



EVENSKY & KATZ / FOLDES
— WEALTH MANAGEMENT —

NEWSLETTER VOLUME 16, NO. 3 | AUGUST 2023

DEAR READER:

WE'VE COME A LONG WAY!

I thought I'd lead with some really impressive statistics. I just finished reading our latest ADV Part 2 (the SEC disclosure document provided annually to clients) describing the firm.

Evensky & Katz is now solely owned by the firm's advisors and other professional employees. Ownership is held by eighteen partners: Matt McGrath, Lane Jones, David Evensky, Brett Horowitz, Taylor Gang, Mena Bielow, David Garcia, Joshua Mungavin, John Salter, Kathryn Salter, Anne Bednarz, Michael Hoeflinger, Nyika Pyfrom, Michael Walsh, Roxanne Alexander, Brian Fischer, Marcos Segre and Katherine Sojo.

As of 12/31/2022, EKF had approximately \$2,640,715,000 in assets under its management, belonging to approximately 1,075 clients.

There are now 22 Certified Financial Planners, 2 CPAs, 3 CFAs, and 1 PhD (Personal Financial Planning)

Several staff members are involved in the local community and are or were board members of various organizations. These organizations currently include the American Jewish Committee, Ballet Lubbock, the Baptist Health South Florida Foundation, the Coral Gables Art Cinema, the Coral Gables Community Foundation, the Covenant Foundation board, Foster a Life, Friendship Circle, the Greater Miami Jewish Federation, the Israel Tennis & Education Centers, the Lubbock Symphony Orchestra, Make-A-Wish® Southern Florida, and the Temple Beth Am board.

We're 38 years old and still growing.

Couldn't be prouder!!

[Evensky & Katz / Foldes Wealth Management Firm Brochure \(Part 2A & 2B of Form ADV\)](#)

I FIND THIS MIND BOGGLING

10 Stocks to Buy Before Their Ex-Dividend Dates Arrive, Week of March 13, 2023

"Thanks to the pullback in the market, several dividend stocks are trading close to their 52-week lows. While these stocks are trading at a discount from the peak, investors must buy them before their ex-dividend dates arrive to become eligible for the next payout. Against this backdrop, here are 10 stocks reaching their ex-dividend dates this week. Buy them at a bargain now and benefit from their payouts."

I'm still scratching my head over this article. Although it references the week of March 13, after checking the first few stocks on the list, I found none for the week of March 13. That's really a minor issue compared to the absurd recommendation to buy "before their ex-dividend dates arrive to become eligible for the next payout." I thought that that nonsensical advice went the way of the Dodo Bird. The markets may not be perfectly efficient but even Neanderthal traders recognize that there is no free lunch in "buying the dividend." In fact, the only impact is to generate current taxes and a transaction cost. It's kind of like feeling like you won the lottery by changing a dollar for four quarters.

When a company pays a dividend, the stock price drops by the amount of the dividend. For example, I looked at the closing price for a few of the stocks on the list.

	Dividend	Closing Price	Opening Price	Difference
SON	\$0.49 2/20	\$61.07 2/17	\$60.11 2/21	\$0.96
OGS	\$0.65 2/22	\$79.97 2/22	\$78.63 2/23	\$1.34

It's obviously true that "a fool and his money are easily parted."

[10 Stocks to Buy Before Their Ex-Dividend Dates Arrive – TipRanks.com](http://TipRanks.com)

THE SAGA OF THE DECADE'S BEST EQUITY MUTUAL FUND

In a story reported by Eleanor Laise, the *Wall Street Journal* on December 31, 2009 recounted the saga of the best performing mutual fund of the decade, which ended that day...

The winning fund was the \$3.7 billion CGM Focus Fund ... citing research by Morningstar, it returned (through December 29) 18.2% a year for the decade just then ending. This achievement (in a flat to down market) is all the more remarkable because said fund totally smoked the second-best performer by an astronomical 340 basis points...

