



EVENSKY & KATZ / FOLDES
— WEALTH MANAGEMENT —

NEWSLETTER VOLUME 16, NO. 1 | FEBRUARY 2023

DEAR READER:

ANCIENT RUINS

Kids exploring ancient ruins



THAT'S A BIG NUMBER!

Wells Fargo & Co. reached a \$3.7 billion settlement with federal regulators, including a record \$1.7 billion fine, to cover allegations that for years it mistreated millions of customers, causing some to lose their cars or homes.

[Wells Fargo agrees to \\$3.7 billion settlement with CFPB over consumer abuses - CNBC](#)

AND AN EVEN BIGGER NUMBER

The Planet's Billionaires Are Nearly \$2 Trillion Poorer This Year

“As a group, the planet’s billionaires have lost \$1.9 trillion in 2022, according to *Forbes*’ estimates, with their collective wealth dropping from \$13.8 trillion on New Year’s Day to \$11.9 trillion on December 9. The number of billionaires has fallen too, from 2,671 to 2,523....”

No one has been hit harder than the world’s 300 or so tech billionaires, who have collectively lost more than \$1 trillion in 2022.

[The Planet's Billionaires Are Nearly \\$2 Trillion Poorer This Year - Forbes](#)

FOOD FOR THOUGHT

I don't know how to use TikTok, but I can write in cursive, do long division and tell time on clocks with hands... so there's that.

Me: "I am surprised at how winded I am by this exercise"

Personal Trainer: "This was the tour of the gym"

Have you ever noticed that all instruments searching for intelligent life...



Are pointed away from Earth

Brain cells, hair cells and skin cells - they all die constantly, but freaking fat cells seem to have eternal life...

OLDER THAN I THOUGHT

The SPDR ETF was launched in 1993, not 1998.

Craig J. Lazzara pointed out my error in my last newsletter and he ought to know as he's Managing Director of Core Product Management @ S&P Dow Jones Indices.

MAYBE, BUT MAYBE NOT

This dot-com bubble dynamic may drive the S&P 500 above 5,500 this year.

S&P Closed at 3,839.50.

[This dot-com bubble dynamic may drive the S&P 500 above 5,500 this year - CNBC](#)

AND FROM MY LAST NEWSLETTER

“Meanwhile, JPMorgan analysts predicted in a research report at the end of November that the S&P 500 will rise next year to 5,050, partly on ‘robust earnings growth’ and easing supply chain woes. RBC Capital Markets has forecast the same price target as JPMorgan, while Deutsche Bank predicts the S&P 500 will end next year at 5,000.”

For those who projected values at year end, they still have a month for the market to catch up with their projection. Fingers crossed but I’m not holding my breath.

It’s a good thing I didn’t hold my breath!

OH MY

“Raising a child can be an emotionally rewarding experience. But it can also be very costly. Statistics from Brookings, an economic think tank, show that the average middle-income family with two children will spend \$310,605 to raise a child born in 2015 up to the age of 17. That’s a significant jump from the figure published by the U.S. Department of Agriculture, which estimated the overall cost to be \$233,610 in 2017 (using 2015 dollars).”

[How Much Does It Cost to Raise a Child in the U.S.? – Investopedia](#)

HOPE YOU NEVER NEED IT

But just in case...

988 has been designated as the new three-digit dialing code that will route callers to the 988 Suicide and Crisis Lifeline.

“EXPERTS” vs. THE MARKET

Average compound growth rates of the S&P 500 largest pension markets worldwide.

5-Year	10-Year	5-Year	10-Year
7.3%	5.7%	18.4%	16.5%

[Average compound growth rates of the largest pension markets worldwide in 2021 - Statista](#)

PLACE YOUR BETS

“BofA’s sell-side indicator is the closest it’s been to a bullish signal since 2017, but Morgan Stanley’s Mike Wilson believes a further drop of almost 900 basis points is still in the cards.”

[BoA Says Buy Stocks \(Almost\), Morgan Stanley Sees Further Slide – Financial Advisor IQ](#)

SLEEP WELL?

I love to look back on guru prognostications at year end. More to follow at the end of this issue.

Sleep Well at Night in 2022 With This 4.8% Dividend Stock

“Passive income is a beautiful thing. You can live off it, letting it pay your bills, or reinvest it to compound your income stream over time. But knowing that you will get paid is key to stress-free dividend investing, no matter how you use it.

Telecom giant Verizon Communications is arguably at the top of the list regarding reliable dividends with fat, juicy yields.” [Stress free? Really?]

2022 Returns...

Verizon (VZ)	-20.01%
IVV (S&P 500 ETF)	-18.16%

Remember, **DON'T** confuse dividends with total returns.

[Sleep Well at Night in 2022 With This 4.8% Dividend Stock – The Motley Fool](#)

SMILES

After that, I thought you could use some smiles....

I've been watching
my weight.

It's still there.

I'm so glad
I was young
and stupid
BEFORE
there were
camera phones.

I can't believe I
forgot to go to the
gym today.
That's 7 years in a
row now.

**SOMEONE JUST HONKED
TO GET ME OUT OF MY
PARKING SPOT FASTER
SO NOW
I HAVE TO SIT HERE UNTIL
BOTH OF US ARE DEAD.**

How to parallel park:
1) Park somewhere else

I LIKE TO MAKE LISTS.

I ALSO LIKE TO LEAVE THEM
LAYING ON THE KITCHEN
COUNTER AND THEN GUESS
WHAT'S ON THE LIST WHILE
AT THE STORE.

FUN GAME.

