



EVENSKY & KATZ / FOLDES FINANCIAL  
— WEALTH MANAGEMENT —

NEWSLETTER VOLUME 14, NO. 6 | DECEMBER 2021

# Dear Reader:

## DID I READ THAT SIGN RIGHT?

*Toilet out of order. Please use floor below.*

*In a laundromat: Automatic washing machines: please remove all your clothes when the light goes out.*

*In a London department store: Bargain basement upstairs...*

*Outside a second-hand shop: We exchange anything – bicycles, washing machines, etc.*

*Why not bring your wife along and get a wonderful bargain?*

*Notice in health food shop window: Closed due to illness...*

*Spotted in a safari park: (I sure hope so.) Elephants, please stay in your car.*

*Message on a leaflet: If you cannot read, this leaflet will tell you how to get lessons.*

*On a repair shop door: We can repair anything. (Please knock hard on the door - the bell doesn't work.)*

*No comment necessary.*

## And from the headlines....

*Something Went Wrong in Jet Crash, Expert Says...Really?*

*Police Begin Campaign to Run Down Jaywalkers. Now that's taking things a bit far!*

*Panda Mating Fails; Veterinarian Takes Over. What a guy!*

*Miners Refuse to Work after Death. No-good-for-nothing! lazy so-and-so's!*

*Juvenile Court to Try Shooting Defendant. See if that works better than a fair trial!*

*War Dims Hope for Peace. I can see where it might have that effect!*

*Cold Wave Linked to Temperatures. Who would have thought!*

*London - Couple Slain; Police Suspect Homicide. They may be on to something!*

*Red Tape Holds Up New Bridges. You mean there's something stronger than duct tape?*

*Kids Make Nutritious Snacks. Do they taste like chicken?*

*Local High School Dropouts Cut in Half. Chainsaw Massacre all over again!*

*Typhoon Rips Through Cemetery; Hundreds dead*

## FIDUCIARY TIDBITS

*"You can't be a 75% Fiduciary." - Luis Aguilar*

*"Would you expect your butcher to recommend a veggie plate?" - Knut Rostad*

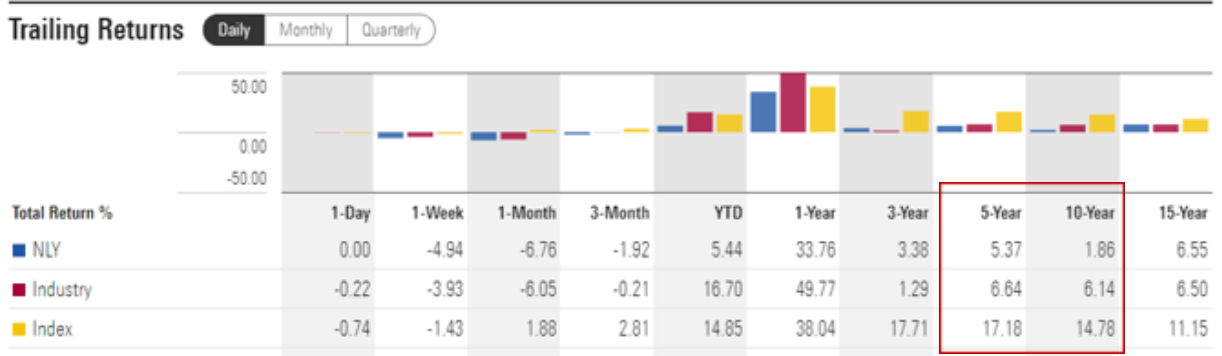
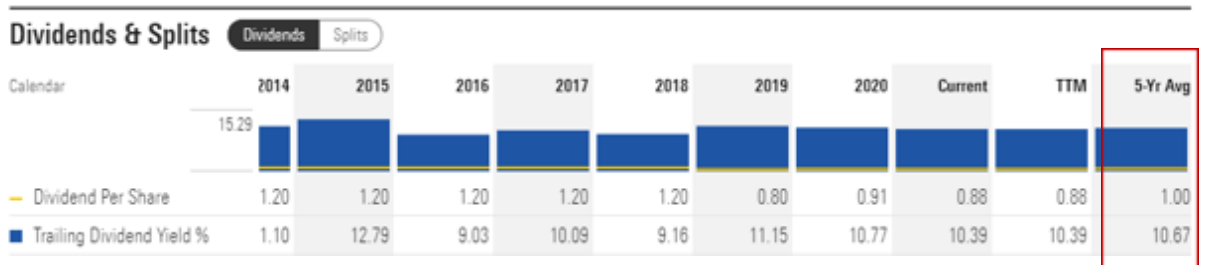
## 5 ULTRA-HIGH-YIELD DIVIDEND STOCKS THAT'LL MAKE YOU RICH

*"Arguably one of the safest ways to build wealth over the long run is to buy and hold the premier name among mortgage real estate investment trusts (REIT), Annaly Capital Management. Annaly has paid out over \$20 billion in dividends since its inception over two decades ago, and it's averaged a roughly 10% yield over the past 20 years." - Motley Fool*

One of my readers asked why I was picking on the Motley Fool. It's not really my intention to "pick on" anyone; however, it is my goal to educate my readers regarding what I consider, all too often, to be "financial pornography," i.e., financial news and tips that purport to provide special insight to winning market moves that are at best misleading and at worst dangerous to the readers' financial health. A major red flag is a headline that reads "That'll Make You Rich" in large font, bold.