[Unfortunately] the average shareholder in the fund during the decade—based on the fund's critically important *dollar-weighted* return—managed to rack up a loss of 11% per year.

...let me sketch out how this might have happened...and, in point of actual fact, did happen. You see, in 2007—the all-time tippy, tippy top of the equity market—the CGM Focus Fund returned a blazing 80%. Whereupon "investors" poured \$2.6 billion into the fund during the ensuing year, *even as the fund went down 48%*. "Investors" had pulled out three quarters of a billion dollars by November 30, 2009. I invite you to look up the year's total net withdrawals at your leisure should you care to, but my point is made. (Calling these people "investors" is like calling unemployed people who bought \$100,000 trailers with \$105,000 NINJA mortgages "homeowners." But I digress.) ...

Torrid performance always brings in grotesque amounts of stupid money, forcing the purchase of most of a fund's assets at the worst possible prices, and thus insuring that whatever is drawing all that hot money must underperform during the next block of time...

There is no statistical evidence for the persistence of performance. (Unless—as I strongly suspect but can't prove—there is...and it's perverse.) No excellent advisor allows (that is, enables) his clients to chase performance... [We certainly don't]

Through December 31, 2009, the saga of the best performing fund of the decade proves one thing and one thing only. The dominant determinant of real-life, long-term investment outcomes is not investment performance—it's investor behavior

[Smart Money: The saga of the decade's best equity mutual fund – AlaskaHighwayNews.ca](#)

BUCKET LIST

From my partner John

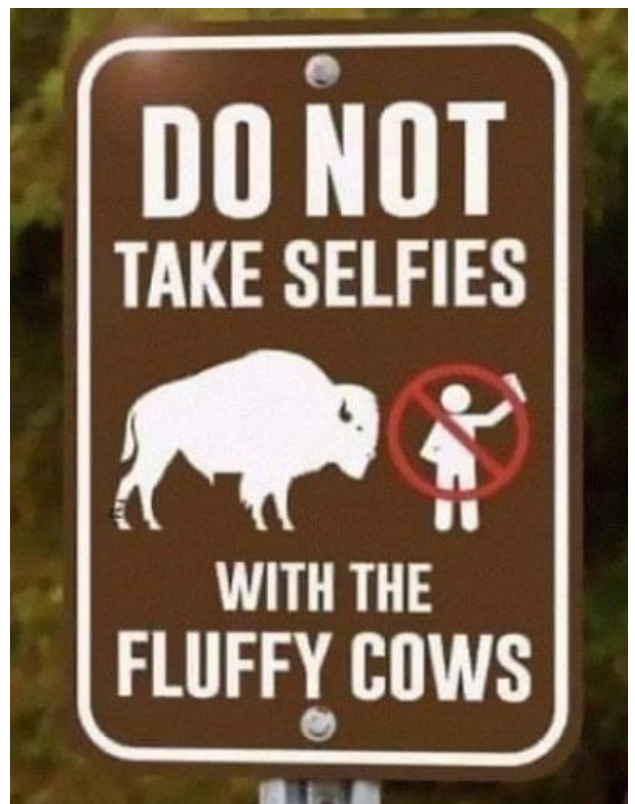
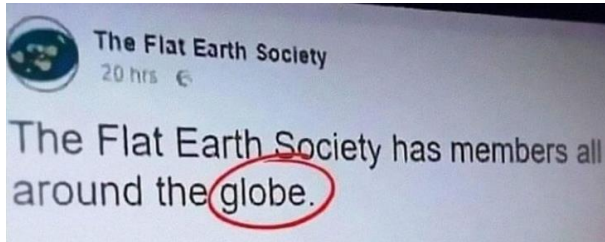
I'd better start saving...



FOR OUR POLITICIANS

“When a man who is honestly mistaken hears the truth, he will either quit being mistaken or cease being honest.” Abraham Lincoln.

