



EVENSKY & KATZ / FOLDES
— WEALTH MANAGEMENT —

NEWSLETTER VOLUME 17, NO. 1 | February 2024

Looking For Big-Time Income? Check Out This 9.5%-Yielding Dividend Stock

“A cash flow-generating machine. MPLX’s diversified mainstream operation generates lots of steady cash flow backed by fee-based contracts and government-regulated rate structures.”

A really good story, but no bananas. I can never figure out why the media—particularly the Motley Fool—continues to harp on current cash flow and not total return (but it does—and generally to the detriment of retail investors who focus on the tree and ignore the forest).

	<u>5 Year</u> <u>(02/01/2019-</u> <u>02/01/2024)</u>	<u>Inception</u> <u>(10/26/2012-</u> <u>02/01/2024)</u>
MPLX	84.7%	220.2%
IVV (S&P 500)	97.2%	329.1%

<https://www.fool.com/investing/2023/11/05/looking-for-big-time-income-check-out-this-94-yiel/>

Mindboggeling

I just don’t understand how they keep publishing this nonsense. *How To Generate \$100,000 Of Retirement Income Without Selling Your Principal (on an investment of \$1,000,000 3/21/2021)*

	<u>3YR Total Return</u> <u>(02/01/2021 - 02/01/2024)</u>	<u>5YR Total Return</u> <u>(02/01/2019-02/01/2024)</u>
QYLD	10.5%	-26%
QYLG	21.2%	
PSLDX	-4.2%	77.55
AGEYX	7.8%	21.6%
GOF	-0.5%	31.9%
IVV (S&P 500)	36.22%	97.2%

<https://www.investors.com/ibd-videos/videos/without-selling-your-principal-how-to-generate-100000-of-retirement-income>

Even More Mindboggeling

Risky Exchange-Traded Notes In Spotlight With Arrival Of 'XXXX'

My friend, Taft, shared an interesting piece of news with me:

The MAX S&P 500 4X Leveraged ETNs, which launched last week with the eye-catching XXXX ticker, promise to quadruple the daily returns of the benchmark index. That makes them the highest-leveraged trade of their kind currently available to American investors, according to CFRA Research. They charge a fee. of 0.95%.

The issuer, Bank of Montreal and MAX (BMO's brand for leveraged and inverse products), say that the exchange-traded notes are intended only for sophisticated investors who can actively monitor their investments and who understand the potential consequences of buying this type of vehicle.

Forewarned is Forearmed.

I have to admit, the issuer's prospectus warns investors.

"The return on the MAX SPX 500 4X Leveraged ETN is linked to a four times leveraged participation in the daily performance of the S&P 500 Total Return Index, minus the applicable fees and charges. The ETNs are not "buy and hold" investments and should not be expected to provide four times leveraged return of the underlying index's cumulative return for periods greater than a day.

The notes are riskier than securities that have intermediate- or long-term investment objectives [what an understatement!] and aren't suitable for investors who plan to hold them for a period other than one day or who have a 'buy and hold' strategy...Investors should actively and continuously monitor their investments in the notes, even intraday. It is possible that you will suffer significant losses in the notes even if the long-term performance of the Index is positive. You should proceed with extreme caution in considering an investment in the notes."

[my emphasis]

Risky is a gross understatement. I think one of the commentators said it best "Is this a stock market, or a casino?"

I vote for casino.

[Risky Exchange-Traded Notes In Spotlight With Arrival Of 'XXXX' \(fa-mag.com\)](http://fa-mag.com)

Classics

The story of a classic – making *We are the World*.

- [Netflix doc 'Greatest Night in Pop' explores 'We are the World' origin \(usatoday.com\)](http://usatoday.com)
- <https://www.youtube.com/watch?v=6eF597ncWBQ>
- <https://www.youtube.com/watch?app=desktop&v=p34sK9AYQN4>

And another of my favorites: *I'd Like to Teach the World to Sing*

- <https://www.youtube.com/watch?v=KW9cuta7mdE>

How to Make a Million in the Stock Market—Start With 2 Million

If the MAX SPX sounds interesting to you, here are some thoughts raised by an article about how to day trade. It reminded me of the old Wall Street joke about how to make money in the market [start with \$2 million]. Although the article was chock full of warnings, it still suggests that day trading is a viable option. Here's some excerpts from the article [along with my thoughts].

Day Trading: The Basics and How to Get Started

Day trading can turn into a lucrative career (as long as you do it properly) [Ah!! Here's the catch!!!]. But it can be challenging for novices—especially those who don't have a well-planned strategy. And be aware that even the most seasoned day traders can hit rough patches and experience losses. Day trading demands access to some of the most complex financial services and instruments in the marketplace. [a massive understatement]

- **Access to a Trading Desk:** This is usually reserved for traders who work for larger institutions or those who manage large amounts of money. The trading or dealing desk provides these traders with instantaneous order execution, which is crucial; i.e. David vs Goliath and I think both will lose.
- **Multiple News Sources:** The typical trading room has access to all of the leading newswires, constant coverage from news organizations, and software that constantly scans news sources for important stories.
- **Analytical Software:** Automatic pattern recognition, genetic and neural applications, broker integration, backtesting

The percentage of day traders who achieve profitability is relatively low. Various studies and broker reports suggest that a small fraction of day traders consistently make profits over the long term. Estimates vary, but it's commonly accepted that only around 10% to 15% of day traders are successful over time. I'd love to see this research.