Annaly Capital is a good example. It seems to be a well-managed firm with a long history of high dividend paying REITs. Unfortunately, focusing only on the dividend payout is like focusing on the trees and missing the forest. For investors, the focus needs to be on Total Return; i.e., what do you earn based on the combination of interest, dividends and capital gains (or losses). While, unlike fund performance, it's a bit difficult to compare an individual stock's total return to market indexes (distinguishing between price returns and total returns). Using data from Morningstar and Annaly provides enough information to suggest that, based on total return, NLY may be an OK investment, but compared to the broad market it's a poor alternative. Add to that the interest rate risk of a mortgage REIT at a time of historically low interest rates suggests it is unlikely to make you rich and it might even make you a bit poorer.

ANNALY CAPITAL MANAGEMENT (NLY)  
Data from Morningstar



Industry – Mortgage REITs; Index – Morningstar US Market

Data from Y Charts, our firm analytics

	Annaly	SPXTR (S&P 500 Total Return Index)
5Yr	5.1%	17.8%
10Yr	4.2%	15.0%

Data from Annaly

YTD	1 Yr	3 Yr	Jul 15, 2016	Jul 15, 2021	Go
<b>5 Yr</b>	10 Yr				

### Total Return for Selected Period

Shares	Share Price	Dividend	Total Return	Annualized Total Return
NYSE:NLY	-21.01%	+59.93%	+38.92%	+6.79%

### Total Return for Preconfigured Period, %

Shares	Year-To-Date	1 Year	3 Years	5 Years	7 Years	10 Years
NYSE:NLY	+5.33%	+34.72%	+16.00%	+39.87%	+67.61%	+51.60%

### Average Annualised Total Return Based on Last Closing Price, %

Shares	1 Year	3 Years	5 Years	7 Years	10 Years	15 Years
NYSE:NLY	+34.18%	+4.56%	+6.46%	+7.16%	+3.75%	+2.99%

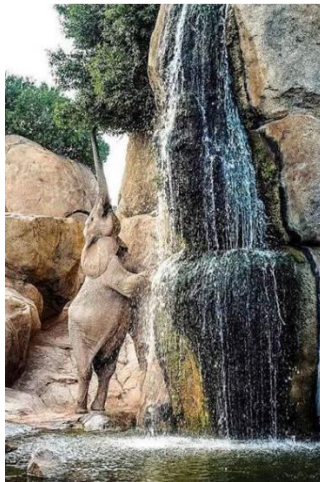
[5 Ultra-High-Yield Dividend Stocks That'll Make You Rich | The Motley Fool](#)



YOU GOT TO SMILE







## BETTER START SAVING

These are the most expensive cities in the world for 2021

1. Tel Aviv, Israel
2. Paris, France
2. Singapore
4. Zurich, Switzerland
5. Hong Kong, China
6. New York, U.S.
7. Geneva, Switzerland
8. Copenhagen, Denmark
9. Los Angeles, U.S.
10. Osaka, Japan

Luxurylaunches.com

## I KNEW YOU'D WANT TO KNOW

Merriam-Webster added 455 new entries in its dictionary; here are a few.

Air fryer

Oobleck - a mixture of corn starch and water that behaves like a liquid when at rest and like a solid when pressure is applied. Oobleck gets its name from the title of a story by Dr. Seuss, *Bartholomew and the Oobleck*.

Super-spreader

Vaccine passport

Dad bod - a physique regarded as typical of an average father; especially one that is slightly overweight and not extremely muscular.

Copypasta - data (such as a block of text) that has been copied and spread widely online. Copypasta can be a lighthearted meme or it can have a more serious intent, with a political or cultural message.

[At long last, 'copypasta' and 'air fryer' have been added to the dictionary \(mashable.com\)](#)

## NOW THERE'S A SOBERING HEADLINE

*A Prudential executive said the number of U.S. deaths was more than three times what the company had hoped.*

And I hope that made them happy.

[U.S. Working-Age COVID-19 Mortality Shocks Life Insurers | ThinkAdvisor](#)

## SILLY ME. I ALWAYS THOUGHT WALL STREET WAS A PLACE

Turns out it's a person with a crystal ball.