EVEN MORE SIGNS





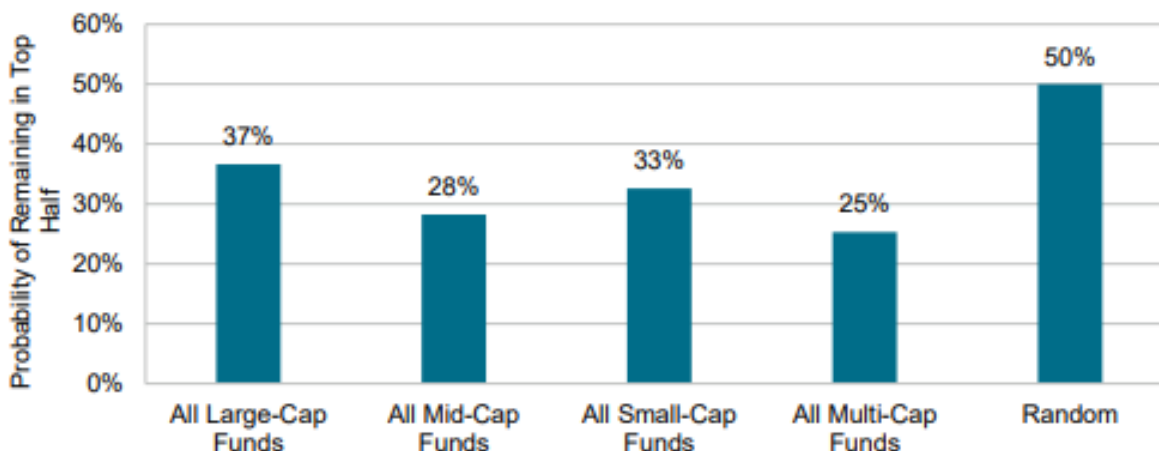
PERSISTENCE? NOPE

From the S&P Dow Jones U.S. Persistence Scorecard, Year-End 2022

Strong theoretical arguments and extensive empirical data support the expectation that most active managers should underperform most of the time. But *most active managers* are not *all active managers*, and *most of the time* is not *all of the time*. When we observe active management success, how can we tell whether it is the product of genuine skill or merely the result of good luck? One answer is that **results produced by genuine skill are likely to persist, while those due to luck are likely to prove ephemeral.**

The Persistence Scorecard is designed to address this question. Our report for year-end 2022 finds little evidence of persistent active management success despite considering a variety of metrics and lookback periods. Exhibit 1 illustrates the general point, using 10 years of return data for U.S. equity managers.

Exhibit 1: Top-Half Funds in Years 1-5 Did Not Repeat in Years 6-10



Source: S&P Dow Jones Indices LLC, CRSP. Data as of Dec. 31, 2022. Chart is provided for illustrative purposes. Past performance is no guarantee of future results.

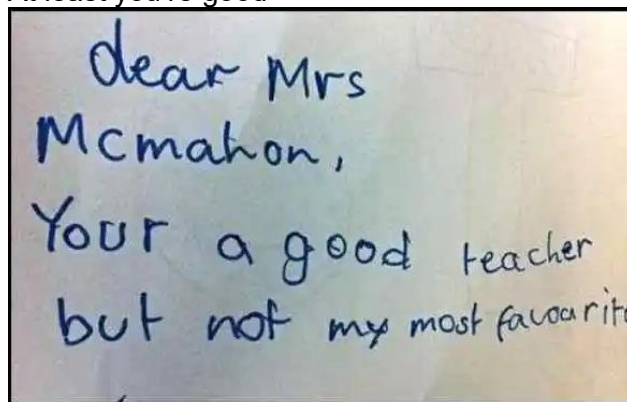
... we consider the above-median managers in each fund category for the first five years, and then ask what fraction of the initial set of top managers repeated their above-median performance in the second five years. If performance were completely random, we would expect 50% of the winners in the first five years to also win in the second five years; if substantially more than 50% of the winners repeated in the second interval, that might be evidence of consistent skill. **Results, however, fell well short of this mark.**

The moral is—don't count on chasing "hot" performers, even those with a sterling 5-year record.