Risks of Day Trading

The U.S. SEC highlights some of the risks of day trading, which are summarized below:

- **Be prepared to suffer severe financial losses**
- **Day trading is an extremely stressful full-time job**
- **Day traders depend heavily on borrowing money:** Day-trading strategies use the leverage of borrowed money to make profits. Many day traders not only lose all of their own money, they wind up in debt.
- **Don't believe claims of easy profits:** [Day Trading: The Basics and How to Get Started \(investopedia.com\)](#)

The cross-section of speculator skill: Evidence from day trading

- We document economically large cross-sectional differences in the before- and after-fee returns earned by speculative traders by analyzing day traders in Taiwan from 1992 to 2006. ... Less than 1% of the day trader population is able to predictably and reliably earn positive abnormal returns net of fees. [what happened to the 10% - 15%?]
- [The cross-section of speculator skill: Evidence from day trading - ScienceDirect \(2013\)](#)

The profitability of day trading: An empirical study using high-quality data

- This study investigates the profitability and characteristics of day trading in the KOSPI 200 futures market, one of the largest and most remarkable index futures markets in the world. By using a high-quality data set that classifies various investors into a number of key categories and provides detailed information on their identity, we find that domestic individuals face substantial losses from day trading and that individual day traders who trade more frequently and heavily are more likely to suffer such losses.
- [The profitability of day trading: An empirical study using high-quality data: Investment Analysts Journal: Vol 41, No 75 \(tandfonline.com\) \(2012\)](#)

What a Tragic Story

JPMorgan is in a Fight Over its Client's Lost \$50 Million Fortune

“By the time Peter Doelger signed the paperwork to have JPMorgan Chase & Co. handle his fortune, he had built a company spanning the US, sold it to a conglomerate, and bet the proceeds on stocks and oil beating the markets. By 78, he said he was worth at least \$50 million. And according to his family, he was starting to show signs of dementia.

What followed over the next half-decade was an almost total wealth wipeout, as Peter’s wife, Yoon, said they increasingly depended on JPMorgan’s advice for managing their portfolio, only to watch it lurch ever closer to zero. They ended up with \$1.5 million, selling their Boston condo and moving in with relatives.”

Caveat Emptor

[JPMorgan is in a Fight Over Its Client's Lost \\$50 Million Fortune \(fa-mag.com\)](http://fa-mag.com)

Whoops!

Billions Wiped Out As Dividend ETF Trade On Wall Street Misfires (11/27)

“Reeling from a bear market last year, beaten-up investors decided to send more than \$60 billion to exchange-traded funds focusing on dividends.

Eleven months later, the trade is misfiring.

Rather than give shelter in a stormy season, the largest dividend ETFs have been left behind by a tech-obsessed market whose biggest proxies have surged 15% or more. At the bottom of the leader board is the \$18 billion iShares Select Dividend ETF (ticker DVY), down 5.4% on a total return basis ...

It’s the latest lesson on the dangers of market timing. Investors wanted exposure to companies with a history of paying out profits as a precaution amid the Federal Reserve’s most aggressive tightening cycle in 40 years. Instead, they were saddled with underperforming companies that proved especially vulnerable when yields shot higher.”

I’m hoping my readers took to heart my ongoing rantings and warnings about ignoring “income” investing and market timing and are focusing on total return. That advice that helped you avoid being in the “lost billions crowd” is why REAL wealth managers like Evensky & Katz earn their fees.

[Billions Wiped Out As Dividend Stock ETF Trade On Wall Street Misfires \(fa-mag.com\)](http://fa-mag.com)

It's a Dog-Eat-Dog World Out There

Just so you know, in the brokerage world, you're a commodity, not a client. Brokerage firms pay big bonuses and premiums for brokers to change firms and bring on new clients—however, they see the relationship as one between the client (a commodity) and the firm, NOT the client and the advisor.

Prudential Seeks TRO Against FAs Who Jumped to Osaic

In a complaint filed last week, Prudential accused a trio of formerly affiliated advisors of breaching their post-employment non-competition, non-solicitation and confidentiality obligations during their jump to Osaic earlier this month.

Morgan Stanley Claws Back \$80K+ from Merrill FA

A broker who left Morgan Stanley for Merrill Lynch last August, was ordered to repay a promissory note plus legal fees.

Financial Advisor IQ news@financialadvisoriq.com

I'm a Financial Advisor: I'd Invest my first\$5,000 in These 6 Stocks

When I saw this headline, my kneejerk response was to be apoplectic. Then I read the story and I discovered the author was recommending consideration of ½ dozen very generic stock and bond ETFs, not individual stock. His final recommendation was “If you were using this strategy for a 60/40 portfolio starting at \$5,000, for example, you'd invest \$3,000 in a total stock market fund and \$2,000 in a total bond market fund. Index funds provide instant diversification by passively tracking an entire index. This takes the guesswork out of picking individual stocks. They tend to have low fees as well.” Not bad advice, just a lousy headline.

[I'm a Financial Advisor: I'd Invest My First \\$5,000 in These 6 Stocks | GOBankingRates](#)

OUCH!