Billion dollar idea.

A smoke detector
that shuts off
when you yell

"I'm just cooking!"

Anyone remember the good ol' days,
before Facebook, Instagram, and
Twitter? When you had to take a photo
of your dinner, then get the film
developed, then go around to all your
friends' houses to show them the
picture of your dinner? No? Me neither.

I SPEND A LOT OF TIME
HOLDING THE REFRIGERATOR
DOOR OPEN LOOKING FOR
ANSWERS.

You think you know
stress? When I grew
up, if you missed a TV
show you just missed
it. Forever.

ONE MORE NAIL IN THE COFFIN

Of actively managed funds ... S&P Dow Jones Indices U.S. Persistence Scorecard

"Of the actively managed equity funds whose 12-month performance placed them in the top quartile of their respective category as of June 2020, *not a single fund maintained its top-quartile performance over the next two 12-month intervals.*"

"In 12 out of 17 reported fixed income categories, no actively managed fund managed to maintain top-quartile performance over three consecutive 12-month periods ending June 2022. In 14 out of 17 categories, less than 25% of funds whose three-year performance placed them in the top *half* of their category as of June 2020 managed to maintain their record over the subsequent two years."

"Over a five-year horizon, it was statistically near impossible to find consistent outperformance. Among all actively managed funds whose performance over the 12 months ending June 2018 placed them in the top quartile within their respective category, not one fund in any of our reported fixed income and equity categories remained in the top quartile in each of the four subsequent one-year periods ending in June 2022."

[U.S. Persistence Scorecard Mid-Year 2022 – S&P Dow Jones Indices](#)

PICK YOUR POISON

S&P 500 Defensive Sectors vs. S&P 500 Index: Total Returns (YTD & Years In Which Trailing 12-Month CPI \geq 3.0%)

Year	CPI Rate	S&P 500	S&P 500 Health Care	S&P 500 Consumer Staples	S&P 500 Utilities
2022 (11/30)	7.7%	-13.12%	-0.04%	2.26%	2.10%
2021	7.0%	28.71%	26.13%	18.63%	17.67%
2011	3.0%	2.11%	12.73%	13.99%	19.91%
2007	4.1%	5.49%	7.15%	14.18%	19.38%
2005	3.4%	4.91%	6.46%	3.58%	16.84%
2004	3.3%	10.88%	1.68%	8.16%	24.28%
2000	3.4%	-9.10%	37.05%	16.78%	57.19%
1996	3.3%	22.96%	21.04%	25.90%	5.68%
1991	3.1%	30.47%	53.69%	41.66%	23.89%
1990	6.1%	-3.10%	17.29%	15.32%	-0.63%

Source: Bloomberg. CPI rate for 2022 as of 10/31/22. Past performance is no guarantee of future results.

I love consistency!

YOU FREAKIN' IDIOTS

Although I don't think much of David Ramsey's advice, I'm on board with this sentiment.

The *New York Times* recently uncovered that at least eight universities have partnered with online sports-betting companies, while at least a dozen athletic departments and booster clubs have signed agreements with brick-and-mortar casinos.

"Personal finance author and radio host Dave Ramsey lambasted the institutions on *The Ramsey Show*. 'You freakin' idiots ... Selling out your own students who you're supposed to be caring for,' said Ramsey."

Universities listed in the article include: Syracuse, L.S.U., University of Maryland, Michigan State, University of Colorado Boulder, University of Nevada Las Vegas, and TCU Ft. Worth

['You freakin' idiots': Dave Ramsey blasts US colleges for pitching online gambling to students – while making millions. Why young people are the perfect prey – Yahoo! Finance](#)

GO FIGURE

Bad news, good news...

Stock market falls after strong labor market data.

[Stock market news live updates: Stocks drop after strong jobs data renews rate worries – aol.com](#)

EVEN MORE HELPFUL SIGNS



MORE FROM THE MOTLEY FOOL

Want 162% to 227% Gains? 3 Growth Stocks to Buy in 2022, According to Wall Street

2022 Returns...

LMND – Lemonade -67.5%
 “a potential 197% gain”

UPST – Upstart -91.3%
 “A possible triple from here”

TWLO – Twilio -81.4%
 “Implied upside of 162%”

IVV – iShares S&P 500 -18.2%

[Want 162% to 227% Gains? 3 Growth Stocks to Buy in 2022 According to Wall Street – The Motley Fool](#)

HUM...

TIME IS NOT ON THEIR SIDE

S&P Indices vs. Active (SPIVA) Scorecards compare the short- and long-term performance of active funds to their benchmarks around the world. As this year marks the 20-year anniversary of the first SPIVA Scorecard, we take an in-depth look at why passive continues to outperform active over the long term, the most surprising results we've seen across fund categories and what all of this means for investors today.

“What are the most important points that are worth noting in this research?”

Perhaps the most important thing to understand about SPIVA is that it fits in a long-running tradition of academic and practitioner commentary on the relative merits of active and passive investments.

SPIVA data point to a number of conclusions:

- Most active managers underperform most of the time – This conclusion originally came from examining U.S. mutual fund performances net of fees. If examining gross of fees, most active managers underperform most of the time.
- Most institutional managers underperform most of the time – After adjusting for risk, most active managers underperform most of the time.
- The tendency for underperformance typically rises as the observation period lengthens.
- Although SPIVA started by simply examining active U.S. equity managers, data on fixed income and global/international managers produce the same results.
- These conclusions are robust across geographies.
- When good performance does occur, it tends not to persist. Above-average past performance does not predict above-average future performance.”