*3 Ultra-High-Yield Dividend Stocks With 42% to 50% Upside, According to Wall Street*

[3 Ultra-High-Yield Dividend Stocks With 42% to 50% Upside, According to Wall Street | The Motley Fool](#)

## FROM MY DESK CALENDAR

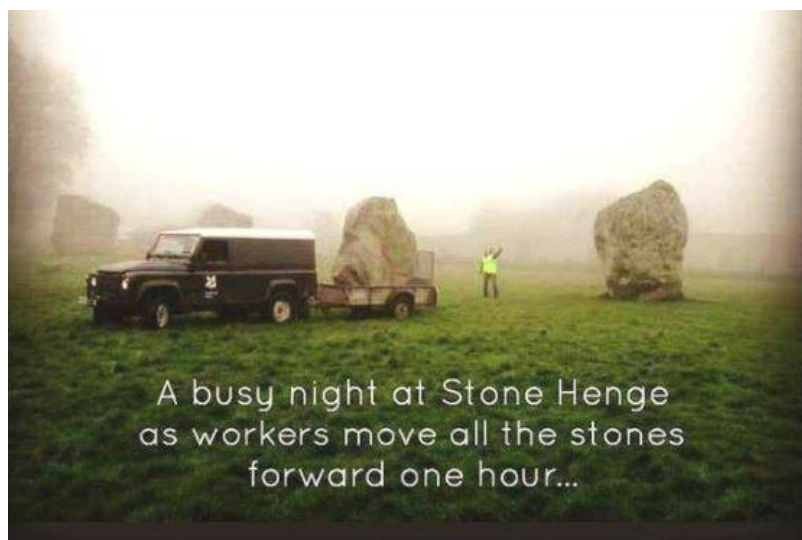
"I don't want to tell you any half-truths unless they're completely accurate." boxing Manager Dennis Rappaport (Sounds like today's politicians)

"Growing old – it's not nice, but it's interesting." Playwright August Strindberg

"In the early 1950s, during a debate on troubles in the Middle East, Warren Austin, an American diplomat and US delegate to the United Nations, strongly advised Jews and Arabs to 'sit down and settle their differences like Christians.'" (Also sounds like today)

## WHEN GOING BACK TO STANDARD TIME

From Freddie



And keeping with the ancient theme...

## Kids exploring ancient ruins



## NEW REPORT SHOWS WHY BITCOIN WILL PROBABLY NEVER BE A VIABLE FORM OF CURRENCY

“Every single Bitcoin transaction – even just buying a Flat White – consumes at least \$100 worth of electricity, a new report has found.

The study, which was conducted by *MoneySuperMarket* worked out the kWh cost per transaction for various cryptocurrencies, including Bitcoin, Ethereum, Bitcoin Cash, Litecoin, Ethereum 2.0, Cardano, Dogecoin and XRP.

The most sobering part of the study (for those that reckon Bitcoin could be useful in the future as a transaction tool), was as follows: even small transactions, like buying a chocolate bar, or paying for lunch at a cafe, require a substantial amount of electricity.

The report found that each Bitcoin transaction guzzles 1,173-kilowatt hours of electricity. To put this into perspective, that amount of energy could power the typical UK home for more than three months at a cost of roughly £125 (\$173), based on a fixed cost of £0.11 (\$0.148) per kWh, the study’s authors claim.”

### [New Report Shows Why Bitcoin Will Probably Never Be A Viable Form Of Currency \(dmarge.com\)](#)

I can’t vouch for the credibility of this article but there is little question that the creation of bitcoin requires a staggering amount of electricity. The following is from the *New York Times*.



## ***BITCOIN USES MORE ELECTRICITY THAN MANY COUNTRIES***

“Amount of household electricity required to mine one coin: a few seconds’ worth. Bitcoin’s value: basically nothing.

Today, you’d need a room full of specialized machines, each costing thousands of dollars.

Amount of household electricity required: 9 years’ worth. (Put in terms of a typical home electricity bill: about \$12,500.)

Cryptocurrencies have emerged as one of the most captivating, yet head-scratching, investments in the world. They soar in value. They crash...

And in the process of simply existing, cryptocurrencies like Bitcoin, one of the most popular, use astonishing amounts of electricity...

The process of creating Bitcoin to spend or trade consumes around 91 terawatt-hours of electricity annually, more than is used by Finland, a nation of about 5.5 million...

That usage, which is close to half-a-percent of all the electricity consumed in the world, has increased about tenfold in just the past five years...

The Bitcoin network uses about the same amount of electricity as Washington State does yearly, more than a third of what residential cooling in the United States uses up.”

[Bitcoin Uses More Electricity Than Many Countries. How Is That Possible? - The New York Times \(nytimes.com\)](https://www.nytimes.com/2017/07/27/technology/bitcoin-uses-more-electricity-than-many-countries-how-is-that-possible.html)

And for a far more insightful view of the issue

### ***HERE ARE THE THOUGHTS OF MY PARTNER JOSH:***

This repercussion was discussed prior to Bitcoin’s creation. It was justified in the same way gas used for mining gold is justified, and somewhat reasonably so, as the transaction cost is also the coin creation cost. The parabolic rise in coin value has allowed for a misallocation of computing power that will eventually normalize naturally, as parabolic growth cannot continue forever. Once the coin value increases at a lower rate than cost of production, then electrical usage will drop, because it will be less profitable to mine. This, of course, will leave the chain more susceptible to a hack and the eventual complete debasement of the currency. Bitcoin is programmed to die in the year 2140, but will very likely die before (and substantially so, though it is by no means imminent).

As we move along, we’ll see proof of stake become more popular (like Ethereum is either doing or is soon to do) because it requires much less electricity, and so has a higher end break even.