“No one wants to be known as the largest wealth destroyer — especially when the S&P 500 is rising. But that's exactly what Morningstar is calling Cathie Wood's ARK Family of funds.”

Wow, and I thought I was being tough on Ms. Woods.

[S&P 500: Morningstar Calls Cathie Wood The Worst 'Wealth Destroyer' | Investor's Business Daily \(investors.com\)](#)

More Fun Signs...And a Diet Coke Please

Seriously, I don't know exactly when the UFO landed and dumped off all these stupid people.

But apparently they aren't coming back for them...



I'M AT THE AGE WHERE MY MIND STILL THINKS I'M 29, MY SENSE OF HUMOR SUGGESTS I'M 12, WHILE MY BODY MOSTLY KEEPS ASKING IF I'M SURE I'M NOT DEAD YET.

Hundred bucks says there's a coyote under there!



Some Really Helpful Signs



Caveat Emptor

Financial Advisers Have an Alphabet Soup of Credentials. What do They Mean?

Excerpts from an excellent *Wall Street Journal* article by Susan McGee, one of the most thoughtful financial media reporters.

“Today, the Financial Industry Regulatory Authority’s website lists a total of 235 credentials that you may find decorating the business card of a financial adviser. The number of professional credentials that financial advisers can add to their business cards has just exploded in recent years,” says Patrick Lach, an assistant professor of finance at Indiana University Southeast.

Most of these new specialties are designed to provide professionals training in specific niches of financial planning and give them a way to advertise that specialty to clients. But it can be tough for investors to know if those titles hold much value. There are no industry wide standards for certifications, and the requirements for getting them vary widely. So, investors need to do legwork to figure out what their adviser’s title really represents.

Mr. Lach, for one, is a financial adviser who can add nine letters to his name: Ph.D., CFA (chartered financial analyst) and CFP (certified financial planner). Acquiring those qualifications took him thousands of hours, he calculates—so he was startled to encounter other advisers with credentials that could be acquired with a weekend-long program and multiple-choice test.

“It was a wake-up call,” says Mr. Lach, who now is researching the potential for credentials to mislead individual investors. “Given the amount of damage that less competent or skilled advisers can do, the combination of a lack of universal educational requirements and these sometimes fly-by-night credentials is alarming.”

“I suspect that a significant majority of them are just designed to enhance someone’s résumé,” says Harold Evensky, a veteran financial adviser and founder of Evensky &Katz/Foldes Wealth Management. “Certainly, no governing agency exists to warn people what’s useful and what is more of a marketing gimmick.”

<https://www.wsj.com/articles/financial-advisers-credentials-meaning-11673037375>

Is Schwab’s Dividend ETF better than SPDR’s Dividend ETF?

I think this is the wrong question. Dividends versus Total Return. I think I’ll be writing about this for ever.

5 Year Total returns through 2/5/2024

Schwab U.S. Dividend	80.15%
SPDR Dividend	46.28%
iShares S&P 500	96.3 %

[Is Schwab's Dividend ETF Better Than SPDR's Dividend ETF? | The Motley Fool](#)

Good to Know

- You never know where this may come up in a conversation...
- Any prime number higher than three, when squared and subtracted by one, will always turn out to be a multiple of 24.

Go figure. AND...

- When written down, the word “almost” is the longest word in English language to have all of its letters in alphabetical order.
- Arachibutyrophobia is the fear of peanut butter sticking to the roof of the mouth.
- Only 2% of the world’s population has green eyes.
- Using a hands-free device to talk on the phone while driving is shown to be equally or more dangerous than drunk driving.

Don’t you feel smart now?

An Attorney’s Good Advice

From my friend Leon

- The next time you order checks, have only your initials (instead of first name and last name) put on them. If someone takes your checkbook, they will not know if you sign your checks with just your initials or your first name but your bank will know how you sign your checks.
- When you are writing checks to pay on your credit card accounts, DO NOT put the complete account number on the “For” line. Instead, just put the last four numbers. The credit card company knows the rest of the number and anyone who might be handling your check as it passes through all the check processing channels won’t have access to it.
- Do not put your phone number on your checks. If you have a P.O. Box, use that instead of your home address. If you do not have a P.O. Box, use your work address.
- Place the contents of your wallet on a photocopy machine. Do both sides of each license, credit card, etc. You will know what you had in your wallet and all of the account numbers and phone numbers to call and cancel. (Keep the photocopy in a safe place. Also make a photocopy of your passport when you travel abroad.)
- My wallet was stolen. Within a week, the thief ordered an expensive monthly cell phone package, applied for a VISA credit card, had a credit line approved to buy a computer, received a PIN number from DMV to change my driving record information online, and more.

Here’s some critical information to limit the damage in case this happens to you or someone you know:

- Keep your card numbers and toll-free numbers handy so you know whom to call.
- Cancel your credit cards immediately.
- File a police report immediately in the jurisdiction where it was stolen. This proves to credit providers you were diligent and is a first step toward an investigation (if there is one).
- Call the three national credit reporting organizations immediately to place a fraud alert on your name and Social Security number. The alert means any company that checks your credit knows your information was stolen and they have to contact you by phone to authorize new credit.

I Like It!