[Talking Points: Accessing the Impact of 20 Years of SPIVA – S&P Dow Jones Indices](#)

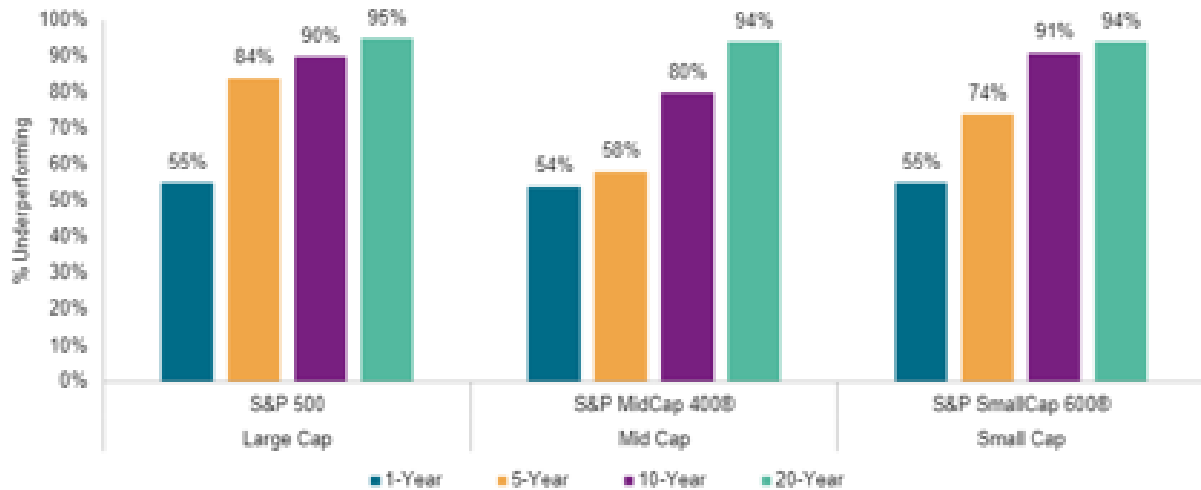
AND EVEN MORE

From Financial Advisor's *Shooting the Messenger*

Most active funds underperformed benchmarks appropriate to their investment style. This is not unusual—in fact, over the history of the SPIVA database, underperformance is far more common than not. Moreover, **extending the time horizon makes active management look worse, not better.** This is consistent with the view that the true odds of outperformance are less than even. Consider: if the likelihood of outperformance were greater than 50%, we would expect to see fluctuations above and below 50% over short periods, but over time we would expect to see more outperformers than underperformers. In fact, we observe the opposite.

This effect is analogous to the roulette wheel in a casino. A lucky player may win on a small number of spins, but over many spins, the house's advantage is insurmountable. The data suggest that an active equity manager is like a roulette player—he has a small probability of winning in the short run, but an overwhelming probability of losing in the long run.⁸

Exhibit 2: Most Active Managers Underperformed Most of the Time



Source: S&P Dow Jones Indices LLC. Data as of June 30, 2022. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Active managers sometimes argue that even if they are unsuccessful in outperforming indices, they nonetheless benefit their clients by managing portfolio volatility and therefore improving risk-adjusted returns. In general, this premise is incorrect—most active portfolios are *more* volatile than the benchmarks against which they’re compared.¹⁰ SPIVA data on risk-adjusted performance are therefore comparably grim, as Exhibit 3 shows.

Exhibit 3: Most Active Managers Underperformed Most of the Time, Even Adjusting for Risk



Source: S&P Dow Jones Indices LLC. Data as of June 30, 2022. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

When an active manager beats his benchmark, how can we tell whether that result is a product of genuine skill or merely of good luck? One answer is that **genuine skill is likely to persist, while luck is random and soon dissipates**. Therefore one key measure of active management skill is the *consistency* of a fund's outperformance. SPIVA data let us test for this possibility in a number of ways.¹³

Exhibit 5 uses 10 years of SPIVA history. We sorted managers into quartiles based on the first five years' performance, and then examined quartile rankings for the second five years.

Exhibit 5: Top Quartile Performance Did Not Persist

Fund Category	% Repeating in Top Quartile	% Moving to Bottom Quartile
Large Cap	27.1	5.0
Mid Cap	1.5	14.9
Small Cap	0.9	22.8

Source: S&P Dow Jones Indices LLC. Data for 10-year period ending Dec. 31, 2021. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

If performance were completely random, we'd expect 25% of the top-quartile managers from the first five years to be in the top quartile for the second five years. That's more or less what happened for large-cap managers, but their mid- and small-cap counterparts fell well short of

[Three Reasons Why Indexing Works and Continues to Grow – Evidence Investor](#)

TIME WILL TELL

Cathie Wood's ARK Invest buys Tesla stock amid its plunge, as Musk sells

“ARK Invest, Wood’s investment management firm, snapped up 74,862 shares of the electric-vehicle maker across three of her exchange-traded funds ... The purchase was valued around \$11.7 million, based on Wednesday’s closing price of \$156.80 (12/28).”

[Cathie Wood’s ARK Invest buys Tesla stock amid plunge, Musk sells – Yahoo! Finance](#)

MORE “WINNERS”?

My friend Taft sent me this WSJ Winners Circle article

“Of the 1,342 actively managed U.S. stock funds tracked by *The Wall Street Journal* (using data from Morningstar Inc.), only 32 managed to end the rolling 12-month period in positive territory by the end of the second quarter.