Eventually, the currencies will be destroyed, and a reasonable amount of misallocated wealth along with it. First by currency debasement (currently happening with Bitcoin futures contracts effectively creating synthetic derivatives) and finally by hacking once quantum computers are composed of sufficient qubits and someone decides to end blockchain ledger keeping. The most advanced quantum computer currently in existence is

in the only country that to my knowledge has made crypto investing illegal (China). Their top of the line quantum computer contains 66 qubits vs IBM's 65. IBM plans to have a 1000 qubit quantum computer running by 2023, which is likely within a couple dozen qubits of being able to crack most if not all blockchain ciphers.

Once a company or government has the necessary computing power and decides to exploit the blockchain, I would expect to see the activation of cold wallets en-mass, though controlled enough to fly under the radar for as long as possible. This would allow for the extraction of tens to hundreds of billions before the occurrence was detected and the currency driven to zero.

In other words, the electrical usage is not likely to persist over the long run.

### ***FINALLY, AN ALTERNATIVE OPINION:***

America will have digital dollars accessible through smartphones and computers within a few years.

Treasury Secretary Janet Yellen and Federal Reserve Governor Lael Brainard, who may be the next Fed Chairman or Vice Chairman for Supervision, have expressed strong interest in a digital currency. The benefits are compelling...

Bank-sponsored credit cards and payment processors impose 1.5 to 3.5 percent charges on merchants to process payments to cover theft, consumer defaults and still make a nice profit. Fees are smaller but still substantial for debit cards and other direct electronic payments, mostly owing to the absence of credit risk and regulation.

The essence of a digital currency is that everyone could have an account directly at Federal Reserve regional banks. We could pay merchants and monthly bills directly through Fed payments systems with fewer fees.

Eliminating all those layers and most fees could save consumers billions of dollars and shorten payment time from days to hours. With appropriate encryption and eliminating multiple layers of transactions, it would be more secure...

Digital dollars are an imperative, not a choice.

*Peter Morici is an economist and emeritus business professor at the University of Maryland and a national columnist.*

**[Digital currency is an imperative, not a choice - Washington Times](#)**

I'll let you know in 2030 who got it right.

## COOL HISTORY

From Judy

I guess there is nothing new under the sun.



When the automobile economy looked so different  
Charging an electric car in 1905



Chicago Rush Hour, 1909

Sure looks better than Chicago



The Streets of New York City in 1908

Cool dudes



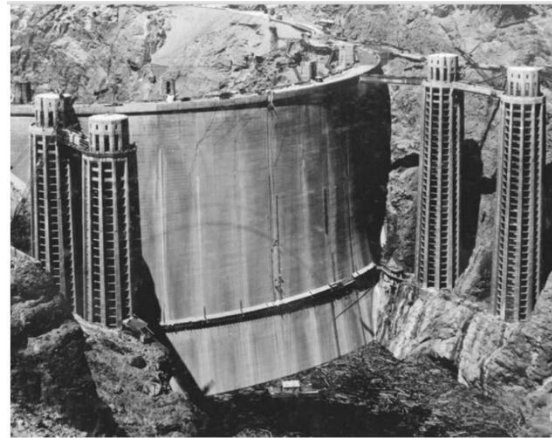
William Harley and Arthur Davidson, 1914



Still not finished



Gaudi's Sagrada Família in Barcelona, 1915



The rarely seen back of the Hoover Dam before it filled with water 1936

Still a great view



View from the top on the opening day of the Empire State Building, 1931

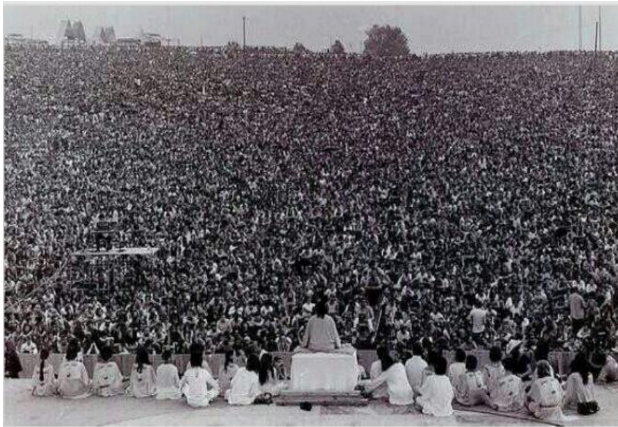


The famous Hollywood sign, which originally said 'Hollywoodland'. The last four letters were removed in 1949.



Al Capone's free soup kitchen, Chicago, 1931

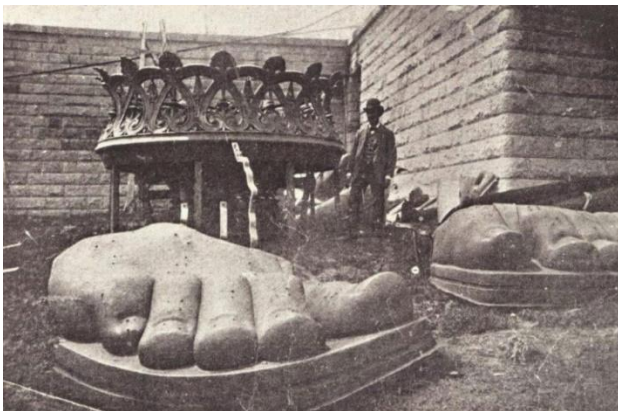
Wish I had been there



Opening ceremony of Woodstock, 1969



When the Jacksons were a happy family 1970



Feet of the Statue of Liberty arrive on Liberty Island 1885

## BE WARY OF AFFINITY MARKETING

### *Christian-Based 'Money Doctor' Gets Three Life Terms For Ponzi Scheme*

A Texas radio host who called himself the "Money Doctor" and mixed Christian doctrine with financial advice has been sentenced to multiple life prison sentences for running a Ponzi scheme that defrauded senior citizens out of millions of dollars.

