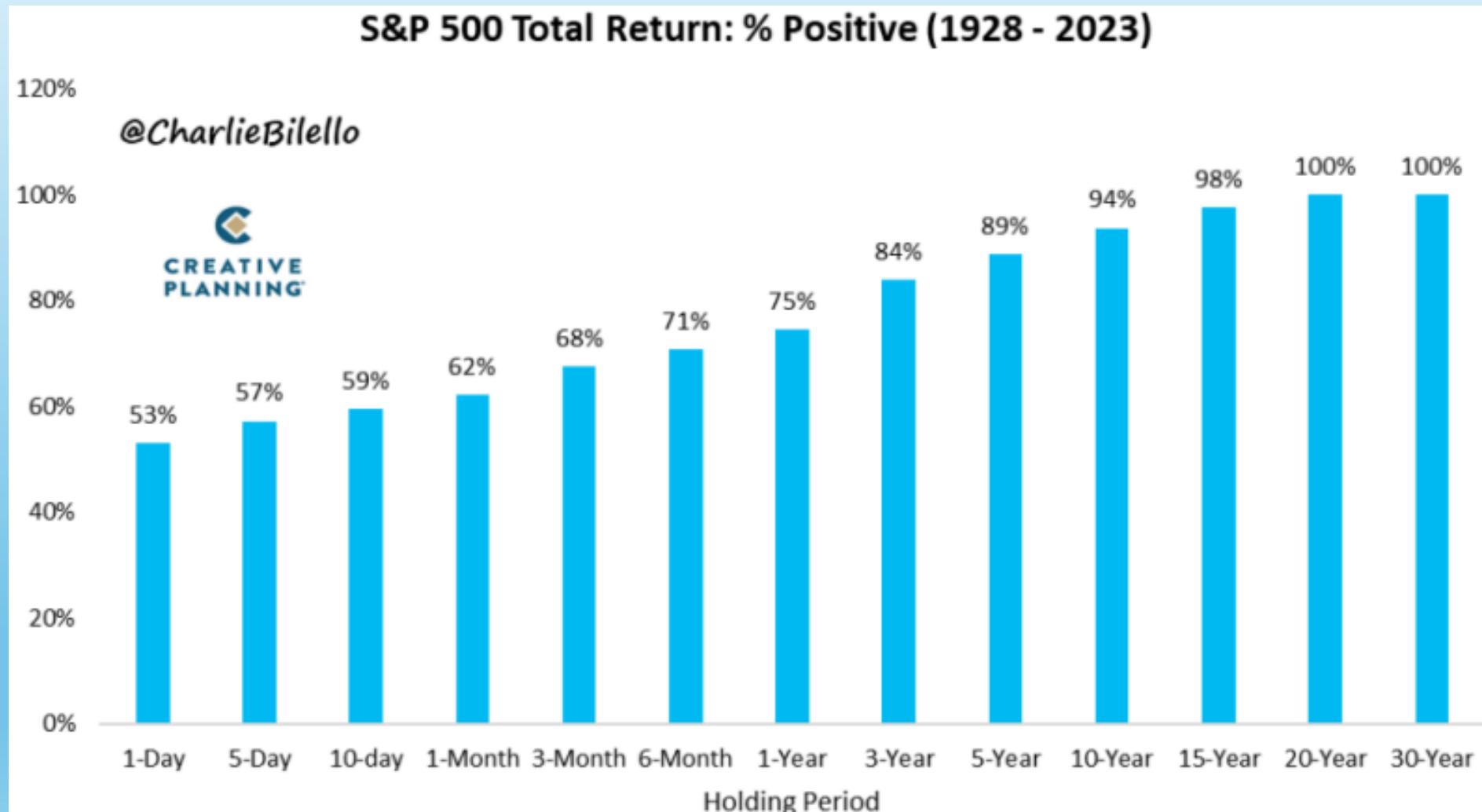
Source: Numbers are Rules from Creative Planning @ Charlie Bilello – 20 Rules for Markets & Investing, Quote per PT Jones

3. NEXT STEPS – INVESTING PSYCHOLOGY

SIMPLIFY – WHERE THERE IS VALUE ADDED

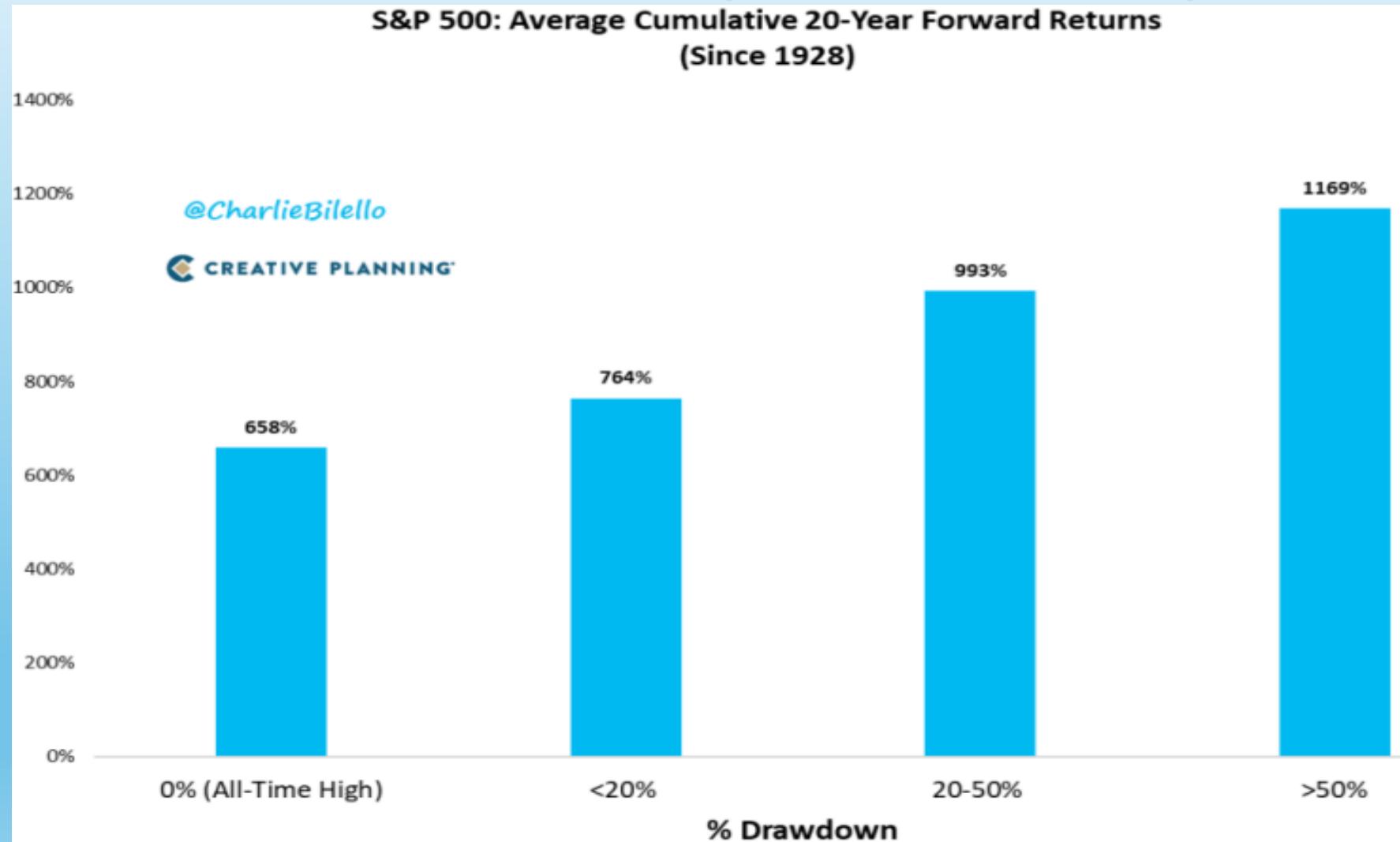


3. NEXT STEPS – INVESTING PSYCHOLOGY PLAY THE LONG GAME s.t. THE BUCKETS



Source: Numbers are Rules from Creative Planning @ Charlie Bilello – 20 Rules for Markets & Investing, Quote per PT Jones