So, how did the handful of fund managers tracked by the Journal’s Winners’ Circle quarterly survey manage to post gains in this market?

The No. 1 finisher, and the only fund with a double-digit gain, was Federated Hermes Strategic Value Dividend Fund (SVAIX).”

[The Few Mutual-Fund Managers Who Avoided the Debacle – The Wall Street Journal](#)

Unfortunately, a great one year didn’t overcome the more important long-term (5 year) returns (as of 01-31-2023).

SVAIX – 36.94%

IVE (iShares Large Cap Value) – 46.77%

A LITTLE HISTORY

The hand and the torch of the Statue of Liberty being built in a Paris studio around 1876.



HOME SCHOOLED

From my friend Judy

Most of us over 65 were home schooled in many ways...

- My mother taught me TO APPRECIATE A JOB WELL DONE.
"If you're going to kill each other, do it outside. I just finished cleaning."
- My mother taught me RELIGION.
"You better pray that will come out of the carpet."
- My father taught me LOGIC
"Because I said so, that's why."
- My mother taught me MORE LOGIC
"If you fall out of that swing and break your neck, you're not going to the store with me."
- My mother taught me FORESIGHT
Make sure you wear clean underwear, in case you're in an accident."
- My mother taught me about CONTORTIONISM
"Just you look at that dirt on the back of your neck!"
- My mother taught me about STAMINA
" You'll sit there until the peas are gone."
- My mother taught me MEDICAL SCIENCE
"If you don't stop crossing your eyes, they are going to get stuck that way."
- My mother taught me about my ROOTS
"Shut that door behind you, do you think you were born in a barn?"

TAKE YOUR PICK

Many mainstream analysts are predicting that stocks will recover soon....

“With U.S. stocks down more than 20% so far this year, investors are looking for some good news – and it may be coming from a prominent Wall Street analyst who says the current bear market could come to an end sometime around St. Patrick’s Day.

In an interview with *Bloomberg Television*, Mike Wilson, the Equity Strategist and Chief Investment Officer for Morgan Stanley predicted that the bear market in U.S. stocks could come to a conclusion early in 2023. Investors are taking note because Wilson, who’s typically skeptical about the market, is listed as No. 1 on Institutional Investor’s recent ranking of portfolio strategists.

‘We think ultimately the bear market will be over probably sometime in the first quarter,’ Wilson said on the broadcast.”

[Top Morgan Stanley Strategist: This Is When the Bear Market ‘Will Be Over Probably’ – Yahoo! Finance](#)

On the Other Hand...

One 20-year market veteran says we’ll instead witness a “cash frenzy” unlike anything we’ve experienced in 21 years before stocks recover.

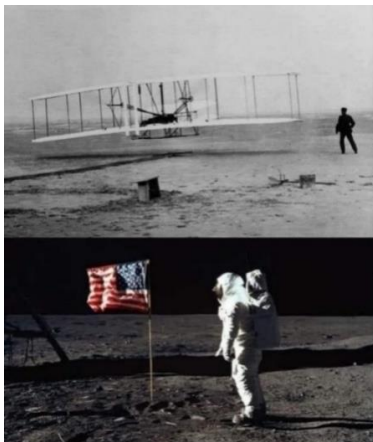
This according to Dan Ferris, who gained acclaim for predicting the Lehman Brothers crash in 2008 and calling the top of the Nasdaq in 2021.

[Why a ‘Cash Frenzy’ could hit stocks in 2023 before a market recovery – Investing Outlook](#)

And from Jeremy Grantham (1/26), “Most of the superbubbles go below trend and stay there for quite a while. This time, the trend is at most 2,500. It will be hard to prevent the market from declining to that level.” (Grantham’s S&P 500 forecast suggests the benchmark stock index could plunge another 34% from its current level of around 3,800 points.)

[Legendary investor Jeremy Grantham flagged a ‘superbubble’ in asset prices and predicted a historic market crash. Here are his 8 best quotes of 2022 – Yahoo! Finance](#)

SIXTY YEARS APART



FROM MY FRIEND JUDY

[Declassified Normandy Landing Photos – VFW Post 5335 Facebook](#)

Every time I see a presentation on WWII I am amazed, impressed, and humbled by what that generation did, and what they went through in the name of freedom.

Great pictures for Veteran's Day. German General Wilhelm Richter tried to warn Hitler that a Normandy attack was imminent. Hitler had issued standing orders not to be awakened before 9:00 am. When Richter called him shortly thereafter, he was told that the invasion would be near Calais (Sp) not Normandy.

This is the most spectacular presentation of photos and descriptive text I've ever seen on the D-Day landing. It truly is a miracle the allies prevailed. It's hard to believe that allied planners were able to adequately estimate the number of troops, supplies, and equipment that would be required to make this operation successful.

The planning and immensity of the "D Day Landing" just boggles the mind; the scenes show many phases of the operation. I could not get over the C-47 loaded with US Paratroopers and each with "shined boots." Some amazing photographs for history buffs.... WW2 Normandy Landing photos that have been declassified recently.

IT WAS A PRETTY YUCKY YEAR ACROSS THE BOARD

But diversification helped. Here are some examples from the funds in our portfolios....