William Neil "Doc" Gallagher, 80, was sentenced to three life terms, plus another 30 years, after pleading guilty to the crime in August, according to the Tarrant County Criminal District Attorney's Office in Fort Worth, Texas. The prison sentence adds to a 25-year sentence that was issued after Gallagher pleaded guilty to similar charges in Dallas County last year...

"He ruthlessly stole from his clients who trusted him for almost a decade. ... He amassed \$32 million in loss to all of his clients and exploited many elder individuals. He worked his way around churches preying on people who believed he was a Christian."

As a radio host who paid for his own airtime on three stations in the Dallas area, Gallagher was known for his homespun, Christian-based financial advice, and books such as "Jesus Christ, Money Master." Gallagher, 80, ran the Gallagher Financial Group, which he advertised on Christian radio with the tagline, "See you in church on Sunday," prosecutors said.

Affinity marketing includes marketing measures that use the relationship of a person to a larger group with similar interests. In affinity marketing, the social involvement of individuals in groups is used to carry an advertising message more effectively.

Unfortunately, these scams are often based on religious affiliations.

The SEC has a good paper on avoiding these scams.

### [Affinity Fraud: How to Avoid Investment Scams That Target Group](#)

#### **AND THE ANSWER IS?**

*From my little sister and cousin Fran*

Why doesn't Tarzan have a beard when he lives in the jungle without a razor?

Why do we press harder on a remote control when we know the batteries are flat?

Why do banks charge a fee on 'insufficient funds' when they know there is not enough?

Why do Kamikaze pilots wear helmets?

Why does someone believe you when you say there are four billion stars, but check when you say the paint is we?

Why is it that people say they 'slept like a baby' when babies wake up every two hours?

How is it that we put man on the moon before we figured out it would be a good idea to put wheels on luggage?

Did you ever stop and wonder.....

Who was the first person to look at a cow and say, 'I think I'll squeeze these pink dangly things here, and drink whatever comes out?'

Who was the first person to say, 'See that chicken there... I'm gonna eat the next thing that comes outta it's bum.'

Why do toasters always have a setting so high that could burn the toast to a horrible crisp, which no decent human being would eat?

If quizzes are quizzical, what are tests?

If corn oil is made from corn, and vegetable oil is made from vegetables, then what is baby oil made from?

If electricity comes from electrons, does morality come from morons?

*Unfortunately they didn't provide answers.*



## TIME TO REBALANCE YOUR PORTFOLIO?



### [Here's Why It Might Be A Good Time To Rebalance Your Portfolio](#)

#### HUBRIS

*From my partner, David*

While I'll admit I'm biased, decades of research and real world experience persuades me there really isn't a pot of gold at the end of the rainbow. I'm confident they are cruzin' for a bruzin'.

*Rich Millennials to Financial Advisers: Thanks For the Golf Invite, But You Can't Invest My Money*

"Wealthy young investors don't see much use for the wealth-management firms their parents rely on. They would rather pick their own stocks or plow their money into crypto."

Deena's observation – "Well, they will be begging to see you when they have lost it all. My favorite line was a doctor who came to see me and said, 'Deena, I have lost my shirt. Please keep me from losing my pants.' "

[Rich Millennials to Financial Advisers: Thanks for the Golf Invite, but You Can't Invest My Money - WSJ](#)

#### GOOD NEWS

*From my friend, Judy*

If you think you are suffering memory loss... Anosognosia . . .

In the following analysis, the French Professor Bruno Dubois Director of the Institute of Memory and Alzheimer's Disease (IMMA) at La Pitié-Salpêtrière - Paris Hospitals addresses the subject in a rather reassuring way:

"If anyone is aware of their memory problems, they do not have Alzheimer's."  
It often happens in people 60 years and older that they complain that they lack memory.

"The information is always in the brain, it is the "processor" that is lacking."  
This is "Anosognosia" or temporary forgetfulness.

Half of people 60 and older have some symptoms that are due to age rather than disease.  
The most common cases are:

- forgetting the name of a person,
- going to a room in the house and not remembering why you were going there,
- a blank memory for a movie title or actor, an actress
- a waste of time searching where we left our glasses or keys ..

After 60 years most people have such a difficulty, which indicates that it is not a disease but rather a characteristic due to the passage of years ..

Many people are concerned about these oversights hence the importance of the following statement:

"Those who are conscious of being forgetful have no serious problem of memory."  
"Those who suffer from a memory illness or Alzheimer's are not aware of what is happening."

Professor Bruno Dubois, Director of IMMA, reassures the majority of people concerned about their oversights: "The more we complain about memory loss, the less likely we are to suffer from memory sickness."

