



# RICHMOND BROTHERS

## Matt's Minutes: Got FOMO? July 2024 "Closed Captions"

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Hi there. This is Matt Curfman here from Richmond Brothers with a June 30th edition of Matt's Minutes. We are halfway into the year. That means we have another half to go and there has been a lot of noise out there. The topic of this Matt's Minutes is an acronym that I'm sure many of you are familiar with. It's FOMO. What does that stand for? It stands for fear of missing out.

So, a definition that I found about FOMO is it's the feeling or perception that others are having more fun, living better lives or experiencing things better than you are. So, what does that actually mean? Who has FOMO? Well, a lot of times young Children have FOMO. Uh I don't have kids, but there are a lot of young kids running around the neighborhood I live in and uh they jump from one thing to the next because they're always afraid they're missing out on fun. Who else has FOMO? I think this guy does come here, Oliver, come here. I think this guy right here, Mr Oliver, he has FOMO. He runs from one toy to the next or one stick to the next and all because he thinks the next thing is gonna be that much more fun and he just can't live without it.

So, again, on this topic, I thought it was really relevant because you start to see some really extreme headlines out there and I'll give you an example. Over the weekend I was doing some research to prepare for this and I found one headline that according to BCA Research, they anticipate uh the second half of this year in 2024 the S & P 500 to go into a recession and they expect the market to drop 30% within the next six months.

So I'm not sharing this out of fear. This, these are headlines that you probably are seeing as well. Now, in the same weekend, I saw another headline by another researcher uh Tom Lee and he actually talks about how he expects over the next six years, the S and P 500 to triple from about 5000 points to 15,000 points.

These are two vastly different headlines and then you say what else is going on? Well, we had our first presidential debate. There's a lot of noise around what everyone thinks and feels there and the direction of the country, lots of noise, lots of uncertainty.

So, I point this out because fear of missing out and then you kind of tie it into the markets. I wanna kind of show you a screenshot that I have here. But what I did is January 1st through June 30th. I graphed the regular S & P 500 which is cap weighted heavy in tech. That's purple.

I graphed the NASDAQ which is heavy in tech which is blue and you can see that year to date. The NASDAQ up 18, the S& P price return is up 14.5%. Ok. That doesn't include dividends, but this just gives you a sense. Now you say, well, what else is going on out there if you took all 11 sectors of the S & P 500 technology is one of 11 and you owned all 11 sectors equally. The equal weight index is up around 4%. Interesting. If you look at the Dow Jones, the Dow Jones is up 3.79%. And then if you go to bonds, most retirees have some bond exposure. Bonds are actually flat or negative almost 1%.

And so why is FOMO an important topic? Because we feel because all the headlines are talking about technology and A I and we believe you should have some exposure to that. We don't believe your whole portfolio, your whole life savings should be tied so heavily to one sector. But you certainly should have some exposure to these, we believe just not everything. So what is fear of missing out is you see the headlines about technology and A I how the world is changing and things are moving so fast and why am I not earning 18%?

Well, the same index in 2022 dropped 33%. So imagine if you were super concentrated, you only had technology, you had a million dollars in 2022 you dropped uh 33%. That means a million is now worth some like 6 to 700,000, coming up, 18% doesn't do much for you. So it's important to have balance. It's important to have stability. We want some of that.

But with these headlines, the answer is who knows what's gonna happen in general. We still believe that um inflation is still here but it's not escalating, worse and worse out of control. We do know that food and grocery and, and going out to eat prices are quite high. You know, the fuel is quite high and those are things that impact consumers and you and I every day, our monthly budgets with the fed, they have come out and said that inflation is, is getting under control according to the most recent statement. So they're not looking to lower interest rates yet, which means we'll probably have a stable interest rate environment. If I had to guess, I would say they we would have a stable interest rate environment leading up until elections and then we'll see what happens. Post November, corporate earnings are still pretty strong.

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And then historically speaking, the second half of the year in a presidential election is always the better half. Now, we've had an atypical first six months where things are positive in a presidential election year. So history still suggests that trend should continue, will it? Who knows? There's one strategist that says we're gonna fall into recession in the next six months and markets gonna drop 30%. There's another that says over the next six years, we're gonna see the S & P 500 triple in value.

So how do you thread that needle? How do you balance that? So we believe at Richmond Brothers very strongly in having broad market exposure. But also, especially for those that are um near in or getting close to retirement, have some safety nets in place. So even when we own broad, things like market exposure, can we have some safety nets in place? So those of you that have utilized our smoother ride strategies and this is actually now eclipsing around 60 to 70% of accounts that we work with our clients on we can have broad market exposure. We can have safety nets doesn't protect you from complete loss, but it does start to put some safety measures in place if things start to drop too quickly, we basically decide we're gonna get off that roller coaster. So that's one important thing I want to walk away with. We can understand what FOMO is and we can say how does it apply to us as adults and in our investments and in our retirement life. And I think it's happening a lot just because the NASDAQ is up 18%. That is

not the expectation for your portfolio. Unless you are super concentrated and you're willing to be at that high level of risk.

So keep that in mind as we head into the summer, I hope that you all are enjoying uh your summer. So far, we've had beautiful weather uh in Michigan for those of you that are in this area and we will continue to try to help you cut through all of the noise this year, all of the election noise and get down to a fundamental simple approach to say what is happening, what should we expect? And are there strategies we can help you with to implement an overlay on your portfolio in the event of extreme headlines playing out.

So thank you so much for tuning in. If you have any questions on a topic I mentioned in this video, just reply to this email that you received the video in, put in the subject safety nets. And one of our advisors can reach back out to you and we can review to make sure if you want those. If you don't have them, we can overview some thoughts and ideas to help you figure that out. So, with that, I will tune out for now and I'll be back in touch with more headlines.

We appreciate our relationship with you and having the opportunity to serve you continue to have a great summer and have a Happy July 4th Independence Day.

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