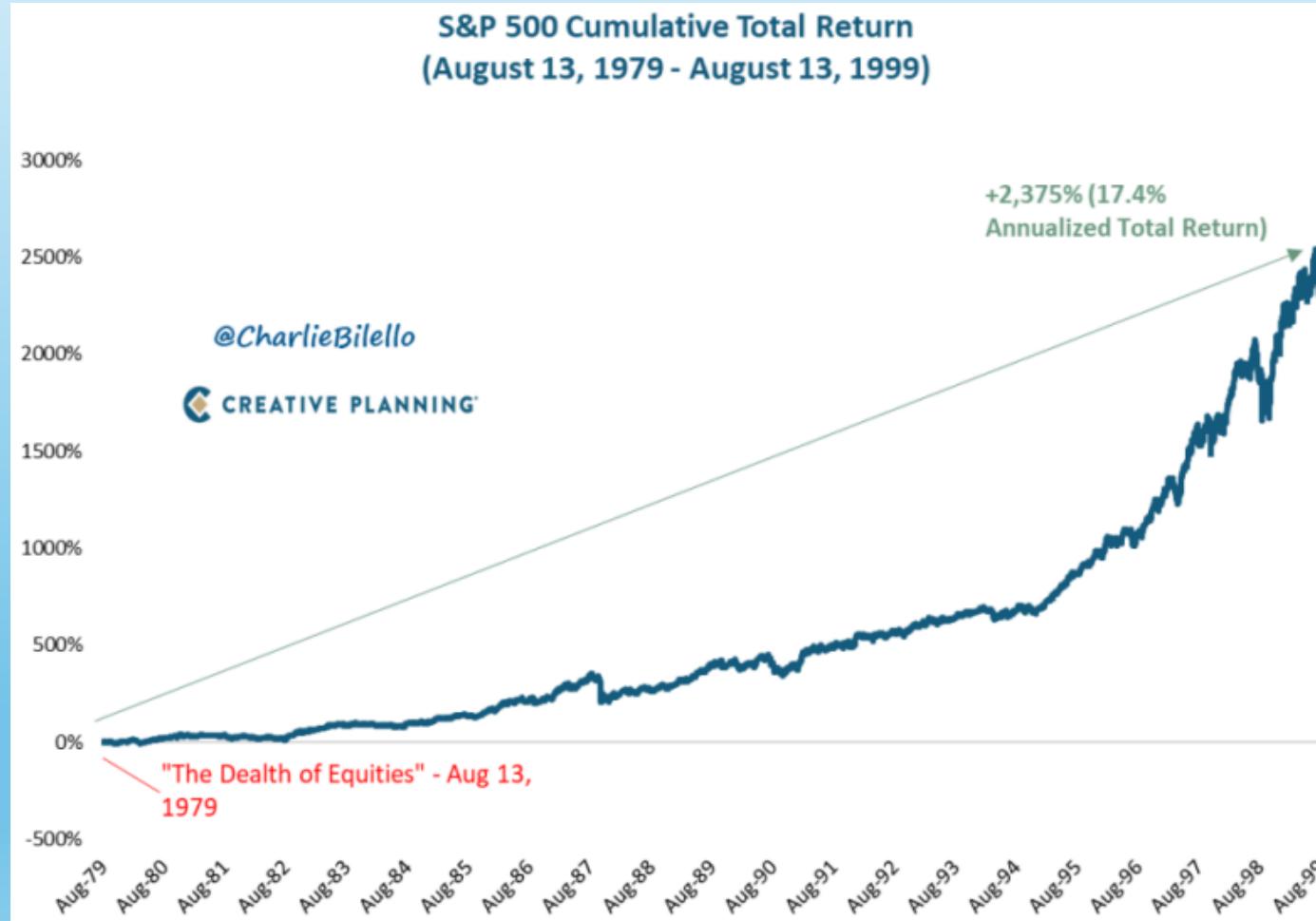
3. NEXT STEPS – INVESTING PSYCHOLOGY ADVERSITY DRIVES (PROFITABLE) VIRTUE



Source: Numbers are Rules from Creative Planning @ Charlie Bilello – 20 Rules for Markets & Investing, Quote per PT Jones

3. NEXT STEPS – INVESTING PSYCHOLOGY

TUNE OUT NOISE – FIN PRESS THRIVES IN DRAMA



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3. NEXT STEPS – INVESTING PSYCHOLOGY