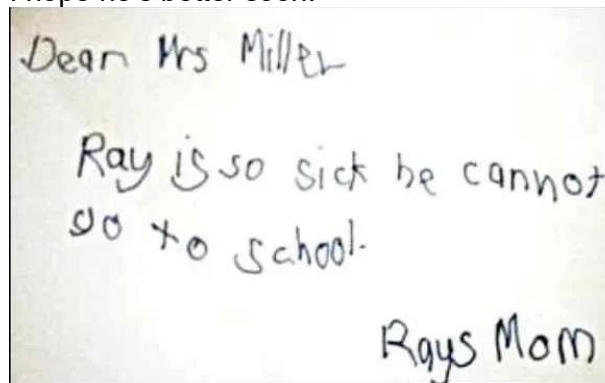
[U.S. Persistence Scorecard Year-End 2022 – S&P Dow Jones Indices](#)

KIDS

At least you're good



I hope he's better soon.



Maybe better next time

Dear God,
Thank you for
the baby brother
but what I prayed
for was a puppy
Joyce

Tough love

I won't Love
you if you
make me
clean my
Room

Things kids ponder

Dear God,
Who draws the lines
around the countries?
Nan

I like it, spells like me

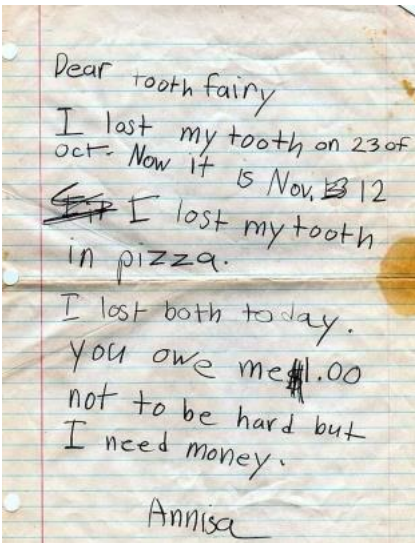
DO NOT
Disturb
Genius
inside

Tooth fairy is a tough job

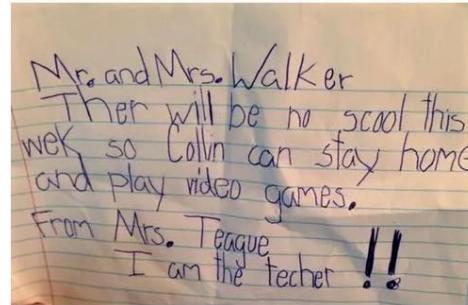
tooth fairy
please don't rip
me off. leave
Money for my tooth
I worked hard to
pull it out

I hope the tooth fairy took this trade...

Dear tooth fairy,
my tooth whint down
the drone. It was an
accident.
Will you take this
eyelash insted?
From
EMERSON



My kind of teacher



THIS IS SCARY

“...making it easier for investors to qualify as ‘sophisticated’ or ‘accredited’ in order to gain access to more complex securities, such as public placements...to ensure that all Americans have an opportunity to participate in the growth and success of our economy.”

I’m just a little biased—horse pucky, it just makes it easier for wirehouses to market questionable investments to naïve investors.

House Committee Passes Bills Aimed at Expanding ‘Accredited Investor’ Pool

The House Financial Services Committee passed several bills making it easier for investors to qualify as “sophisticated” or “accredited” in order to gain access to more complex securities, such as public placements.

The House Financial Services Committee approved several bills expanding retail investors’ access to unregistered securities and private placements, primarily through the expansion of the definition of “accredited investor.”

Among the bills approved is the Accredited Investor Definition Review Act, which would bestow the title on holders of certain certifications or credentials; the Equal Opportunity for All Investors Act, which aims to introduce a Financial Industry Regulatory Authority–administered test for “sophisticated-but-not-wealthy individuals” to qualify as accredited investors [can’t wait to see this test]; and the Fair Investment Opportunities for Professional Experts Act, aimed at expanding the pool of accredited investors

[House Committee Passes Bills Aimed at Expanding ‘Accredited Investor’ Pool - FinancialAdvisorIQ](#)

EVEN MORE MINDBOGGLING

I'm still shaking my head at this opinion in *MarketWatch*:

Outside the Box

Opinion: 'The average person who buys life insurance loses money.' Why you should buy stocks instead.