Managers	YTD
	1/1/2022
	12/31/2022
Stone Ridge Reinsurance Risk P RE Interval	4.8%
Stone Ridge Alternative Lending Fund	2.4%
DFA Dimensional US Small Cap Value ETF	0.6%
JPMorgan Strategic Income Opps Sel	0.5%
PIMCO Enhanced Short Maturity Active ETF	-1.0%
DFA US Small Cap Value I	-3.5%
Thornburg Limited-Term Muni Inst	-4.8%
Thornburg Limited Term Income Instl	-7.0%
DFA Dimensional Emerging Markets Core Equity ETF	-8.7%
DFA Dimensional International Core Equity ETF	-9.3%
DFA International Core Equity I	-13.5%
DFA Emerging Markets Core Equity I	-16.4%
S&P 500 TR USD	-18.1%
iShares Russell 3000	-19.3%

PUMP AND DUMP

'We're Robbing F*cking Idiots': Twitter Influencers 'Bragged and Laughed' While Pumping and Dumping Stocks, SEC Says

A collection of obnoxious but nevertheless perplexingly influential morons have been charged with brazenly pumping stocks via Discord, Twitter, and podcasts, and then dumping their shares without disclosing that they were doing so, generating \$100 million in profits by illegally throwing their own followers—over a million altogether—under the bus and running them over, according to the Securities and Exchange Commission.

The conspirators used podcasts and social media to talk up stock prices to their large followings, then sold their shares

On Twitter, the men touted themselves as financial sages in a community known to fans as FinTwit. Two launched a Discord server, Atlas Trading, amassing more than 230,000 members who avidly followed their stock tips. They appeared on podcasts that soared in popularity with the bull market, and showed off luxury cars on Instagram.

It's tragic but not a surprise when investors rely on media gurus for their “market insights.”

My friend and academic associate Michael Finke said it best

“Who would have thought that getting investment advice from social media influencers was a bad idea? They seem like such nice fellows.”

[“FinTwit’ Influencers Face Charges in \\$100 million Scheme” – The New York Times](#)

[‘We’re Robbing F*cking Idiots’: Twitter Influencers ‘Bragged and Laughed’ While Pumping and Dumping Stocks, SEC Says - Vice](#)

THAT COSTS HOW MUCH NOW?

	1970	Today
Levi 501 Jeans	\$7	\$69
Medicare Premium Part B	\$5.30	\$170.10
College	\$1,674	\$29,033
Color TV	\$549	\$230
Batman Comic	\$0.15	\$5

[October-November 2022 AARP Magazine](#)

EASY MONEY

Check for any unclaimed property at [Unclaimed.org](https://www.unclaimed.org). This allows searching for property, from trust proceeds to dividend checks, that is yours but currently sits in government coffers unclaimed.

EAT YOUR HEART OUT TEXANS



[SUV-loving billionaire sheik has the world's biggest truck – The 50-ton mammoth is road-legal, it has four air conditioned bedrooms, a full fledged kitchen, and it's windscreen wiper is from a cruise ship – Luxury Launches](#)

WHOOPS

[Inflation Forecasts Were Wrong Last Year. Should We Believe Them Now?](#)

Last year, economists surveyed by Bloomberg expected the so-called core index to fall to 2.5 percent by the end of 2022. Instead, it is running at 5 percent, twice that pace.

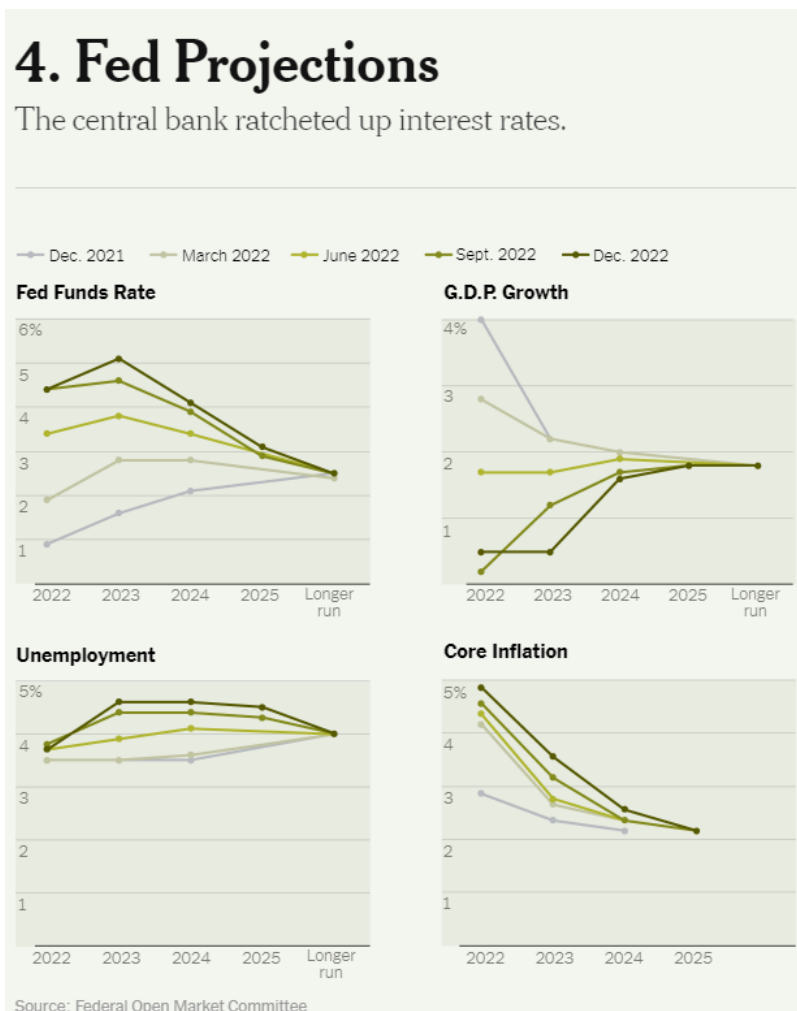
This year, forecasters expect inflation to fade to 3.5 percent by the end of 2023.