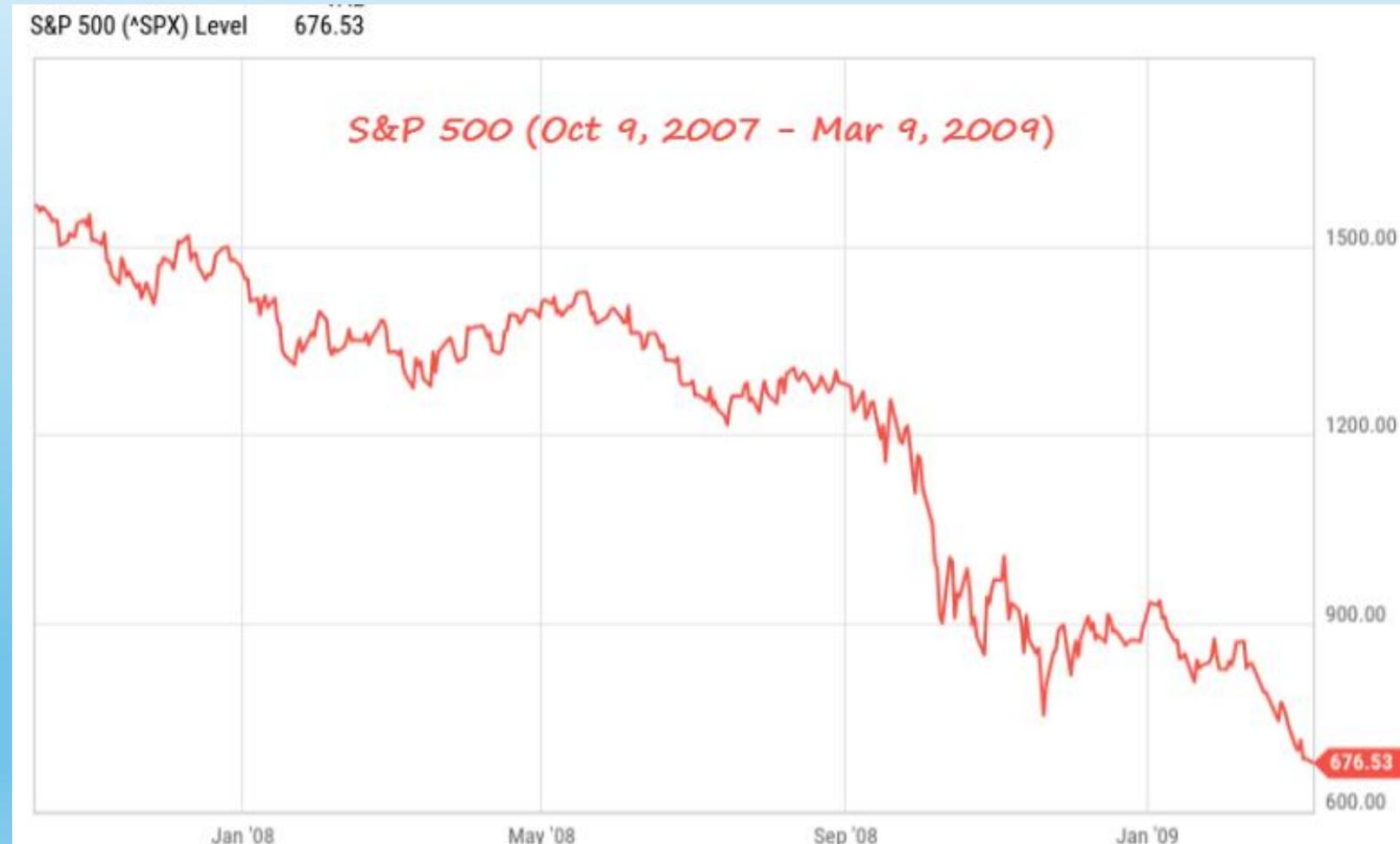
KNOW WHY YOU OWN WHAT YOU OWN

Asset Allocation*	Annualized Total Return (1928 - 2023)	Real Annualized Total Return (1928 - 2023)	% Positive Annual Total Returns	Annualized Volatility (1928 - 2023)	Max Drawdown (Annual Total Returns)
100% Cash	3.3%	0.3%	100%	3.0%	0.0%
100% Bonds	4.6%	1.5%	80%	8.0%	-21%
10% Stocks/90% Bonds	5.3%	2.2%	83%	7.5%	-19%
20% Stocks/80% Bonds	6.0%	2.9%	84%	7.5%	-18%
30% Stocks/70% Bonds	6.6%	3.5%	84%	8.2%	-19%
40% Stocks/60% Bonds	7.2%	4.1%	79%	9.3%	-26%
50% Stocks/50% Bonds	7.7%	4.7%	79%	10.6%	-33%
60% Stocks/40% Bonds	8.2%	5.2%	78%	12.2%	-40%
70% Stocks/30% Bonds	8.7%	5.6%	75%	13.9%	-47%
80% Stocks/20% Bonds	9.1%	6.1%	74%	15.8%	-53%
90% Stocks/10% Bonds	9.5%	6.4%	73%	17.6%	-59%
100% Stocks	9.8%	6.7%	73%	19.6%	-65%

* Stocks = S&P 500 Index, Bonds = 10-Year Treasury Bond, Cash = 3-Month Treasury Bill

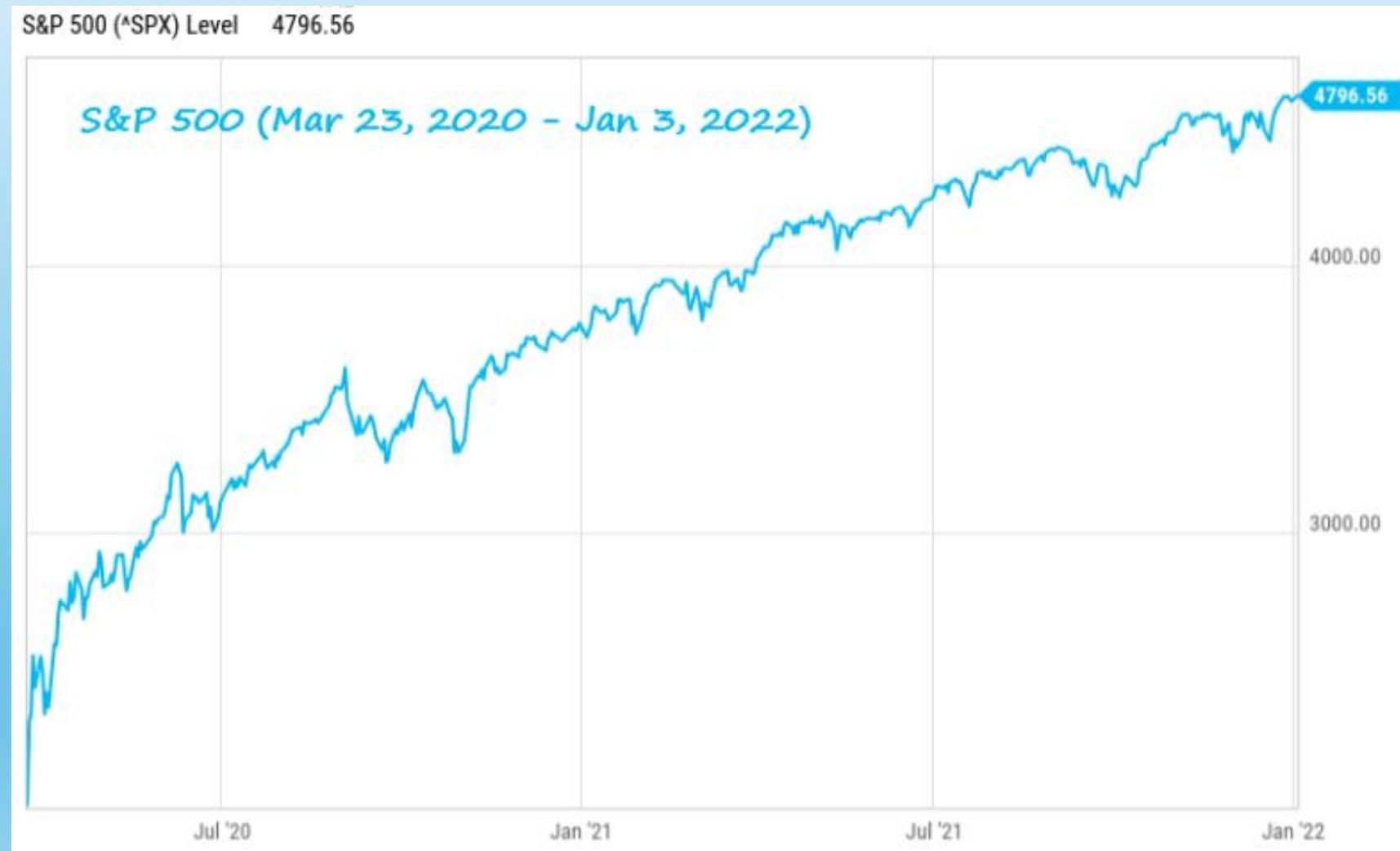
3. NEXT STEPS – INVESTING PSYCHOLOGY

PLAN TO RESPOND ... IF MARKET IS NEGATIVE ..



Source: Numbers are Rules from Creative Planning @ Charlie Bilello – 20 Rules for Markets & Investing,

3. NEXT STEPS – INVESTING PSYCHOLOGY PLAN TO RESPOND ... IF MARKET IS POSITIVE



Source: Numbers are Rules from Creative Planning @ Charlie Bilello – 20 Rules for Markets & Investing,