## **INFLATION**

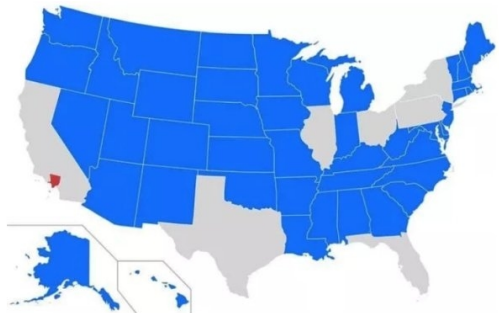
The Tampa Bay Rays and the 20-year-old shortstop agreed to an 11-year deal worth \$182 million, with an option for a 12th year for a total of \$223 million.

[Wander Franco agrees to contract extension with Tampa Bay Rays](#)

# AMAZING MAPS



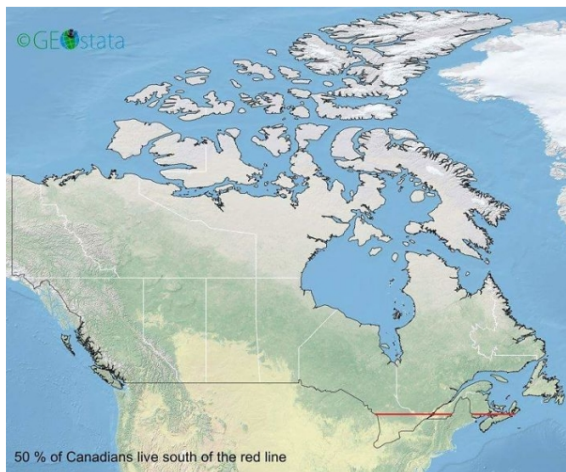
The Red and Orange Sections Have Equal Populations - now I can see why the founding Fathers insisted on an Electoral College!



The States shown in Blue above Have A Smaller Population Than Los Angeles County



You Can Fit the Entirety of Poland Into Texas And Still Be Able To Drive Around It



50 % of Canadians live south of the red line  
50 Percent Of Canadians Live South Of The Red Line

## HOPE SPRINGS ETERNAL

From a Twitter posting by Jason Zweig

The board of the nation's largest pension fund (California Public Employees' Retirement System) voted Monday to use borrowed money and alternative assets to meet its investment-return target, even after lowering that target just a few months ago.

The move by the \$495 billion California Public Employees' Retirement System reflects the dimming prospects for safe publicly traded investments by households and institutions alike and sets a tone for increased risk-taking by pension funds around the country.

Chasing the end of the rainbow?

I agree with one of the respondents to Jason's posting. "Something tells me this won't end well..."

[Jason Zweig \(@jasonzweigwsj\) / Twitter](#)

## MORE B.S.

*Realty Income ("O"): This High-Yield Dividend Aristocrat Is Your Retirement Inflation Salvation*

"When inflation hit 6.2% in October, REITs were the #1 investment strategy that month." WOW! #1 for the month! Nothing like a "long term" view.

The article waxes eloquent for a dozen or so pages on the beauty of "O" but Morningstar's September analysis is a bit less positive.

### **Risk and Uncertainty** | Updated Sep 01, 2021

Realty Income has been increasing the average quality of its tenants, but about half are not investment-grade. The company has also reduced the overall concentration in its tenants over time, but more than half of its net operating income is still concentrated in its top 20 tenants, and 6 tenants represent more than 3% of its NOI, so issues at any of these top tenants could negatively affect Realty Income's revenue.

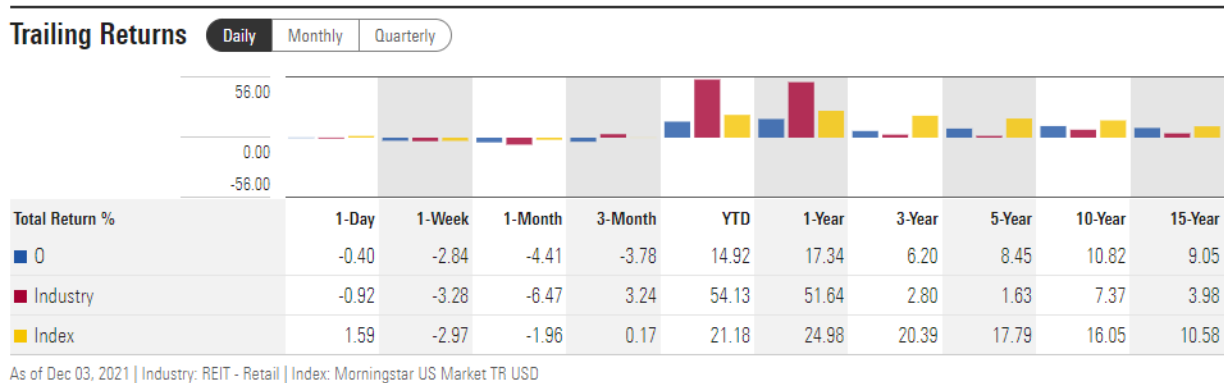
Realty Income's properties are generic shells that can attract a wide number of possible tenants. However, there is nothing unique about the properties that can't be recreated by other developers. Barriers to entry are very low, given the small size of the properties and that the cost to build is generally around \$5 million. And the triple-net lease structure reduces the burden of management for the landlord, increasing the number of potential investors in the space. Any economic gains created by a specific property will likely attract competitors that will quickly eliminate those gains.