86% of Older Americans Credit Working with a Financial Advisor to Being Retirement Ready
[86% of Older Americans Credit Working With a Financial Advisor to Being Retirement Ready | The Motley Fool](#)

Whoops

“There is one thing about Goldman Sachs that is always consistent; they are ‘bullish.’ Of course, given that the market is positive more often than negative, it ‘pays’ to be bullish when your company sells products to hungry investors.

It is important to remember that Goldman Sachs was wrong when it was most important, particularly in 2000 and 2008.

However, in keeping with its traditional bullishness, Goldman’s chief equity strategist David Kostin forecasted the S&P 500 will climb by 9% to 5100 at year-end 2022. As he notes, such will “reflect a prospective total return of 10% including dividends.”

The problem, of course, is that the S&P 500 did NOT end the year at 5100. Instead, it ended at 3839.50.

How about more recently? Here were the big firms’ predictions for 2023.

WALL STREET YEAR-END 2023 TARGETS FOR S&P 500		
Firm	S&P 500 Target	% Above 2022 Close
Barclays Bank	3675	-4.55%
Societe Generale	3800	-1.30%
Morgan Stanley	3900	1.30%
UBS	3900	1.30%
Citi Group	3900	1.30%
Bank of America / Merrill Lynch	4000	3.90%
Goldman Sachs	4000	3.90%
Credit Suisse	4050	5.19%
RBC	4100	6.49%
JP Morgan	4200	9.09%
BMO	4300	11.69%
Wells Fargo	4400	14.29%
Deutsche Bank	4500	16.88%
<i>as of 12/19/22</i>	Median Target	3.90%
	Closing Price* (*Estimate)	3850

In fact, it ended at 4,769.

Fun Stuff

From my cousin Fran:

- So now cocaine is legal in Oregon, but straws aren't. That must be frustrating.
- Do paranoid people check behind their shower curtains for murderers. If you do find one, what's your plan?
- We live in a time where intelligent people are silenced so that stupid people won't be offended.
- The biggest joke on mankind is that computers have begun asking humans to prove they aren't a robot.
- Last night the internet stopped working so I spent a few hours with my family. They seem like good people.
- If Adam and Eve were Cajuns, they would have eaten the snake instead of the apple and saved us all a lot of trouble.
- I just got a present labeled, 'From Mom and Dad,' and I know darn well Dad has no idea what's inside.
- Apparently, exercise helps you with decision-making. It's true. I went for a run this morning and decided I'm never going again.

From my friend Judy:

- "Nothing spoils a good story more than the arrival of an eyewitness." -Mark Twain
- Being a little older, I am very fortunate to have someone call and check on me every day. He is from India and is very concerned about my car warranty.
- I choked on a carrot this morning, and all I could think of was, "I'll bet a doughnut wouldn't have done this to me."
- One thing no one ever talks about when it comes to being an older adult, is how much time we devote to keeping a cardboard box because it is, you know, a really good box.
- I can't believe I forgot to go to the gym today. That's seven years in a row, now.
- If you drop something when you were younger, you just picked it up. When you're older and you drop something, you stare at it for just a bit contemplating if you actually need it anymore.
- I like to make lists. I also like to leave them laying on the kitchen counter, and then guess what's on the list when I am at the store.
- As I watch this generation try to rewrite history, one thing I am sure of is that it will be misspelled and have no punctuation.
- I put our scale in the bathroom corner & that's where the little liar will stay until it apologizes.
- When I was a kid, I used to watch The Wizard of Oz & wonder how someone could talk if they didn't have a brain. Then I got Facebook. (Or Instagram or X).
- I just burned 1,200 calories. I forgot the pizza in the oven.
- I hate it when people act all intellectual and talk about Mozart when they've never even seen one of his paintings.

Politics

- “If God wanted us to vote, he would have given us candidates.” -Jay Leno
- “The problem with political jokes is they get elected.” -Henry Cate, VII
- “We hang the petty thieves and appoint the great ones to public office.” -Aesop
- “Politicians are the same all over. They promise to build a bridge even where there is no river.” - Nikita Khrushchev
- “When I was a boy, I was told that anybody could become President; I'm beginning to believe it.” -Clarence Darrow
- “Politicians are people who, when they see light at the end of the tunnel, go out and buy some more tunnels.” -John Quinton
- “Politics is supposed to be the second-oldest profession. I have come to realize that it bears a very close resemblance to the first.” -Ronald Reagan
- Politics is the gentle art of getting votes from the poor and campaign funds from the rich, by promising to protect each from the other.” -Oscar Ameringer
- “I offer my opponents a bargain: if they will stop telling lies about us, I will stop telling the truth about them.” -Adlai Stevenson
- “A politician is a fellow who will lay down your life for his country.” -Tex Guinan
- “Instead of giving a politician the keys to the city, it might be better to change the locks.” -Doug Larson

Go Figure

An Advisor Benched 18 Months Over Illiquid Alts Sales, Falsified Docs

Financial Industr Regulatory Authority (FINRA) claims that over three years, the advisor recommended that nine customers buy a total of more than \$2.35 million in illiquid alternative investments...He also earned more than \$132,900 in commissions from the recommendation.

In addition, FINRA alleges that the advisor or his assistants falsified the customers' reported net worth and risk tolerance, annual income, liquidity needs, and his accredited-investor status on customer information forms.