3. NEXT STEPS – INVESTING PSYCHOLOGY

VALUE TIME OVER MONEY – QUILT COMPLEXITY

ETF	Asset Class	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2011-24 Cumulative	2011-24 Annualized
N/A	Bitcoin (\$BTC)	1473%	186%	5507%	-58%	35%	125%	1331%	-73%	95%	301%	66%	-65.5%	155.8%	49.8%	21104466%	143.9%
GLD	Gold	9.6%	6.6%	-28.3%	-2.2%	-10.7%	8.0%	12.8%	-1.9%	17.9%	24.8%	-4.2%	-0.8%	12.7%	27.1%	75.2%	4.2%
IWF	US Growth	2.3%	15.2%	33.1%	12.8%	5.5%	7.0%	30.0%	-1.7%	35.9%	38.3%	27.4%	-29.3%	42.6%	24.3%	665.9%	16.0%
SPY	US Large Caps	1.9%	16.0%	32.2%	13.5%	1.2%	12.0%	21.7%	-4.5%	31.2%	18.4%	28.7%	-18.2%	26.2%	21.9%	487.7%	13.7%
QQQ	US Nasdaq 100	3.4%	18.1%	36.6%	19.2%	9.5%	7.1%	32.7%	-0.1%	39.0%	48.6%	27.4%	-32.6%	54.9%	19.7%	915.6%	18.4%
IWD	US Value	0.1%	17.5%	32.1%	13.2%	-4.0%	17.3%	13.5%	-8.5%	26.1%	2.7%	25.0%	-7.7%	11.4%	16.5%	298.3%	10.6%
EEM	EM Stocks	-18.8%	19.1%	-3.7%	-3.9%	-16.2%	10.9%	37.3%	-15.3%	18.2%	17.0%	-3.6%	-20.6%	9.0%	14.8%	28.2%	1.8%
VNQ	US REITs	8.6%	17.6%	2.3%	30.4%	2.4%	8.6%	4.9%	-6.0%	28.9%	-4.7%	40.5%	-26.2%	11.8%	13.5%	202.1%	8.4%
MDY	US Mid Caps	-2.1%	17.8%	33.1%	9.4%	-2.5%	20.5%	15.9%	-11.3%	25.8%	13.5%	24.5%	-13.3%	16.1%	13.2%	310.9%	10.8%
EFA	EAFFE Stocks	-12.2%	18.8%	21.4%	-6.2%	-1.0%	1.4%	25.1%	-13.8%	22.0%	7.6%	11.5%	-14.4%	18.4%	12.9%	115.3%	5.7%
PFF	Preferred Stocks	-2.0%	17.8%	-1.0%	14.1%	4.3%	1.3%	8.1%	-4.7%	15.9%	7.9%	7.2%	-18.2%	9.2%	11.0%	88.6%	4.7%
IWM	US Small Caps	-4.4%	16.7%	38.7%	5.0%	-4.5%	21.6%	14.6%	-11.1%	25.4%	20.0%	14.5%	-20.5%	16.8%	11.0%	241.8%	9.4%
EMB	EM Bonds (USD)	7.7%	16.9%	-7.8%	6.1%	1.0%	9.3%	10.3%	-5.5%	15.5%	5.4%	-2.2%	-18.6%	10.6%	8.7%	64.8%	3.7%
HYG	High Yield Bonds	6.8%	11.7%	5.8%	1.9%	-5.0%	13.4%	6.1%	-2.0%	14.1%	4.5%	3.8%	-11.0%	11.5%	8.1%	90.8%	4.8%
CWB	Convertible Bonds	-7.7%	15.9%	20.5%	7.7%	-0.8%	10.6%	15.7%	-2.0%	22.4%	53.4%	2.2%	-20.8%	14.5%	7.4%	222.7%	8.9%
LQD	Investment Grade Bonds	9.7%	10.6%	-2.0%	8.2%	-1.3%	6.2%	7.1%	-3.8%	17.4%	11.0%	-1.8%	-17.9%	9.4%	5.1%	67.8%	3.8%
TIP	TIPS	13.3%	6.4%	-8.5%	3.6%	-1.8%	4.7%	2.9%	-1.4%	8.3%	10.8%	5.7%	-12.2%	3.8%	4.8%	44.5%	2.7%
BND	US Total Bond Market	7.7%	3.9%	-2.1%	5.8%	0.6%	2.5%	3.6%	-0.1%	8.8%	7.7%	-1.9%	-13.1%	5.7%	4.6%	36.5%	2.3%
BIL	US Cash	0.0%	0.0%	-0.1%	-0.1%	-0.1%	0.1%	0.7%	1.7%	2.2%	0.4%	-0.1%	1.4%	4.9%	4.0%	15.8%	1.1%
TLT	Long Duration Treasuries	34.0%	2.6%	-13.4%	27.3%	-1.8%	1.2%	9.2%	-1.6%	14.1%	18.2%	-4.6%	-31.2%	2.8%	1.8%	49.8%	3.0%
DBC	Commodities	-2.6%	3.5%	-7.6%	-28.1%	-27.6%	18.6%	4.9%	-11.6%	11.8%	-7.8%	41.4%	19.3%	-6.2%	1.0%	-12.2%	-0.9%
Highest Return		BTC	BTC	BTC	VNQ	BTC	BTC	BTC	BTC	BTC	BTC	BTC	DBC	BTC	BTC	BTC	BTC
Lowest Return		EEM	BIL	GLD	BTC	DBC	BIL	BIL	BTC	BIL	DBC	TLT	BTC	DBC	DBC	DBC	DBC
% of Asset Classes Positive		62%	95%	52%	71%	38%	100%	100%	5%	100%	90%	67%	10%	95%	100%	95%	95%

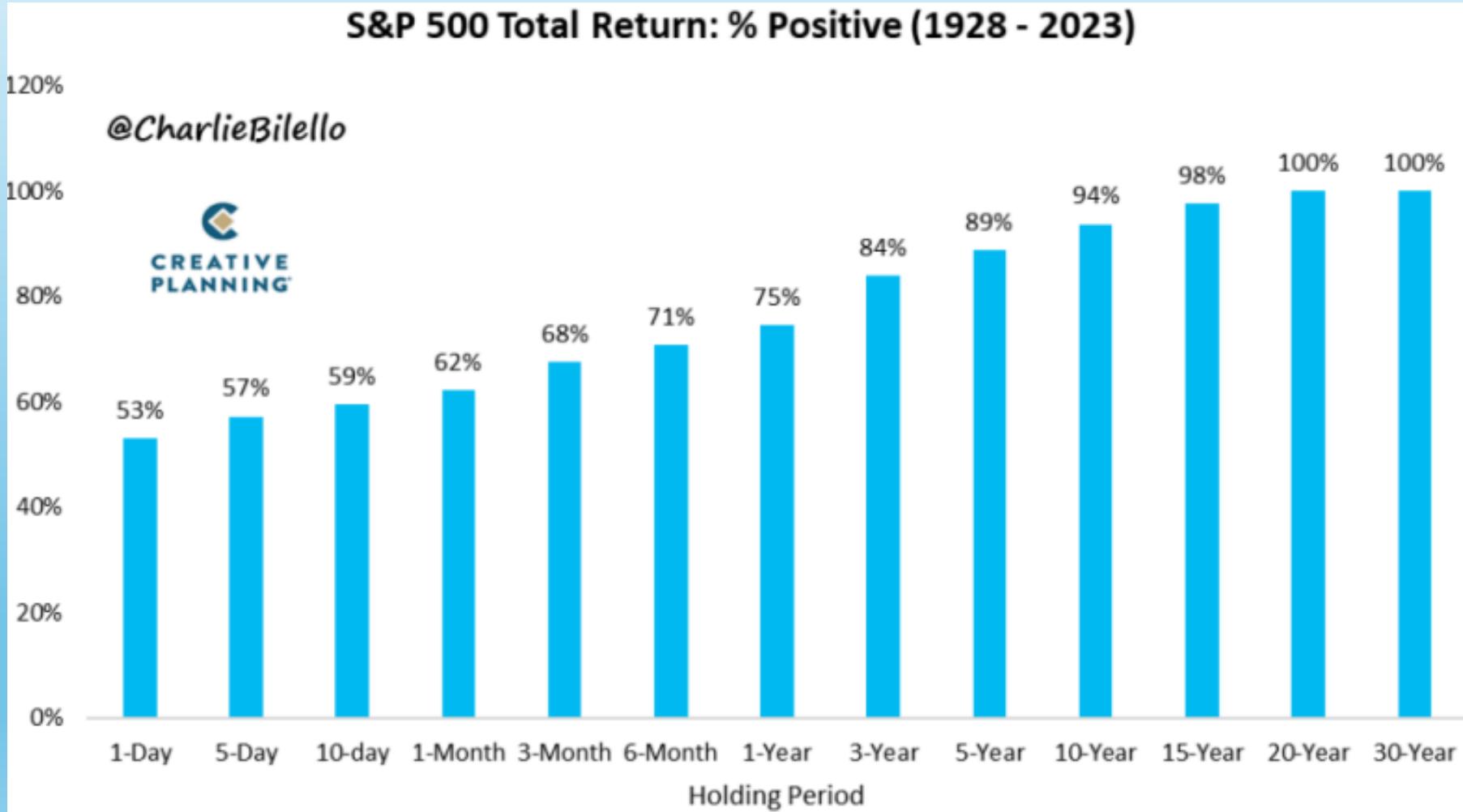
Source: Numbers are Rules from Creative Planning @ Charlie Bilello – 20 Rules for Markets & Investing,