Instead of doling out monthly premiums, invest in the market with the expectation of earning more than a 2.5% yearly return.

Why would any well-informed person buy life insurance instead of investing the premiums directly with the expectation of earning more than a 2.5% return?

There are a few general principles. One is that insurance companies set their premiums so that they make money on average, which means that the average person who buys life insurance loses money...

...there is a fairly narrow window for when life insurance is needed: a window that begins when a person starts working and has others dependent on that income but has not yet accumulated substantial wealth, and ends when this person stops working or has accumulated substantial wealth. The perspective argues for a term insurance policy that covers that window of need and nothing more."

The only thing I agree with is that it's "Outside the Box."

To equate the purchase of life insurance with the alternative of investing in the market is absurd. Life insurance is not an investment, it's a risk management tool to protect against a potential risk (i.e., death or fire) at an unknown time. You might need it a day, a week, a month, or a year after purchasing it—not quite long enough for a market investment to grow to match the coverage amount. Consider fire insurance on your home. Would you really consider it a "poor" investment if your house never burns down?

General principles? Seriously, is anyone surprised that insurance companies set their premiums so that they make money? Do you really want to count on a company paying you on a claim if the company makes no money and goes broke?

Narrow window? From the time you begin working until you stop working "or accumulate substantial worth" is not a very "narrow window" for most people. As for not needing insurance in retirement, that may be true for many but not for those where a needed income stream (e.g., social security, pension, part-time income) ends on the death of one partner.

Term. Sounds good, unfortunately the premium is only guaranteed for a limited number of years. The "narrow window" may well be 40+ years, requiring multiple renewals of the term coverage with an unknown increase in cost at every renewal. And, that assumes that there is no health issue in the interim and you can even get coverage.

"Why would any well-informed person buy life insurance instead of investing the premiums directly with the expectation of earning more than a 2.5% return?" Of all the issues addressed in

developing a financial plan, I must admit that insurance is my least favorite; my interest is in general planning and investments. However, as I told my students, it's probably the most important. If I do an incredible job with my investment advice and they earn far more than average market returns, it will make little difference if there is no insurance coverage and a life event decimates the family income stream (e.g. death) or nest egg (e.g. property and casualty). Risk management is NOT investing, it's RISK MANAGEMENT.

[Opinion: 'The average person who buys life insurance loses money.' Buy stocks instead and your family will thank you. – MarketWatch](#)

BE VIGILANT!!

We are

Alarming Cybersecurity Statistics



*Around **85%** of data breaches are led by a human element.*



***44%** of adults felt more vulnerable to cyber attacks during the pandemic.*



*Every **39 seconds**, a cyber attack takes place.*



*Around **95** user credentials are stolen each second.*



*Phishing emails are used to launch **91%** of attacks.*



***47%** of cybercrime victims lose money due to the attack committed.*



*Every **14 seconds**, a ransomware attack takes place.*



*The annual damage from cybercrimes is projected to reach **\$10.5 trillion** by **2025**.*