Last month, the advisor consented to an 18-month suspension and \$21,797.30 in restitution as well as a fine of \$15,000 without admitting or denying FINRA's allegations.

If I got this right, the advisor earned \$132,900 and was fined \$36,797.30. And he can start doing it again in 1 ½ years. Go figure.

[Financial Advisor IQ - FA Benched 18 Months over Illiquid Alts Sales, Falsified Docs](#)

More Fun Things

From my friend Judy

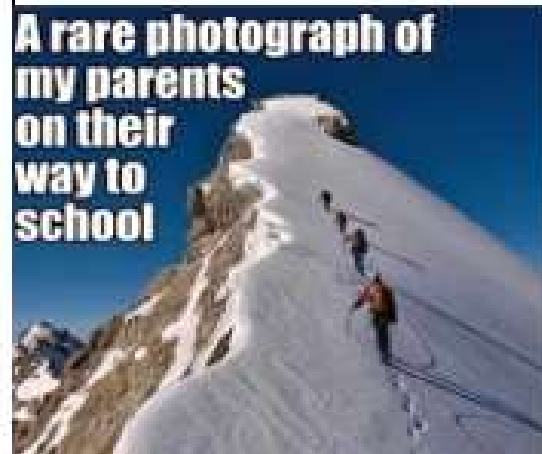


WOMAN:
Shampoo for
dry and
damaged hair.

MAN:
6 in 1 shampoo
for hair, face,
body, carpet, car
and dishes.



"He's complaining of chest pain, shortness of breath, cramps and dizziness. Do you sell earplugs?"



People who ask me what I'm doing tomorrow probably assume that I even know what day of the week it is.

Apparently there are 2 types of flu. The harmless one that women and children get, and the "near death" version that men get.



A thousand words can be generated by just this one picture. This is Tesla's roadside assistance vehicle filling up at the gas pump.



COFFEE IN HAND, SUPPLIES AT THE READY,
ALICE SETTLES IN, WAITING FOR THE
FIRST TELEMARKETER TO CALL.

Not Always Wrong

The 12 Best Stocks to Buy for 2023 (Kiplingers)

1D	5D	1M	3M	YTD	<u>1Y</u>	5Y	MAX	START DATE	END DATE	FREQUENCY																																																																			
								12/13/2022	12/14/2023	Daily																																																																			
×	-	AMZN	+54.93		+59.39%	×	-	AMD	+66.35		+92.60%	×	-	DECK	+317.66		+83.56%	×	-	HAL	-1.11		-3.00%	×	-	REXR	+0.84		+1.49%	×	-	TMUS	+16.29		+11.59%	×	-	WDAY	+93.45		+52.70%	×	-	MTDR	-1.60		-2.76%	×	-	MRK	-5.03		-4.54%	×	-	LULU	+163.03		+49.97%	×	-	ADM	-16.81		-18.03%	×	-	AMGN	+4.06		+1.49%	×	-	IVV	+72.31		+17.99%

Average 27%; S&P 18%

[12 Best Stocks to Buy for 2023 | Kiplinger](#)

Ark Invest went shopping on Monday, adding to some of Wood's hardest-hit stocks. Adobe (ADBE); Telsa (TSLA) and Global-e (GLBE) are three of the existing positions that she added to on January 9, 2023.

1D	5D	1M	3M	YTD	<u>1Y</u>	5Y	MAX	START DATE	END DATE								
								12/13/2022	12/14/2023								
×	-	ADBE	+242.18		+70.72%	×	-	TSLA	+90.10		+55.98%	×	-	GLBE	+15.88		+69.56%

[Cathie Wood Goes Bargain Hunting: 3 Stocks She Just Bought | The Motley Fool](#)

Just remember, a stopped watch is always right twice a day.

	<u>1 Year Total Return (02/01/2023 - 02/01/2024)</u>	<u>5 Year Total Return (02/01/2019 - 02/01/2024)</u>
ARK through 2/20/2023	10.41%	10.25%
S&P 500 (IVV)	21.06%%	97.189%

Broker vs. Investment Advisor

You may often read (and I write frequently) about the differences between a broker (a suitability standard) and an investment advisor (fiduciary). I thought it might be useful to provide a real example, so below is an excerpt from Edward Jones' compensation disclosure. It is a very clear, honest and straight forward description of the typical brokerage relationship with their clients:

When we do business with you, the firm and our financial advisors benefit from fees commissions and other payments from you and our investment providers. **These financial incentives may create a conflict between Edward Jones' interest, your financial advisor's interest, and your own.** We believe that the best investor is a well-informed investor. This disclosure document gives you information about how we are compensated and potential conflicts of interest. We encourage you to read all disclosure information and understand the fees, commissions, potential conflicts and costs for our services before you invest or borrow money...

How is Edward Jones compensated for financial services? ***We earn our revenue from our clients, as well as from product providers and money managers*** (“third parties”) who assist us in providing the investments and services that we offer you.