4. NEXT STEPS – MECHANICS OVER MONEY

- 1 Play the Long Game – Rolling Returns vs Holding Period
- 2. S&P median growth is a function of Holding Period
- 3. Buy the Haystack – 59% of RUT perform < T-bills
- 4. 20 year Rolling Returns after drawdowns
- 5. Never Interrupt Compounding
- 6. Respect reversion to the Mean – Iron rule of Investing
- 7. Diversify ^3
- 8. Position defensively: Cyclical, Real Assets, Oil, Gold et al

4. NEXT STEPS – MECHANICS over MONEY

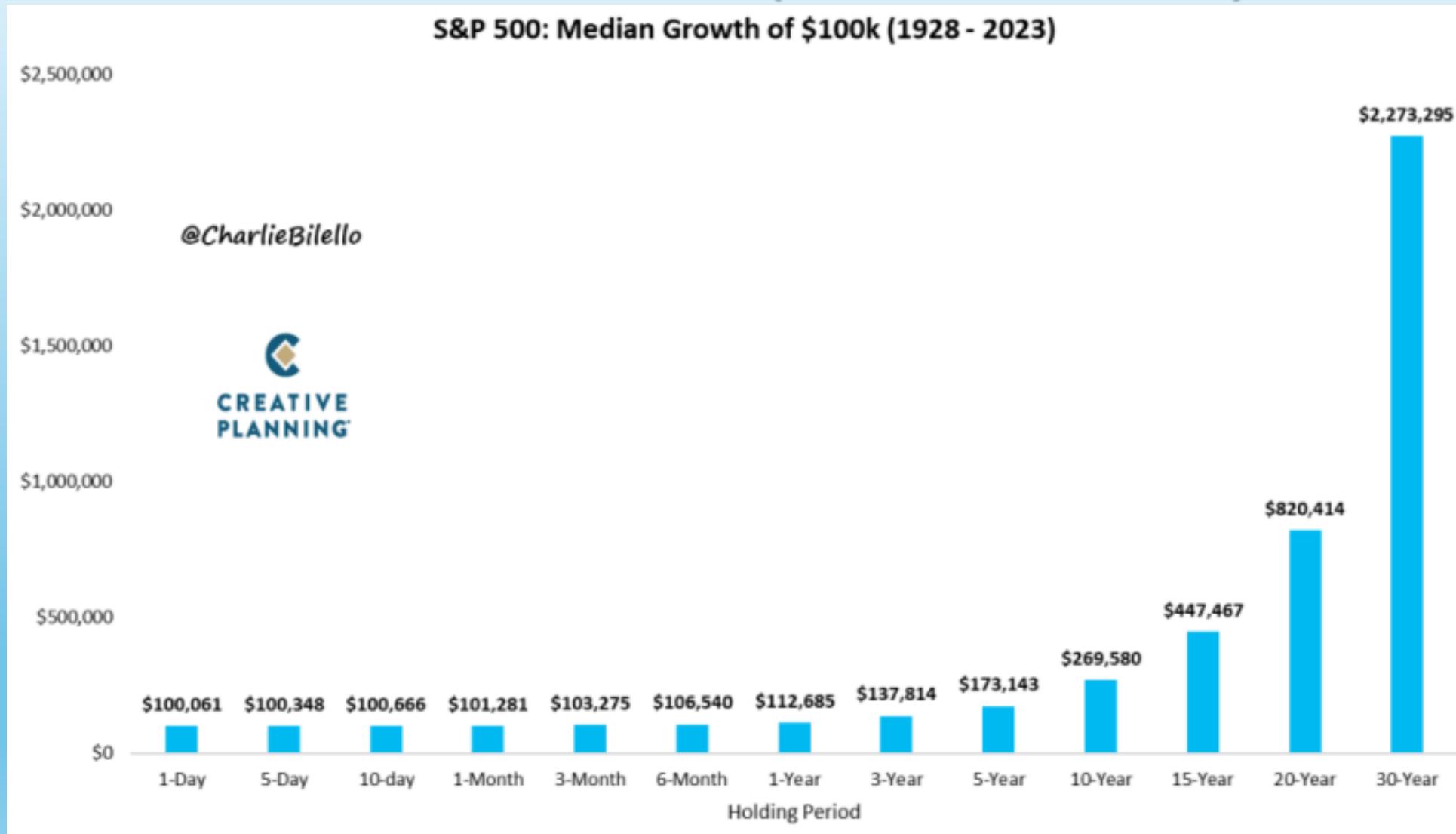
PLAY the LONG GAME (s.t. BUCKETS)



Source: Numbers are Rules from Creative Planning @ Charlie Bilello – 20 Rules for Markets & Investing

4. NEXT STEPS – MECHANICS over MONEY

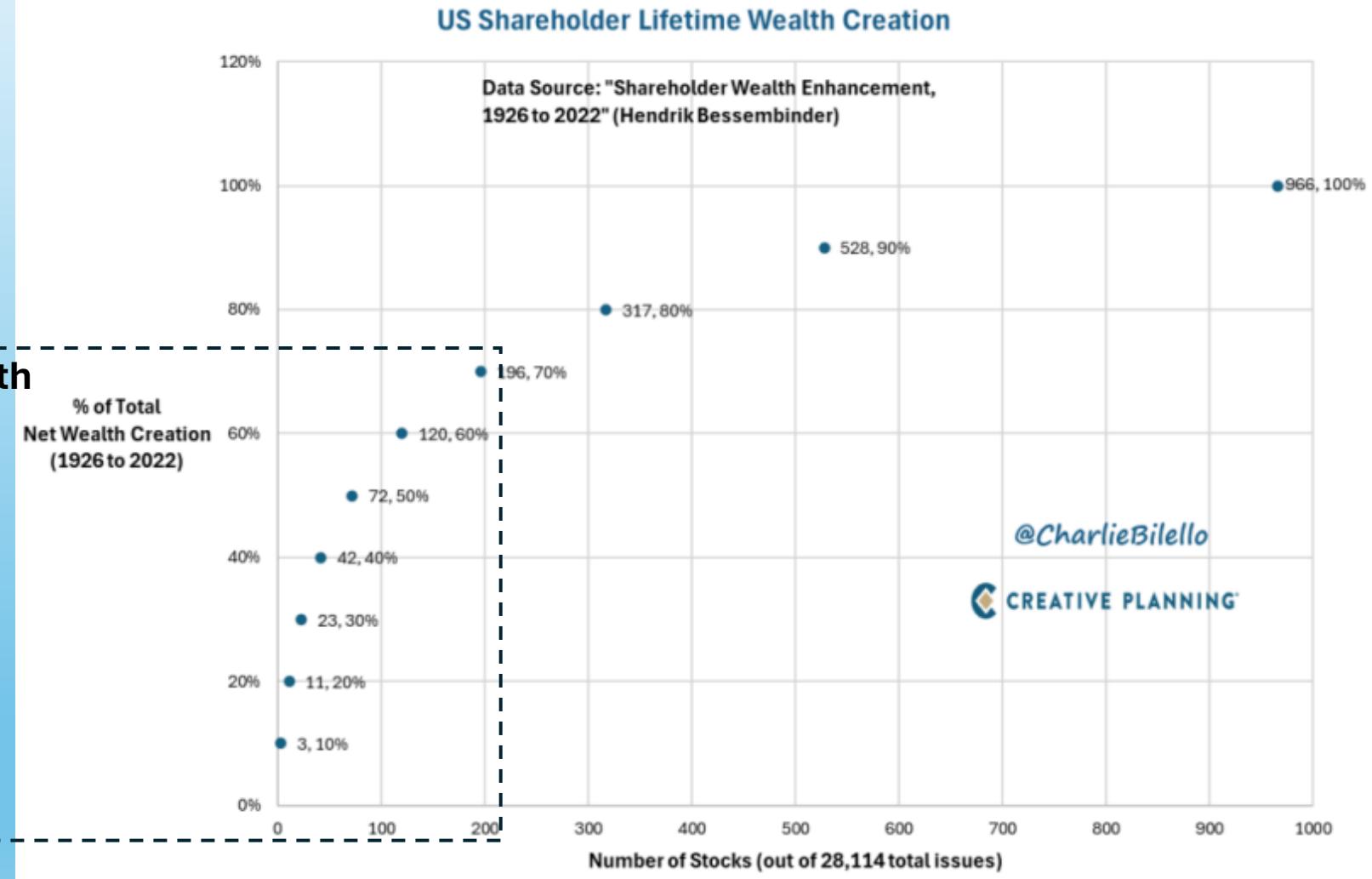
PLAY the LONG GAME (s.t. BUCKETS)