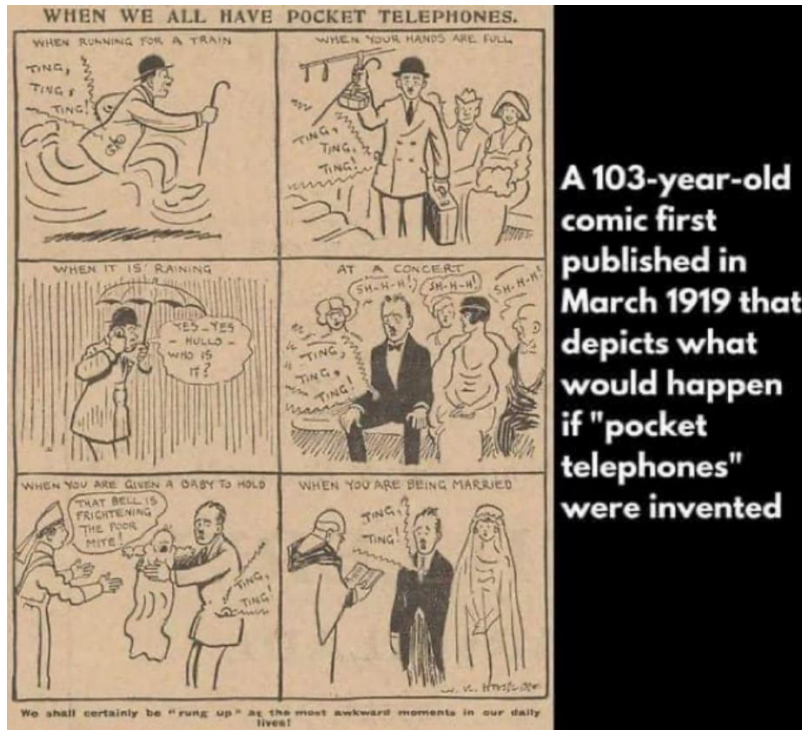
Source:
"https://www.enterpriseappstoday.com/stats/cybersecurity-statistics.html."

HARD TO BELIEVE

27,000 trees are cut down every day to supply the world's toilet paper.

[How Much Toilet Paper Do You Use? – Weaversway.coop](#)

20/20 FORESIGHT



CAN'T MAKE THIS UP

From my friends the Goldsteins

Florida couple arrested for selling tickets to heaven

A couple in Florida, Tito and Amanda Watts, were arrested a few days ago for selling "golden tickets to heaven" to hundreds of people.

They sold the tickets on the street for \$99.99 (about sh390,000) per ticket, told buyers the tickets were made from solid gold, and that each ticket reserved the buyer a spot in heaven — simply present the ticket at the pearly gates and you are in.

Tito Watts said in his police statement: "I do not care what the Police say. The tickets are solid gold. And it was Jesus who gave them to me behind the KFC and told me to sell them so I could get me some money to go to outer space. I met an alien named Stevie, who said if I got the cash together he would take me and my wife on his flying saucer to his planet that is made entirely of drugs. You should arrest Jesus because he is the one that gave me the golden tickets. I am willing to wear a wire and set Jesus up."

In her police statement, Amanda Watts said: "We just wanted to leave earth and go to space and do drugs. I did not do anything. Tito sold the golden tickets to heaven. I just watched."

Police said they confiscated over \$10,000 (sh39m) in cash, drug paraphernalia and a baby alligator.

 loloftheday BWJokes.com

If you think the headline is funny, read the article.

THERE IS NO END TO THE HYPE OF INCOME FUNDS

Here's one more example from a magazine for "professionals":

Tapping The Power Of Alternative Income ETF Strategies

The Simplify Volatility Premium ETF

When stock prices are rising and market conditions are calm, one profitable strategy is shorting U.S. stock market volatility via the VIX Index. This was popular until 2018 when volatility suddenly spiked, triggering the unexpected failure of exchange-traded notes that shorted the VIX.

Since then, the ETF industry has learned its lesson and come up with things like the Simplify Volatility Premium ETF (SVOL), an improved version of first-generation inverse VIX products.

... Its distribution yield was 17.67% at the end of the second quarter. The fund pays monthly dividends and does not requires filing a K-1.

The iShares 20+ Year Treasury Bond BuyWrite ETF

Another way to generate cash flow is by selling options on assets that produce steady income, like bonds and real estate. One fund that follows this approach is the iShares 20+ Year Treasury BuyWrite ETF (TLTW).

USCF Gold Strategy Plus Income Fund

This fund, whose ticker is "GLDX," offers gold investors a way to monetize their position. The fund uses a multi-layer strategy by selling gold call options and by collecting collateral interest income on gold holdings.