POOR GUY

Elon Musk is the first person in human history to lose \$200 billion. His wealth plummeted to \$137 billion. If I lost that much I wouldn't have anything left!

[Elon Musk first person in human history to loose \\$200 billion - Ground](#)

WE WILL SEE



[What Happened In 2022? A Look at the Year in Charts – The New York Times](#)

LOOKING BACK

At the end of the year I often enjoy looking back at some of the financial guru recommendations for the prior year. Here are some for 2022. I'll leave it up to you to reach your own conclusion regarding the value of making your investment decisions based on expert short-term predictions.

The Motley Fool. Maybe they meant for you to short these stocks.

22 Stocks That Could Double Your Money in 2022

Triple-digit returns could be just a click of the buy button away. New year, new you, new opportunities to get smarter, happier, and richer!

ARLP	ALLIANCE RESOURCE	60.8%
PING	PING IDENTITY HOLDINGS	24.6%
TEVA	TEVA PHARMACEUTICAL	13.9%
AXON	AXON ENTERPRISES	5.7%
EVER	EVERQUOTE	-5.9%
KLIC	KULICKE & SOFFA	-26.9%
KGC	KINROSS GOLD	-29.6%
PINS	PINTEREST	-33.2%
STNE	STONECO	-44.0%
PRLB	PROTO LABS	-50.3%
PUBM	PUBMATIC	-62.4%
BARK	BARK	-64.7%
LOVE	LOVESAC	-66.8%
LL	LL FLOORING	-67.1%
NIO	NIO	-69.2%
GRWG	GROWGENERATION	-70.0%
CCHWF	COLUMBIA CARE	-73.8%
JUSHF	JUSHI HOLDINGS	-76.6%
PLNH.F	PLANET 13 HOLDINGS	-79.4%
ROOT	ROOT	-92.0%
OPEN	OPENDOOR TECHNOLOGIES	-92.0%
NVAX	NOVAX	-92.8%

Barron's Stock Picks for 2022

We have identified these 10 as among the best candidates to outperform the market next year.

S&P 500 (iShare IVV)		-18.16%
AMZN	Amazon.com	-49.6%
T	AT&T	+6.49%
BRK.A	Berkshire Hathaway	+4.0%
GM	General Motors	-42.4%
HTZ	Hertz Global Holdings	-38.4%
IBM	IBM	+10.70%
JNJ	Johnson & Johnson	+ 6.0%
JWN	Nordstrom	-26.2%

SHEL	Royal Dutch Shell	+34.8%
V	Visa	-3.4%

[Here Are Barron's 10 Top Stocks for the New Year – Barron's](#)

MarketWatch

These stocks are down at least 20% from 2021 highs, but Wall Street sees them gaining as much as 87% in 2022

This has been a remarkable year for stocks, but it may surprise you how many are in bear-market territory, usually defined as a decline of at least 20%.

Among a large group of beaten-down stocks, analysts working for brokerage firms expected dozens to soar in 2022

For a broader list of the large-cap stocks listed in the U.S., including those of some of China's biggest internet players, we added the components of the Nasdaq-100 Index ... And after removing duplicates, this left a list of 529 stocks.

Within this group, 94 are in a bear market — that is, they were down at least 20% from their 2021 intraday highs through Dec. 28, according to data provided by FactSet.

Among these 94, there are 30 with “buy” or equivalent ratings from at least two-thirds of analysts polled by FactSet. Here they are, sorted by the 12-month upside potential implied by the consensus price targets.

Here are the top five...

	Implied 12-month Upside Potential	Actual 2022 Return
PDD Pinuoduo	87%	+40%
BIDU Baidu Inc	65%	-23%
JD JD.Com	61%	-18%
MELI Mercado	53%	-37%
CZR Caesars	48%	-56%

[These stocks are down at least 20% from 2021 highs, but Wall Street sees them gaining as much as 87% in 2022 – Market Watch](#)

BITCOIN – CLOSING PRICE 12/31/2022 – \$16,548

I'M SHOCKED!

[Majority of Retail Bitcoin Investors Lost Money](#)

Most cryptocurrency exchange apps were downloaded when Bitcoin was trading at prices well above its current level, meaning that investors who hung around likely lost money

The Bank for International Settlements analyzed the downloads of cryptocurrency exchange apps from 2015 to 2022 across 95 countries and found that the “vast majority” took place when Bitcoin was trading above \$20,000.

The analysis suggests that if all new users then purchased \$100 worth of Bitcoin within a month of installing the app, and then each month thereafter, 81% of the users would have lost money.

MAD MAGAZINE

Sometime reading the back and forth between those posting on the Bitcoin web site makes me believe I'm reading *Mad Magazine*.

- Bitcoin is trash
 - My dear, bitcoin is not trash when you are with the right coach you can make up to \$30k daily.
- Down 20% this month if you're keeping track
 - That only affects long holders not day traders. [I'm sure day traders are making a fortune. That \$30k daily adds up.]

[Bitcoin USD \(BTC-USD\) – Yahoo! Finance](#)

PET ROCKS

I may be wrong but at least I have good company....

JPMorgan Chase & Co. Chief Executive Officer Jamie Dimon likened crypto tokens to “pet rocks” ... The bank boss told lawmakers in September that cryptocurrencies are “decentralized Ponzi schemes.”