Source: Numbers are Rules from Creative Planning @ Charlie Bilello – 20 Rules for Markets & Investing

4. NEXT STEPS – MECHANICS over MONEY

BUY the HAYSTACK

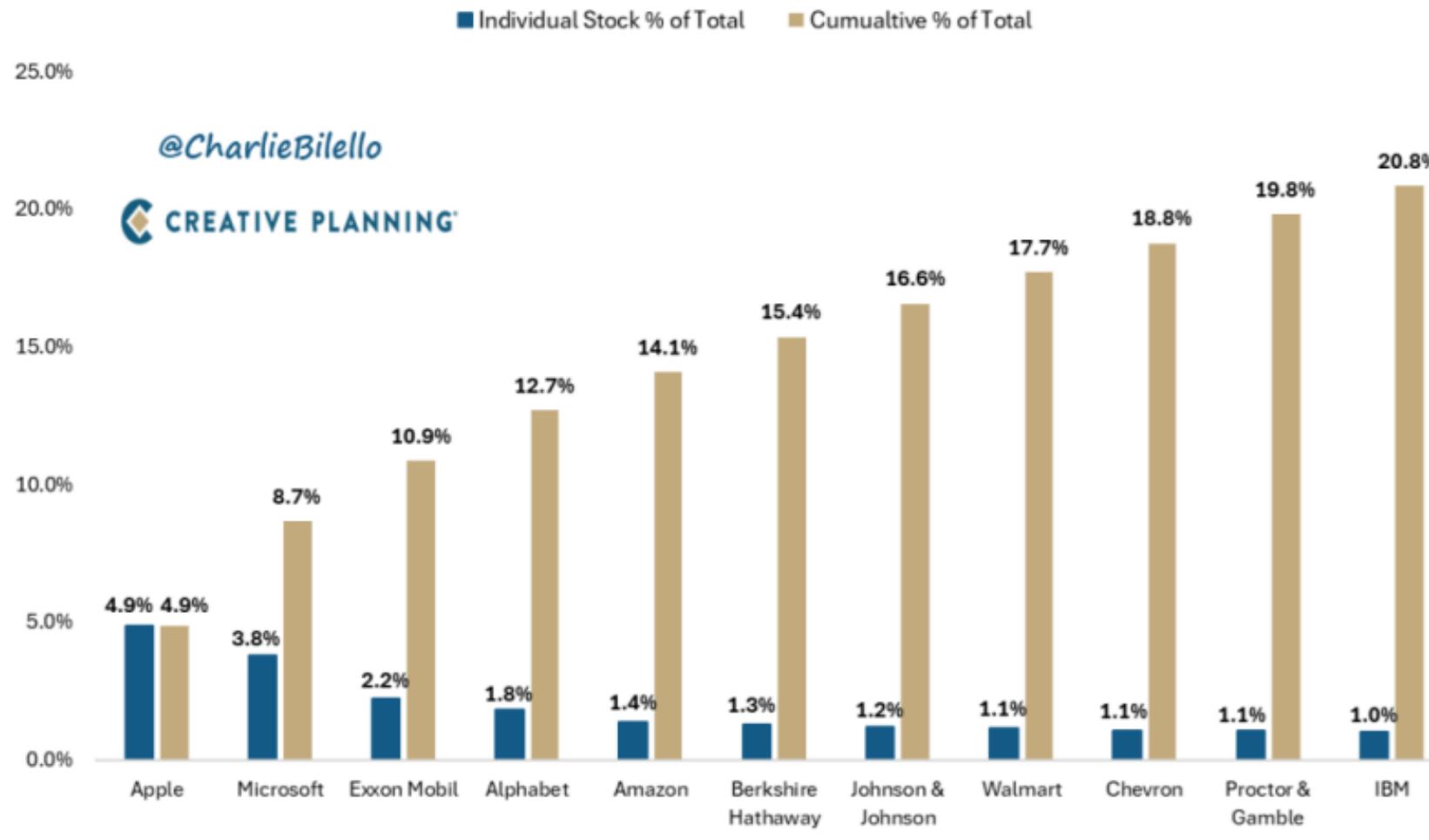


4. NEXT STEPS – MECHANICS over MONEY

BUY the HAYSTACK

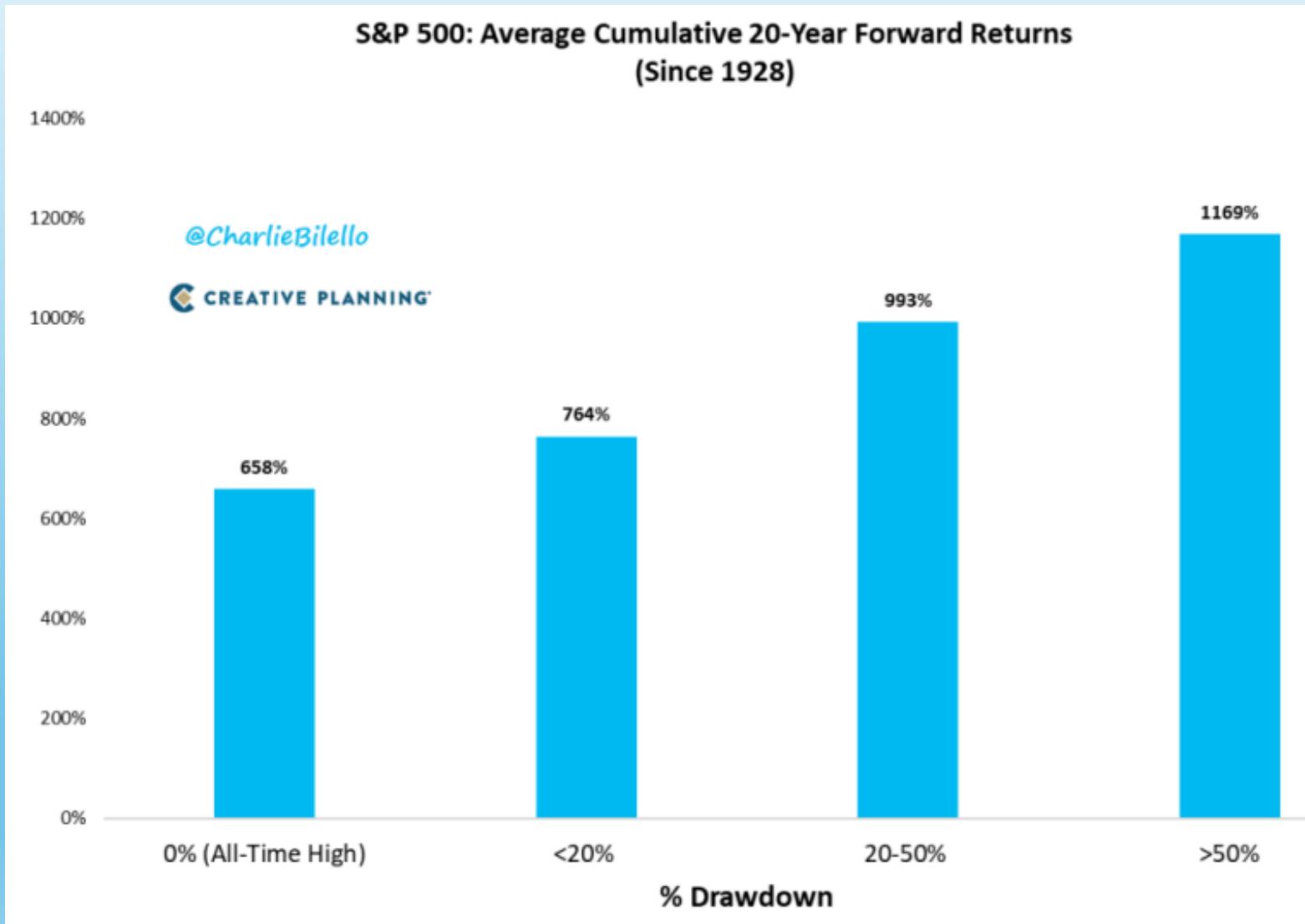
11 Biggest Contributors to US Shareholder Lifetime Wealth Creation