Our revenue from clients includes:

- Commissions you pay when you buy or sell equities and fixed income investments (this applies when we act as agent or broker)
- Markups and markdowns when you buy or sell securities (this applies primarily to bonds, when we act as principal buying and selling from our own inventory)
- Sales loads (sales charges), commissions or concessions derived from the offering and sale of various managed investments such as mutual funds, unit investment trusts (“UITs”), insurance and annuities
- Transaction fees on the purchase or sale of certain equity and fixed income products in brokerage accounts

Our revenue from third parties includes:

- Revenue sharing on the products you purchase and hold from mutual fund and insurance companies... Payments from mutual fund and insurance companies in the form of distribution and/or service fees (12b-1 fees), trail commissions, or renewal commissions, which are fully described in the applicable prospectus or offering document
- Payments from mutual fund companies when we provide shareholder accounting and/or networking services on their behalf for our clients’ holdings of the mutual funds’ securities
- Payments from insurance companies when we provide services for Inforce Contract Service Agreements
- Revenue, including management and distribution and/or service fees (12b-1 fees) arising from our ownership of the investment adviser to the Edward Jones Money Market Fund
- Payments from Elan Financial Services for the activation and use of an Edward Jones credit card
- Revenue, including management and distribution and/or service fees (12b-1 fees) arising from our ownership of the investment adviser to the Edward Jones Money Market Fund
- Payments from Elan Financial Services for the activation and use of an Edward Jones credit card
- Underwriting discounts or concessions connected to new offerings of equity, fixed income or other investments
- Payments from UIT sponsors in the form of gross acquisition profits and volume concession
- A portion of the fees paid by issuing companies to Broadridge Investor Communications Solutions, Inc., an unaffiliated third-party vendor with which we contract to distribute proxies, periodic reports and voting instruction information to our clients
- Payments from the Edward Jones Trust Company for the referral and ongoing support of accounts managed by the Edward Jones Trust Company
- Payments from third parties to offset expenses for financial advisor regional meetings

How is your financial advisor compensated for financial services? ... Your financial advisor generally receives between 36% and 40% of the revenue Edward Jones receives from asset-based fees, transactional revenue, ongoing 12b-1 fees, trail commissions, and revenue from premiums generated by activity in your accounts. Financial advisors with less tenure at the firm may have a payout level below the general range.”

[Understanding How We Are Compensated for Financial Services \(edwardjones.com\)](http://edwardjones.com)

The Investment Advisor compensation relationship is a bit simpler.

There are no commissions, markups, markdowns, sales loads, commissions, or concessions derived from the offering and sale of various managed investments; transaction fees on the purchase or sale of any equity and fixed-income products; revenue-sharing on the products you purchase from mutual fund and insurance companies; payments from mutual fund and insurance companies in the form of distribution and/or service fees (12b-1 fees), trail commissions, or renewal commissions, payments from mutual fund companies for shareholder accounting and/or networking services, payments from insurance companies for services, revenue, including management and distribution and/or service fees (12b-1 fees), profits from our trading activities, underwriting discounts or concessions any portion of fees paid related to reports and voting instruction information to our clients, payments for referrals and payments from third parties to offset expenses for financial advisor regional meetings

100% of the compensation is paid by the client directly to the advisor.

Looking For a Job?

I know I'm a bit biased, but that doesn't mean it's not true. If you (or your child, grandchild or friend) is looking for a job that has strong compensation, good work-life balance, and provides a sense of meaning and purpose. I have the answer.

According to a recent study, the median total compensation (including base salary, variable pay, company profits, and profit sharing) for financial planners in 2022 was \$198,500. As might be expected, compensation tends to increase with years spent working as a planner, with those having less than 5 years of experience receiving a median of \$100,000 total compensation in 2022, compared to \$250,000 for those with more than 20 years of experience.

The study also found that the benefits of working as a financial planner go beyond cash compensation, with 80% of CFP professionals surveyed rating their work-life balance as either "good" or "excellent." The study also found that many Certified Financial Planner (CFP) professionals achieve a sense of purpose from their work, with 46% of those surveyed reporting a "very high" level of personal fulfillment from their work and another 38% saying that it was "somewhat high."

[Financial Planner Compensation Trends | CFP Board](#)

Heavens to Mergatroyd!

For my "old" friends, a little nostalgia:

- The other day a not-so-elderly woman (I'd say 75) said something to her son about driving a jalopy; and he looked at her and said, "What the heck is a jalopy?" He had never heard of the word jalopy! She knew she was old ...But not that old.
- Well, I hope you are Hunky Dory when you read this and chuckle.
- About a month ago, I illuminated some old expressions that have become obsolete because of the inexorable march of technology. These phrases included: Don't touch that dial; Carbon copy; You sound like a broken record; and Hung out to dry.
- Back in the olden days, we had a lot of moxie. We'd put on our best bib and tucker, to straighten up and fly right.
- Heavens to Betsy!
- Gee whillikers!
- Jumping Jehoshaphat!
- Holy Moley!
- We were in like Flynn and living the life of Riley; and even a regular guy couldn't accuse us of being a knucklehead, a nincompoop, or a pill. Not for all the tea in China!
- Back in the olden days, life used to be swell, but when was the last time anything was swell? Swell has gone the way of beehives, pageboys, and the D.A.; of spats, knickers, fedoras, poodle skirts, saddle shoes, and pedal pushers.
- Oh, my aching back! Kilroy was here, but he isn't anymore.

We wake up from what surely has been just a short nap, and before we can say, "Well, I'll be a monkey's uncle!" Or "This is a fine kettle of fish!"