Realty Income's dependence on acquisitions to drive growth makes it subject to changes in the private markets and capital markets. Additional competition from well-capitalized investors could drive up prices and force Realty Income to either pursue fewer acquisitions, acquire at lower cap rates, or reduce the quality of properties it acquires. On the other end, Realty Income depends on regular debt and equity issuances to fund acquisitions. A drop in stock price or a rise in interest rates will increase the cost to acquire, which narrows the spread between the

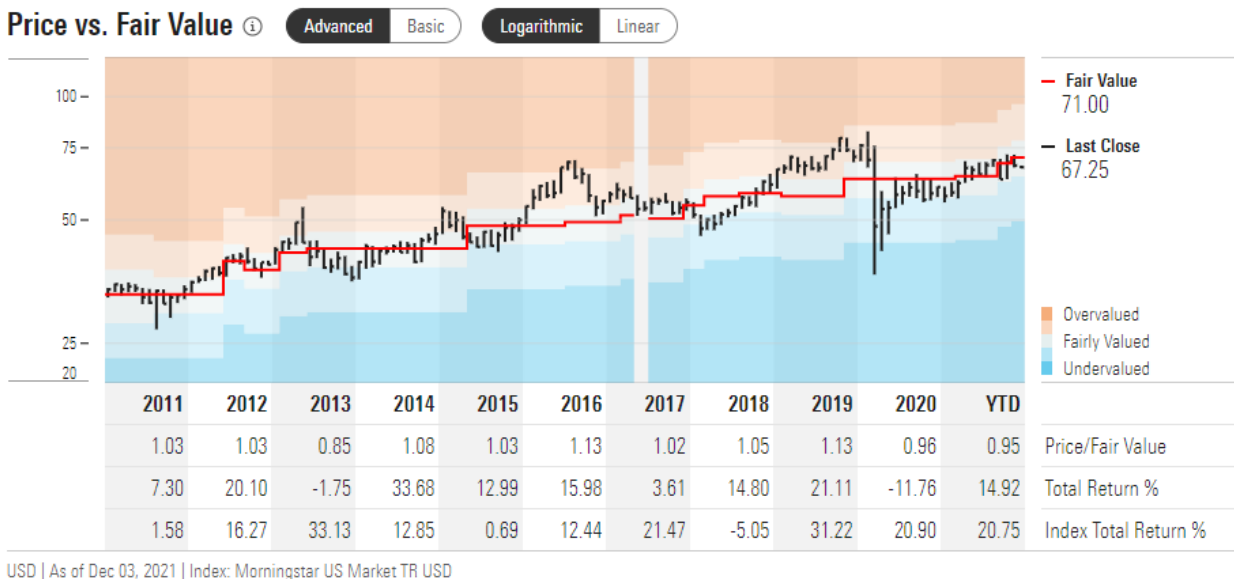
company's weighted average cost of capital and the acquisition cap rate, and reduce the value it can create from external growth.

The company may face environmental, social, and governance risks that would negatively affect its portfolio or cash flows. These include properly maintaining the safety of the buildings, paying a competitive wage to employees, and accounting for the future impact of climate change.

Finally, it looks good compared to the REIT Index but take a look at the returns compared to a total U.S. Market index.



On an annual basis it looked good in 2011, 2014, 2015 & 2018 but not so great in 2013 and more recently in 2019, 2020 and YTD (12/3/2021)



Bottom line, you would have been far better off the last 3, 5, 10 and 15 years with a broad based domestic total return ETF.

[Realty Income: This High-Yield Dividend Aristocrat Is Your Inflation Salvation \(NYSE:O\) | Seeking Alpha](#)

[Realty Income Corp \(O\) Stock Analysis - XNYS | Morningstar](#)



## T SHIRT WISDOM

Glossary of engineering terms

Percussive maintenances - Whack it with your fist.  
High impedance air gap - It's not plugged in.  
Cycle power to the panel - Turn off, then turn on again.  
Thermally reconfigured - It melted.  
Kinetic disassembly - It blew up.

It's weird being the same age as old people.

I'm not arguing; I'm explaining why I'm right.

I'm going to lie down under the tree to remind my family I'm a gift.

90 percent of being married is yelling, "What?!" from other rooms.

And so ends another week without me winning the lottery.

All dogs are therapy dogs. Most are just freelancing.

I sometimes wonder what happened to people who have asked me for directions.

I came, I saw, I forgot what I came for.

## YOU CAN STILL LOSE IT ALL IN CRYPTOCURRENCIES

Some thoughtful musings about crypto.

"Putting money to work in [cryptocurrencies](#) remains far from a normal investing exercise, which is something people with grand visions (note this number of people is growing as cryptos reach the mainstream) of getting rich off of dogecoin or Shibu Inu in under 12 hours need to be reminded of consistently...