Data Source: "Shareholder Wealth Enhancement, 1926 to 2022" (Bessembinder)



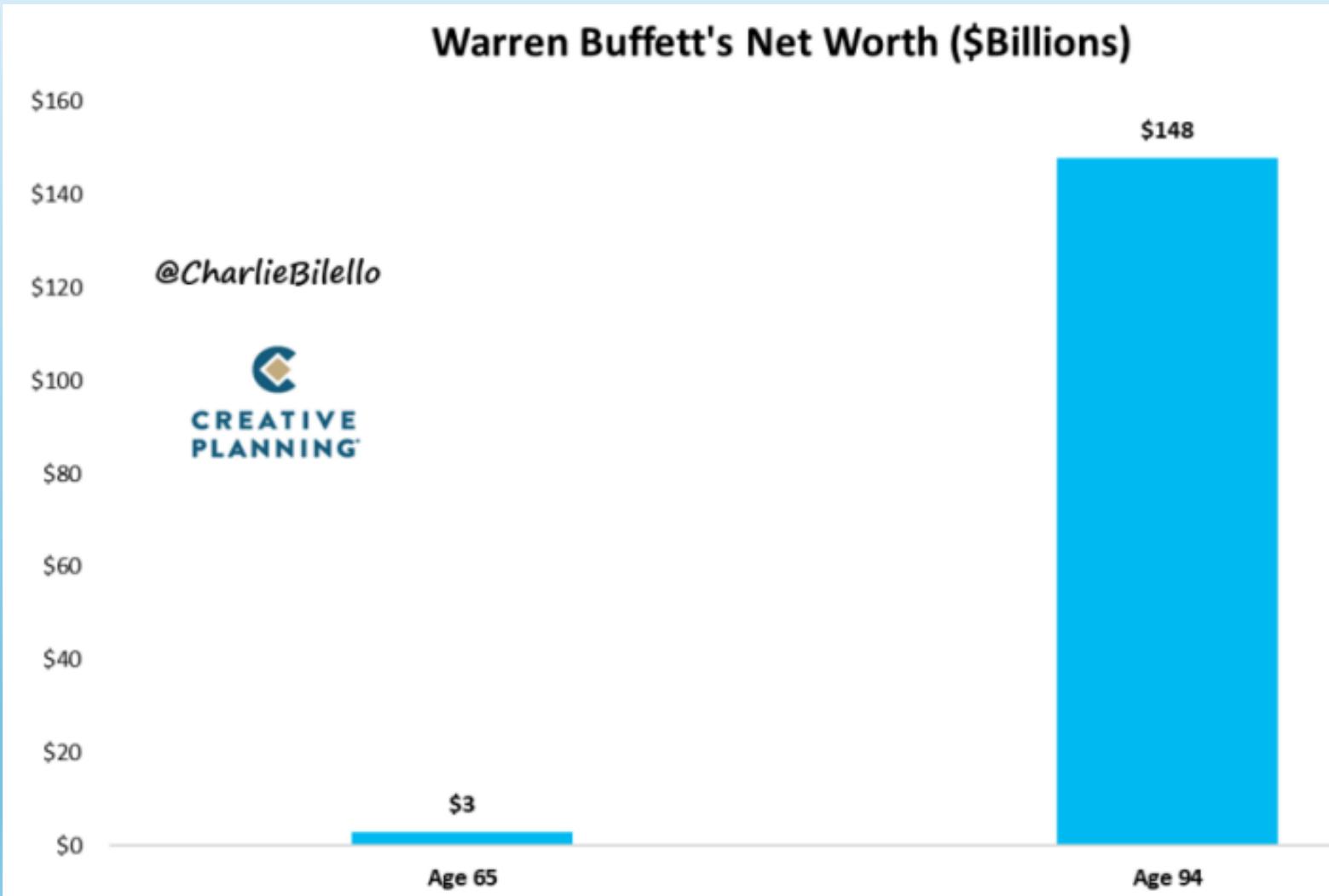
Source: Numbers are Rules from Creative Planning @ Charlie Bilello – 20 Rules for Markets & Investing

4. NEXT STEPS – MECHANICS over MONEY FORWARD RETURNS POST DRAWDOWN



Source: Numbers are Rules from Creative Planning @ Charlie Bilello – 20 Rules for Markets & Investing