Summary

Using alternative income ETFs to enhance traditional income strategies is a winning strategy. Besides merely increasing a client's potential cash flow, it diversifies their income sources, creating income stability.

TOTAL RETURN???

From Inception to 4/27/2023

iShares 20+ Year BuyWrite Strategy	8/18/22 -2.92%
Simplified Volatility	5/12/2021 +12.95%
USCF Gold Strategy Plus Income	11/02/2021 +9.41%

I'll guarantee you 20% net/year for 5 years, no fees, tax free, or 10% net/year for 10 years, no fees, tax free.

Of course, at the end of the term your account will be at zero. Excellent, safe income but the Total Return is **ZERO**. You simply got paid back your original investment over time with no additional return!

[Tapping The Power Of Alternative Income ETF Strategies – FinancialAdvisor](#)

I REMEMBER



WOW!



TOO GOOD NOT TO SHARE

1. When one door closes and another door opens, you are probably in prison.
2. To me, "drink responsibly" means don't spill it.
3. Age 60 might be the new 40, but 9:00 pm is the new midnight.
4. It's the start of a brand new day, and I'm off like a herd of turtles.
5. The older I get, the earlier it gets late.
6. When I say, "The other day," I could be referring to any time between yesterday and 15 years ago.
7. I remember being able to get up without making sound effects.
8. I had my patience tested. I'm negative.
9. Remember, if you lose a sock in the dryer, it comes back as a Tupperware lid that doesn't fit any of your containers.
10. If you're sitting in public and a stranger takes the seat next to you, just stare straight ahead and say, "Did you bring the money?"
11. When you ask me what I am doing today, and I say "nothing," it does not mean I am free. It means I am doing nothing.
12. I finally got eight hours of sleep. It took me three days, but whatever.
13. I run like the winded.
14. I hate when a couple argues in public, and I missed the beginning and don't know whose side I'm on.
15. When someone asks what I did over the weekend, I squint and ask, "Why, what did you hear?"
16. When you do squats, are your knees supposed to sound like a goat chewing on an aluminum can stuffed with celery?
17. I don't mean to interrupt people. I just randomly remember things and get really excited.
18. When I ask for directions, please don't use words like "east."
19. Don't bother walking a mile in my shoes. That would be boring. Spend 30 seconds in my head. That'll freak you right out.
20. Sometimes, someone unexpected comes into your life out of nowhere, makes your heart race, and changes you forever. We call those people cops.

WHOOPS

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

Stocks in bear markets those analysts love:

For a broader list of 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...After removing duplicates, this left a list of 529 stocks.

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

Among the 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’s the list of those with a projected 40%+ 2022 return:

1D	5D	1M	3M	YTD	1Y	5Y	MAX	START DATE	END DATE	FREQUENCY													
								1/3/2022	12/30/2022	Daily													
×	–	PDD	+25.45		+45.37%	×	–	BIDU	-34.72		-23.29%	×	–	JD	-12.20		-17.85%	×	–	MELI	-486.70		-36.51%
×	–	CZR	-51.87		-55.49%	×	–	GNRC	-247.25		-71.07%	×	–	ALK	-11.13		-20.58%	×	–	PYPL	-123.72		-63.47%
×	–	CRWD	-93.04		-46.91%	×	–	TCOM	+9.26		+36.83%	×	–	TMUS	+25.57		+22.35%	×	–	ENPH	+80.51		+43.65%

A few winners but not nearly enough to make up for the losers. If you invested \$10,000 in each of these stocks (for a total \$120,000 investment) you’d have lost \$18,697.