[Crypto is a complete sideshow, tokens are like 'pet rocks,' says JPMorgan CEO Jamie Dimon - CNBC](#)

I FEEL BETTER!

[Even after a brutal crypto meltdown, Bitcoin outperformed Tesla stock in 2022](#)

Bitcoin -65.4%

Tesla -65.03%

BINARY OPTIONS

Speaking of “coaches”, I always wondered how those posting on Yahoo’s Bitcoin site claimed to be making so much money on bitcoin as its price plummeted. I tried to track down some of the gurus recommended in the posts but generally with no luck. The only one I could find was pitching “Binary Options.” I admit it is a new concept to me, one that would make a gambling fanatic ecstatic. No need to go to Vegas when you have this amazing opportunity. Here’s what the SEC thinks...

SEC Investor Alert - Binary options and Fraud

The SEC’s Office of Investor Education and Advocacy and the Commodity Futures Trading Commission’s Office of Consumer Outreach (CFTC) are issuing this Investor Alert to warn investors about fraudulent promotion schemes involving binary options and binary options trading platforms. These schemes allegedly involve, among other things, the refusal to credit customer accounts or reimburse funds to customers, identity theft, and manipulation of software to generate losing trades.

Binary options differ from more conventional options in a number of significant ways. A binary option is a type of options contract in which the payout depends entirely on the outcome of a yes/no proposition.

The yes/no proposition typically relates to whether the price of a particular asset that underlies the binary option will rise above or fall below a specified amount. For example, the yes/no proposition connected to the binary option might be something as straightforward as whether the stock price of XYZ company will be above \$9.36 per share at 2:30 pm on a particular day, or whether the price of silver will be above \$33.40 per ounce at 11:17 am on a particular day. Once the option holder acquires a binary option, there is no further decision for the holder to make as to whether or not to exercise the binary option because binary options exercise automatically. Unlike other types of options, a binary option does not give the holder the right to purchase or sell the underlying asset. When the binary option expires, the option holder will receive either a pre-determined amount of cash or nothing at all. Given the all-or-nothing payout structure, binary options are sometimes referred to as “all-or-nothing options” or “fixed-return options.”

[Investor Alert – Binary Options and Fraud - SEC](#)

And from *Investor.Gov*

Beware of Overstated Investment Returns for Binary Options

Additionally, some binary options Internet-based trading platforms may overstate the average return on investment by advertising a higher average return on investment than a customer might expect, given the payout structure.

For example, a customer may be asked to pay \$50 for a binary option contract that promises a 50% return if the stock price of XYZ company is above \$5 per share when the option expires. Assuming there is a 50/50 chance of winning, the payout structure has been designed in such a way that the expected return on investment is actually negative, resulting in a net loss to the customer. This is because the consequence if the option expires out of the money (approximately a 100% loss) significantly outweighs the payout if the option expires in the

money (approximately a 50% gain) In this example, an investor could expect – on average – to lose money.

[Binary Options Fraud – Investor.gov](#)

Finally, here's a warning from Investopedia...

Binary options occasionally trade on platforms regulated by the Securities and Exchange Commission (SEC) and other agencies, but most binary options trading occurs outside the United States and may not be regulated. Unregulated binary options brokers don't have to meet a particular standard. Therefore, investors should be wary of the potential for fraud.

[Binary Option: Definition, How They Trade, and Example - Investopedia](#)

At least you'll know right away if you've won or lost. *You can trade binary option contracts lasting for up to one week, with a duration as short as five minutes.* Now, that's Day Trading!

For what it's worth, my advice is to run for the nearest exit if offered this "opportunity." Or, better yet, for a greater opportunity, go to Vegas or buy a lottery ticket.

WHAT DOES WARREN BUFFET THINK?

It's been a tough year for bitcoin and its backers. Even back in 2018, the Oracle of Omaha Warren Buffett predicted that it and other cryptocurrencies were headed for trouble. "They will come to a very bad ending," Warren Buffett told CNBC at the time.

What does he say today? "If you ... owned all of the bitcoin in the world and you offered it to me for \$25, I wouldn't take it," Buffett told CNBC earlier this year.

[Warren Buffet wouldn't buy 'all the bitcoin in the world' for \\$25: 'It doesn't produce anything' – CNBC](#)

GONNA BE INTERESTING TO SEE WHO "WINS"

Rich young Americans have lost confidence in the stock market — and are betting on these 3 assets instead for long-term tailwinds (Real Estate, Private Equity And Crypto)