4. NEXT STEPS – MECHANICS over MONEY NEVER INTERRUPT COMPOUNDING



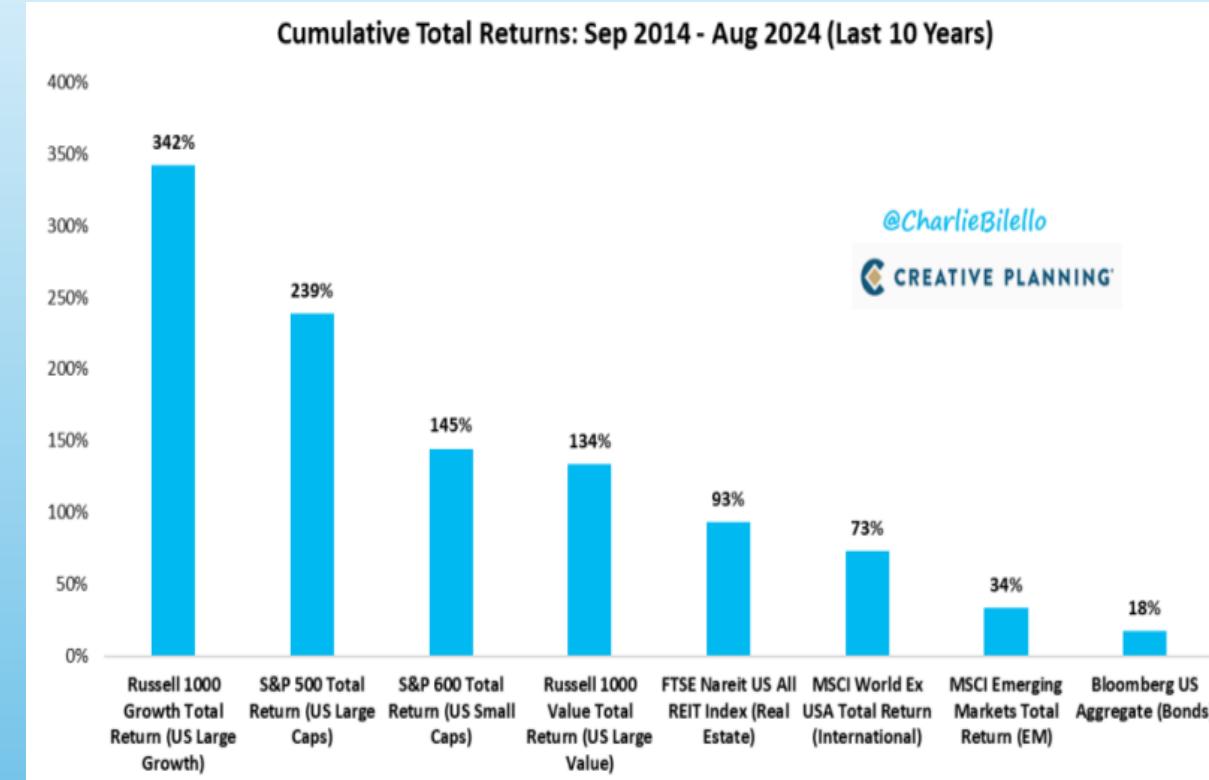
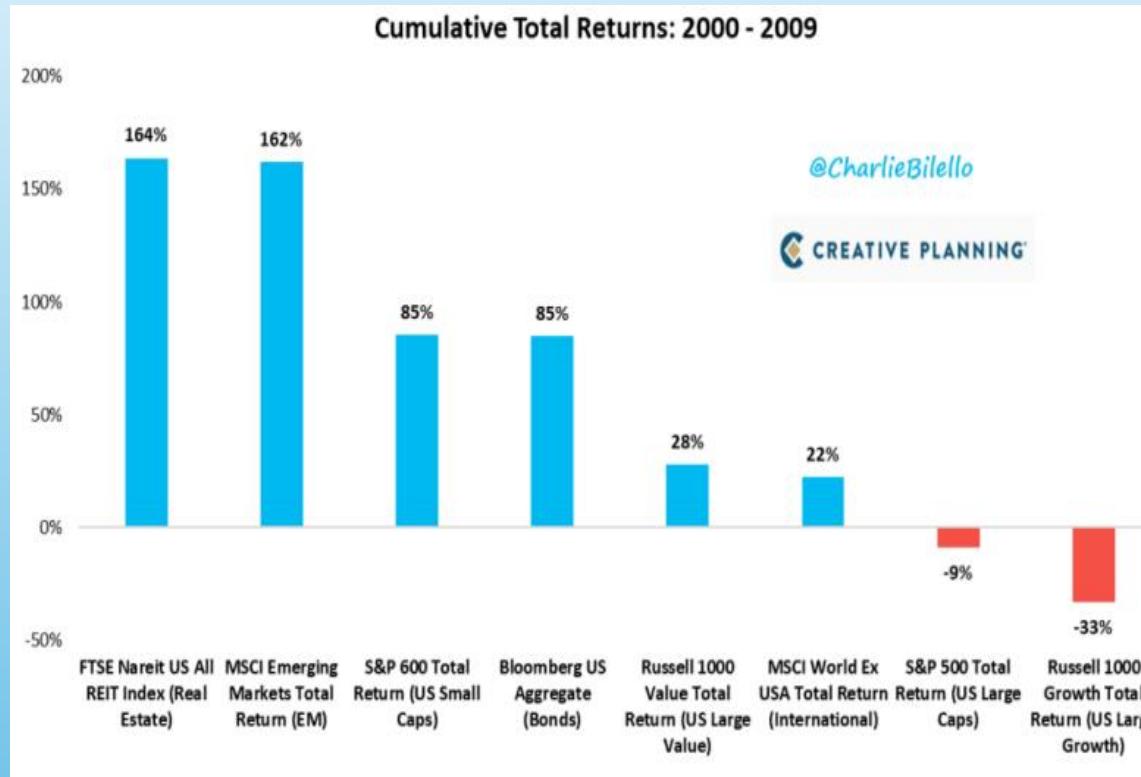
Source: Numbers are Rules from Creative Planning @ Charlie Bilello – 20 Rules for Markets & Investing

4. NEXT STEPS – MECHANICS over MONEY RESPECT REVERSION to the MEAN

Highest Weekly \$VIX Closes and Forward S&P 500 Total Returns						
Highest Weekly \$VIX		Forward S&P 500 Total Returns				
Date	\$VIX	1-Year	2-Year	3-Year	4-Year	5-Year
10/24/2008	79	26.4%	41.4%	51.0%	76.0%	124.3%
11/21/2008	73	39.9%	56.9%	62.3%	92.4%	151.9%
10/17/2008	70	18.7%	31.0%	39.2%	66.6%	107.3%
10/10/2008	70	22.3%	35.8%	37.4%	73.7%	111.7%
11/14/2008	66	28.4%	43.7%	54.6%	70.2%	129.9%
3/20/2020	66	72.7%	99.7%	78.3%	142.1%	
3/27/2020	66	59.1%	84.4%	64.0%	120.4%	
12/5/2008	60	29.4%	46.2%	51.6%	76.8%	130.0%
10/31/2008	60	9.8%	27.9%	41.8%	59.6%	103.2%
3/13/2020	58	48.0%	60.0%	49.4%	101.3%	
11/7/2008	56	17.8%	37.8%	43.8%	62.0%	112.4%
11/28/2008	55	24.9%	38.8%	38.0%	72.6%	124.9%
12/12/2008	54	28.9%	47.4%	52.3%	75.5%	125.2%
3/6/2009	49	70.3%	101.5%	113.4%	147.3%	205.8%
2/20/2009	49	47.3%	81.9%	88.3%	114.5%	165.5%
1/23/2009	48	34.4%	61.1%	68.7%	97.1%	139.9%
4/3/2020	47	64.2%	88.4%	73.2%	122.9%	
2/27/2009	46	53.6%	87.2%	97.9%	125.1%	181.6%
1/16/2009	46	36.8%	58.9%	61.8%	90.8%	141.1%
3/20/2009	46	54.2%	73.5%	94.6%	120.7%	170.2%
Average (20 Highest \$VIX)		39.4%	60.2%	63.1%	95.4%	139.1%
Average All Other Periods		11.2%	24.5%	39.2%	55.1%	72.3%
Differential		28.2%	35.6%	23.9%	40.3%	66.7%

Source: Numbers are Rules from Creative Planning @ Charlie Bilello – 20 Rules for Markets & Investing

4. NEXT STEPS – MECHANICS over MONEY DIVERSIFY^{^3}



5. OPPORTUNITY – A BONANZA ... the \$t Changes

1	Gross domestic product (GDP)	23,303.5	100%	1
2	Personal consumption expenditures	16,053.9	69%	2
3	Goods	5,449.9	23%	3
4	Durable goods	2,049.3	9%	4
9	Nondurable goods	3,410.6	15%	9
14	Services	10,623.6	46%	14
16	Housing and utilities	2,635.4	11.3%	16
17	Health care	2,814.5	12.1%	17
18	Transportation services	497.2	2.1%	18
19	Recreation services	618.8	2.7%	19
20	Food services and accommodations	1,067.7	4.6%	20
21	Financial services and insurance	1,162.8	5.0%	21
22	Other services	1,412.2	6.1%	22
26	Gross private domestic investment	4,335.8	19%	26
27	Fixed investment	4,257.0	18%	27
29	Structures	676.3	2.9%	29
30	Equipment	1,328.1	5.7%	30
35	Intellectual property products	1,502.8	6.4%	35
36	Software	767.8	3.3%	36
37	Research and development	662.3	2.8%	37
43	Net exports of goods and services	-1,035.8	-4%	43
44	Exports	2,605.8	11.2%	44
45	Goods	1,731.4	7.4%	45
47	Imports	3,641.6	15.6%	47
48	Goods	2,963.4	12.7%	48
50	Government Cons Expense & gross	3,941.3	16.9%	50
51	Federal	1,503.7	6.5%	51
52	National defense	851.1	3.7%	52
53	Consumption expenditures	652.2	2.8%	53
55	Nondefense	652.5	2.8%	55
56	Consumption expenditures	454.4	1.9%	56
58	State and local	2,436.5	10.5%	58
59	Consumption expenditures	1,980.0	8.5%	59

Source: BEA 2024 in 2017 Chained Dollars

5. APPENDIX – IGNORE THE PAST

- Bear markets – every time is Different
- Price targets like the S&P500 – Pay no attention
- Forecasts are a dime a dozen – Not worth the paper printed on
- Eleven largest contributors to US Wealth: APPL, MSFT, AMZN<
XOM, GOOG, BRK, JNJ, WMT, CVX, IBM
- Ignore the Fed – Don't be long stocks when tightening – Best periods follow Fred's highest rates
- Expect the Unexpected
- Don't chase the past – Focus on future Potential
- Over half the Wealth created by 72 out of 28k Stocks