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

BITCOIN

FROM THE YAHOO FINANCE BITCOIN CONVERSATION

Looking at the Fibonacci levels, we see that the 1-hour timeframe 0 Fibonacci level is at 27199, which is a strong support level. The 1-hour timeframe 0.5 Fibonacci level is at 27850, which is also a support level. The 1-hour timeframe 1 Fibonacci level is at 28501, which is a resistance level. The upper Bollinger band is at 28356, which is a strong resistance level. The lower Bollinger band is at 27570, which is a support level. The middle Bollinger band is at 27963, which is also a support level. Local support: 1-hour timeframe 0 Fibonacci at 27199, 24-hour low at 27200, 1-hour timeframe lower Bollinger band at 27570. Solid support: 1-hour timeframe 0.5 Fibonacci at 27850. Solid resistance: 1-hour timeframe 1 Fibonacci at 28501, 24-hour high at 28444, 1-hour timeframe upper Bollinger band at 28356.

Wow! I have no idea what all this means but it's **very** impressive!! It's amazing how someone (e.g., a technical analyst) can make nonsense sound like sophisticated science. Always leads me to wonder "why are you working for a living and not on your yacht?"

OPTIMISTS REMAIN

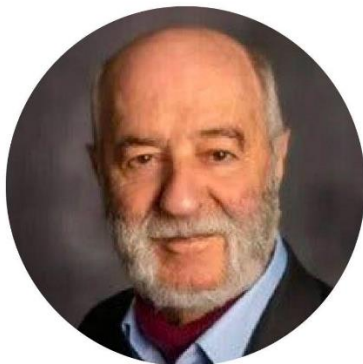
5/24 From the Yahoo Bitcoin Chat Forum

"Investing your money rightly is the best thing anyone would do and I can confidently say that the crypto/forex market is the only profitable investment you can ever think of doing."

Of course, skeptics remain: "Real companies have a P&L, revenue, growth opportunity, profit, products, perform audits, have employees. Bitcoin has nothing, and never will. Bitcoin is a digital Ponzi Fraud."

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

All my best,



Harold Evensky

FOUNDER

EVENSKY & KATZ / FOLDES WEALTH MANAGEMENT

Important Disclosure Information

Please remember that past performance is no guarantee of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by Evensky & Katz/Foldes Wealth Management ["EKF"]), or any non-investment related content, made reference to directly or indirectly in this commentary will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this commentary serves as the receipt of, or as a substitute for, personalized investment advice from EKF. EKF is neither a law firm, nor a certified public accounting firm, and no portion of the commentary content should be construed as legal or accounting advice. A copy of the EKF's current written disclosure Brochure discussing our advisory services and fees continues to remain available upon request or at www.evensky.com. **Please Remember:** If you are a EKF client, please contact EKF, in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services, or if you would like to impose, add, or to modify any reasonable restrictions to our investment advisory services. Unless, and until, you notify us, in writing, to the contrary, we shall continue to provide services as we do currently. **Please Also Remember to advise us** if you have not been receiving account statements (at least quarterly) from the account custodian.

Historical performance results for investment indices, benchmarks, and/or categories have been provided for general informational/comparison purposes only, and generally do not reflect the deduction of transaction and/or custodial charges, the deduction of an investment management fee, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that your EKF account holdings correspond directly to any comparative indices or categories. **Please Also Note:** (1) performance results do not reflect the impact of taxes; (2) comparative benchmarks/indices may be more or less volatile than your EKF accounts; and, (3) a description of each comparative benchmark/index is available upon request.

Please Note: Limitations: Neither rankings and/or recognitions by unaffiliated rating services, publications, media, or other organizations, nor the achievement of any professional designation, certification, degree, or license, membership in any professional organization, or any amount of prior experience or success, should be construed by a client or prospective client as a guarantee that he/she will experience a certain level of results if EKF is engaged, or continues to be engaged, to provide investment advisory services. Rankings published by magazines, and others, generally base their selections exclusively on information prepared and/or submitted by the recognized adviser. Rankings are generally limited to participating advisers (*see* link as to participation criteria/methodology, to the extent applicable). Unless expressly indicated to the contrary, EKF did not pay a fee to be included on any such ranking. No ranking or recognition should be construed as a current or past endorsement of EKF by any of its clients. **ANY QUESTIONS:** EKF's Chief Compliance Officer remains available to address any questions regarding rankings and/or recognitions, including the criteria used for any reflected ranking.