We discover that the words we grew up with, the words that seemed as omnipresent as oxygen have vanished with scarcely a notice from our tongues and our pens and our keyboards. Poof, go the words of our youth. Where have all those great phrases gone?

Long gone:

- Pshaw, The milkman did it.
- Hey! It's your nickel.
- Don't forget to pull the chain.
- Knee-high to a grasshopper.
- Well, Fiddlesticks! Going like sixty. I'll see you in the funny papers. Don't take any wooden nickels. Wake up and smell the roses.

It turns out there are more of these lost words and expressions than Carter has liver pills. This can be disturbing stuff! (Carter's Little Liver Pills are gone too!) This leaves us to wonder where Superman will find a phone booth.

See ya later, alligator! After a while crocodile. Oki-Doki artichokey!

1907

From my friend Leon. We've come a long way in a bit over 100 years.

- The average life expectancy in the U.S. was 47 years old.
- Only 14% of the homes in the U.S had a bathtub.
- Only 8% of homes had a telephone.
- A three-minute call from Denver to New York City cost eleven dollars.
- There were only 8,000 cars in the U.S. and only 144 miles of paved roads.
- The maximum speed limit in most cities was 10 mph.
- The tallest structure in the world was the Eiffel Tower!
- The average wage in the U.S. was 22 cents per hour.
- The average U.S. worker made between \$200 and \$400 per year.
- A competent accountant could expect to earn \$2000 per year.
- A dentist made \$2,500 per year. A veterinarian \$1,500 per year. And a mechanical engineer about \$5,000 per year.
- More than 95% of all births in the U.S. took place at **home**.
- 90% of all U.S. doctors had **no college education!** Instead, they attended so-called medical schools, many of which were condemned in the press AND the government as 'substandard.'
- Sugar cost four cents/pound, eggs were 14 cents/dozen, coffee was 15 cents/pound.
- Most women only washed their hair once a month and used Borax or egg yolks as shampoo.
- Canada passed a law that prohibited poor people from entering into their country for any reason.
- The population of Las Vegas, Nevada was only 30!!!!
- Crossword puzzles, canned beer, and iced tea hadn't been invented yet.
- Two out of every 10 U.S. adults couldn't read or write.
Only 6% of all Americans had graduated from high school.
- Marijuana, heroin, and morphine were all available over the counter at local corner drugstores. Back then pharmacists said, '*Heroin clears the complexion, gives buoyancy to the mind, regulates the stomach and bowels, and is, in fact, a perfect guardian of health.*'
- There were about 230 reported murders in the *ENTIRE U.S.A.!*

Want to guess where we'll be in 100 years?

If You Don't Mind a Little Volatility

The Bull Market Is Official: 1 Magnificent Index Fund Can Turn \$300 per Month Into \$862,800

The Fidelity Nasdaq Composite ETF has been a phenomenal investment over long periods of time.

Of course, hindsight is 20/20 and volatility is a reality. The fund lost about 32% in 2022 and its 3-year Sharpe ratio was 0.28 (versus the S&P 500 of 0.53). The Sharpe ratio is a measure of risk adjusted return. The higher the better (i.e., more return/less risk).

The moral – don't invest using a rear-view mirror of returns and don't ignore risk.

Bitcoin (BTC)

Well, it's been an exciting ride since my last newsletter. Here's some of the action and prognostications.

- December 11, 2023: **Crypto Market Shaken as Bitcoin Plunges 6.5% in a 20-Min. Flash Crash**
 - [Crypto market shaken as Bitcoin plunges 6.5% in a 20-minute flash crash \(cryptopolitan.com\)](https://cryptopolitan.com)
- **Former SEC Exec Says Crypto Will All Come 'Crashing Down', Here's Why:** In a post shared on his X (formerly Twitter) platform, former SEC attorney John Stark suggested that crypto prices will come "crashing down" because these crypto tokens do not have "inherent value." He opined that cryptocurrencies derived their value from hype as "people are able to sell hyped, FOMO'd and overpriced crypto to a "greater fool."
 - [Former SEC Exec Says Crypto Will All Come 'Crashing Down', Here's Why | Bitcoinist.com](https://bitcoinist.com)

Optimists (And There are Lots of Them)

Probably not a big surprise to my readers, but I'm not a big fan of crypto. However, there are lots of passionate supporters, so I thought I'd share some thoughts from the "other side." Time will tell who gets to say "I told you so."

- **Bitcoin set for parabolic rally 'in a matter of weeks' as halving phase begins:** Bitcoin has recently struggled to surpass the \$38,000 mark but maintains a comfortable position above the \$35,000 support zone as the market awaits the next significant move. Notably, part of the prevailing consensus among most market participants is that Bitcoin is poised for a rally towards a new all-time high. (11/18/2023 \$36,359)
 - [Bitcoin set for parabolic rally 'in a matter of weeks' as halving phase begins \(finbold.com\)](https://finbold.com)
- Samson Mow, a pivotal figure in nation-state Bitcoin adoption and CEO of JAN3, has sparked a significant debate in the BTC community. Mow, known for his work on Bitcoin Bonds in El Salvador, made a bold statement on the social platform X, indicating a potential rapid surge in BTC's value. He stated, "It has come to my attention that there are some Bitcoiners that don't think Bitcoin can reach \$1,000,000 in a matter of days/weeks after ETF money starts to flow in. They're in for a pleasant surprise."
 - [Bitcoin Expert Unveils Math Behind \\$1 Million BTC Prediction \(bitcoinist.com\)](https://bitcoinist.com)
- **'Rich Dad' R. Kiyosaki predicts Bitcoin to \$100k by June 2024:** Instead of paying attention to what the United States Federal Reserve – which he has slammed as a "criminal organization" – says or does, the popular investor has advised his followers to "trust gold, silver, and Bitcoin" when making financial decisions. (Better keep your fingers crossed while trusting.)
 - ['Rich Dad' R. Kiyosaki predicts Bitcoin to \\$100k by June 2024 \(finbold.com\)](https://finbold.com)