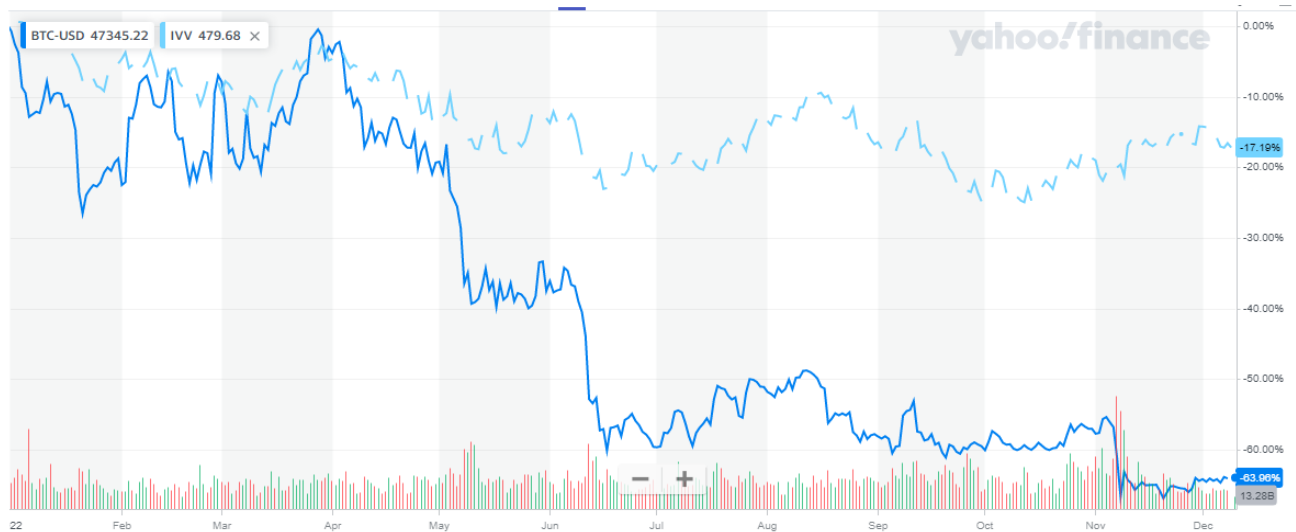
According to a recent survey from Bank of America, individuals aged 21 to 42 with at least \$3 million in assets only have 25% of their portfolio invested in stocks. Compare this with wealthy investors over age 43, where the allocation to equities is much higher at 55%.

This year's bear market may have something to do with these millennials' decisions.

"We've had a very strong run in the stock market over the last decade and are now living through volatile times. That's on the front of people's minds," says Jeff Busconi, chief operating officer at Bank of America Private Bank, in an interview.

I'm clearly missing something!

Bitcoin vs. S&P 500 from 1/1/2022 to 12/10/2022.



“The younger generation of investors increasingly believes that “a traditional portfolio of stock and bonds is not going to deliver above-average returns over time.” Once considered a niche asset, cryptocurrency has now entered the mainstream ... Of course, many investors learned about cryptocurrencies’ volatility the hard way through this year’s massive pullback. But some wealthy millennials still believe in the asset class.

In a Bank of America survey, 29% of younger people said crypto offers great opportunities for growth, while only 7% of the older group agreed.

Unsurprisingly, younger folks also have a lot more exposure to crypto (an average allocation of 15% of their portfolio) than the older generation (an average allocation of 2% of their portfolio).

Needless to say, I’m in the “older” camp. I’ve been around long enough to know seeking “...above-average returns” from passive investing is akin to searching for the pot of gold at the end of the rainbow.

[Rich millennial Americans have lost confidence in the stock market – and are betting on these 3 assets instead for long-term tailwinds – Yahoo! Finance](#)

TRAGIC BUT PREDICTIBLE

In early November, Adrian Butkus, a 43-year-old father of two, put \$600,000 — much of his life savings — into an account at BlockFi, a cryptocurrency trading firm. BlockFi had marketed the account as risk free, and yielding 6.5 percent interest — more than Mr. Butkus could get anywhere else.

Just days later, as the collapse of the cryptocurrency exchange FTX shook the entire crypto industry, Mr. Butkus asked BlockFi for his money back. However, the firm had suspended customer withdrawals, citing its close financial ties to FTX. By late November, BlockFi, too, had filed for bankruptcy.

Mr. Butkus doesn't know when — or if — he will see his money again. He is one of millions of individual investors around the world who poured money into digital assets, believing the cryptocurrency industry was a stable financial system. They were clear eyed about the volatility and big price swings of bitcoin and other cryptocurrencies. But what has come as a big surprise to many is that the firms where they deposited their money lacked the basic protections offered by a brokerage or a bank.

As companies like FTX took on the marketing tactics and girth of mainstream financial firms, their customers came to believe they were safe places to deposit cash in exchange for cryptocurrency. The fact that big-name venture capital and other funds backed some of these companies only added to their allure.

[Ordinary Investors Who Jumped into Crypto are Saying: Now What? – The New York Times](#)

AMAZING

Something Kramer and I agree on...

CNBC's Jim Cramer tore into cryptocurrency by urging anyone who owns it to dump it all right away.

[Jim Cramer Tells Anyone Holding Crypto to Sell Everything: 'It's All One Big Hustle' - Meidaite](#)

I MUST ADMIT

Crypto is good for something (i.e., humor).

From the Yahoo bitcoin commentary...

Interview for accounting job at bitcoin exchange

Human Resource Guy: Okay, how much is 2 + 2?

First Interviewee: I'm sure it's 4.

Human Resource Guy: Okay, thank, we'll call you if we need you.

Human Resource Guy: Next! Okay, how much is 2 + 2?

Second Interviewee: Having heard the 1st answer 4 and get dismissed, he answered "it's 3, or maybe 5"

Human Resource Guy: Okay, thanks, we'll call you if we need you.

Human Resource Guy: Next! Okay, how much is 2 + 2?

Third Interviewee: Having heard the first 2 guys get the snub, he answered: "What do you want it to be?"

Human Resource Guy: Okay, when can you start?

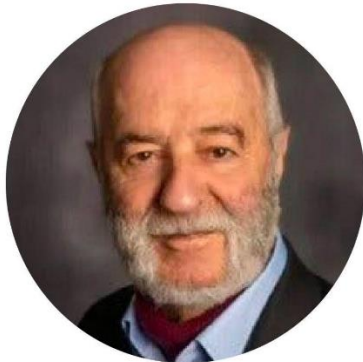
DILBERT



DILBERT



All my best,



Harold Evensky

FOUNDER
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