Buying a crypto — despite all the hype of them being an amazing asset class and must-own "things" for the next decade — is not like buying a share of stock in Starbucks or JPMorgan Chase...

With Starbucks or JPMorgan, you get quarterly earnings releases, earnings calls, investment bank presentations and media appearances by execs. You generally know how these large, well-known companies are doing financially and likely to do in the years ahead...

But crypto is an entirely different ballgame with extreme periods of volatility, no financial statements and no execs. It simply just exists, and thrives on hype and speculation and crumbles on any number of fears that could appear out of thin air. In other words, you could lose your shirt while investing in cryptocurrencies if you truly do not understand what you are signing up for...

The losing your shirt aspect is only rising in probability as more sophisticated investors get involved in the crypto space and employ an array of trading tactics...just learn as much as you can on crypto before dabbling. That knowledge could make the difference between losing all of your capital or earning a nice return to go spend on something real like a watch, car, home or JPMorgan shares.”

[Why you can still lose it all in cryptocurrencies: Morning Brief](#)

## **REARRANGE THE LETTERS**

Wouldn't want to play whoever created these in Scrabble. From my friend, Leon.

Presbyterian: Best In Prayer

Astronomer: Moon Starer

Desperation: A Rope Ends It

The Eyes: They See

George Bush: He Bugs Gore

Election Results: Let's Recount

Snooze Alarms: Alas! No More Z'S

A Decimal Point: I'm A Dot In Place

## **RETURNS, VALUES, AND OUTCOMES: A COUNTERFACTUAL HISTORY**

A sobering (but not surprising) analysis sent to me by my friend Craig Lazzara, Managing Director, Index Investment Strategy S&P Dow Jones Indices

I thought you might be interested in the attached recent paper. We used long-term return data for the S&P 500 and data on active management from our SPIVA database to model the active-passive decision on a long-term (i.e. 40-year) basis. It won't surprise you to hear that the passive advantage, which is substantial enough in any given year, is overwhelming over a much longer period.

### ***EXECUTIVE SUMMARY***

In this paper, we construct a counterfactual history of the last 40 years of U.S. equity returns, and explore what those histories could imply for investment policy.

Although the range of possible outcomes is quite wide, one consistent conclusion is that long-term investors in large-capitalization U.S. equities would have been advantaged by choosing passive rather than active management.

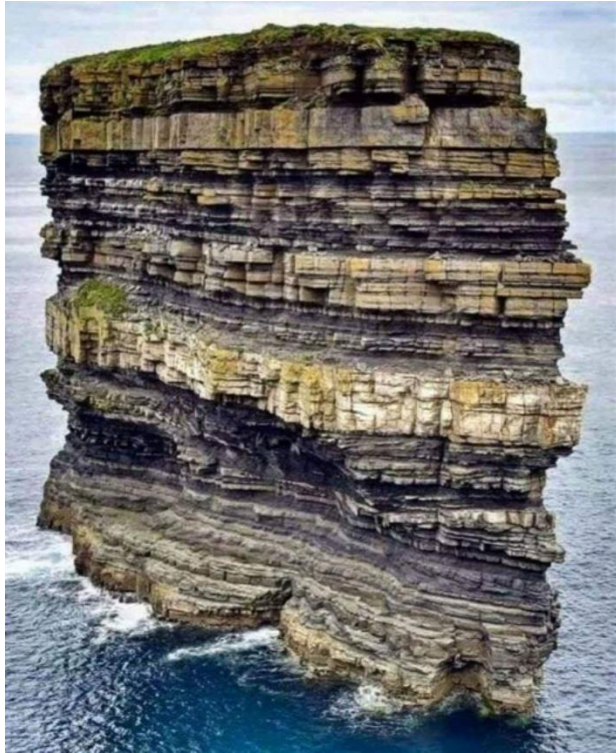
### ***FINAL THOUGHTS***

Long-term investment results depend on a number of variables that an investor is powerless to influence. We don't know the true distribution of equity market returns; we can't control what the draws from that distribution will be during the years that are relevant for us; we can't choose the order in which those returns occur. One thing the investor can control is the choice

between active and passive management. Overwhelmingly, the data show that passive portfolios outperformed active portfolios.

### [Returns, Values, and Outcomes: A Counterfactual History](#)

## THIS IS WHAT A MILLION YEARS LOOKS LIKE



**12/2/2021**

In case you missed this very special day. **The date is rare: It reads the same way forward, backward and upside down. That makes it a palindrome and an ambigram.**

1 2 0 2 2 0 2 1

[Read more here](#)

## A PICTURE'S WORTH A 1000 WORDS

From my friend Alex



## WHOOOPS

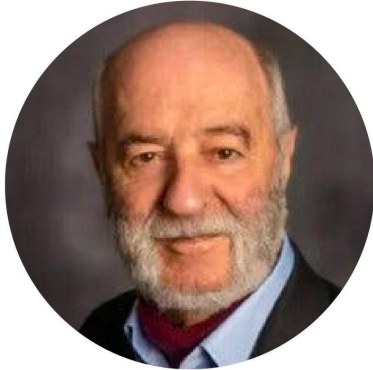


## NO EXPLANATION NECESSARY



## BEEP BEEP !!





## Harold Evensky

**FOUNDER**

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