- **Looking at the best-case scenario, ChatGPT sees Bitcoin trading within the range of \$100,000 to \$200,000 in 2024:** Of course, they do hedge their bet a bit: “the AI sees a BTC price drop between \$10,000 and \$15,000 in the worst-case scenario.”
 - [ChatGPT makes bold price prediction for Bitcoin in 2024 \(finbold.com\)](#)
- **As the only viable path toward wealth creation, the bitcoin price will hit \$1 million**
 - [As the Only Viable Path Toward Wealth Creation, the Bitcoin Price Will Hit \\$1 Million - TheStreet Crypto: Bitcoin and cryptocurrency news, advice, analysis and more](#)
- **What’s behind Cathie Wood’s ARK estimate for bitcoin to surge to \$2.3 million**
 - [What's behind Cathie Wood’s ARK estimate for bitcoin to surge to \\$2.3 million - MarketWatch](#)
- **Bitcoin 'Power Law' Predicts \$1 Million BTC Price by 2033—Here's How It Works**
 - [Bitcoin 'Power Law' Predicts \\$1 Million BTC Price by 2033—Here's How It Works - Decrypt](#)
- **‘Face-Ripping Rally Incoming’—Why the Bitcoin, Ethereum And XRP Price Boom Could Be Just Getting Started [February 16]:** "With bitcoin back over \$50,000, [the] average investor [is] again wondering: 'did I miss buying opportunity?' Answer is hard 'no'," Anthony Scaramucci, the founder of hedge fund Skybridge Capital, posted to X...
 - "Interest rates falling, spot ETFs driving billions in new flows, halving two months away. Face-ripping rally incoming in my opinion."
 - [‘Face-Ripping Rally Incoming’—Why The Bitcoin, Ethereum And XRP Price Boom Could Be Just Getting Started \(forbes.com\)](#)

The Really Big News

On January 10th, the Security and Exchange Commission (SEC) approved the listing and trading of a number of spot Bitcoin exchange-traded product (ETP) shares. Here’s an excerpt from their announcement.

“Though we’re merit neutral, I’d note that the underlying assets in the metals ETPs have consumer and industrial uses, while in contrast, Bitcoin is primarily a speculative, volatile asset that’s also used for illicit activity including ransomware, money laundering, sanction evasion, and terrorist financing.

While we approved the listing and trading of certain spot bitcoin ETP shares today, we did not approve or endorse Bitcoin. Investors should remain cautious about the myriad risks associated with Bitcoin and products whose value is tied to crypto.”

- 1/11 - The much-anticipated debut of the 10 spot Bitcoin ETFs saw roughly \$4.6 billion worth of shares change hands on Thursday. \$48,742
- 1/12 - Bitcoin Drops Back Below \$42,000 as ETF Optimism Evaporates - \$42,799

The following thoughts of Professor Itzhak Ben-David are more in line with mine.

The SEC's approval of bitcoin ETFs arguably is the occasion to sell, not buy.

This is especially important for retirement investors to consider, since this week's SEC decision will make bitcoin ETFs eligible for inclusion in 401(k)s and self-directed IRAs. Perhaps the most compelling reason to be skeptical of bitcoin in the wake of the SEC's decision is that the existence of a bitcoin ETF should not change the cryptocurrency's underlying value, according to Itzhak Ben-David, a finance professor at The Ohio State University.

In an email, he pointed out that "the price of bitcoin should be based on its intrinsic value, not on whether there is an ETF. The fact that bitcoin's price depends on an ETF indicates how much the price depends on the size of the crowd that speculates and likely indicates that the price doesn't indicate the intrinsic value."

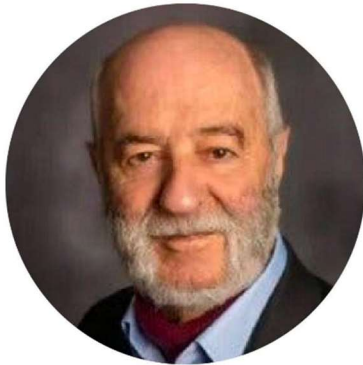
https://www.marketwatch.com/story/do-bitcoin-etfs-have-a-place-in-retirement-portfolios-d3ef6683?mod=article_inline

For the optimist it's looking good right now. As of 2/20/24 it's trading about \$52,000.

Closing on an Optimistic Note



All my best,



Harold Evensky

FOUNDER

EVENSKY & KATZ / FOLDES WEALTH MANAGEMENT

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