



# Welcome to Week 9!

## Portfolio Diversification

Attendance instructions: Navigate to “Events” tab on website, find today’s post  
[www.unlbric.com](http://www.unlbric.com)

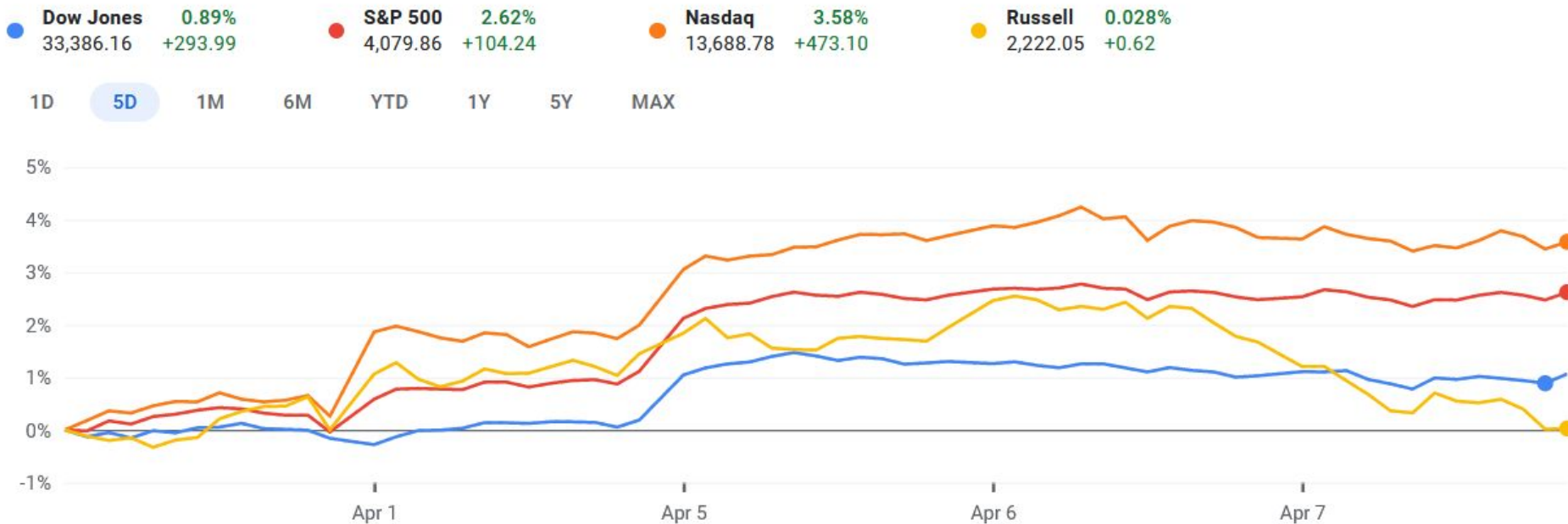
# Agenda

- Market Update
- Portfolio Update
- Diversification Presentation



Market Update  
April 7th, 2021

# Small-Caps Disappoint Compared To Market



## Other Important Returns

VIX

17.16 ↓ 12.27% -2.40 5D

BTC / USD

56,189.20 ↓ 4.73% -2,791.80 5D

DAX PERFORMANCE-INDEX

15,176.36 ↑ 1.72% +256.30 5D

Nikkei 225

29,730.79 ↑ 1.01% +297.12 5D

Amazon.com, Inc.

\$3,279.39 ↑ 6.85% +210.28 5D

Apple Inc

\$127.90 ↑ 5.15% +6.27 5D

Tesla Inc

\$670.97 ↑ 3.76% +24.30 5D

FTSE 100 Index

6,885.32 ↑ 2.21% +149.15 5D

# WTI Crude ~ \$59.77 a Barrel



# Gold Prices - \$17,327.5



## Gold Price Performance USD

Change	Amount	%
Today	+9.05	+0.52%
30 Days	+13.06	+0.76%
6 Months	-166.67	-8.79%
1 Year	+63.65	+3.82%
5 Years	+485.95	+39.11%
20 Years	+1469.45	+567.36%

# Lumber Prices - \$1075.40



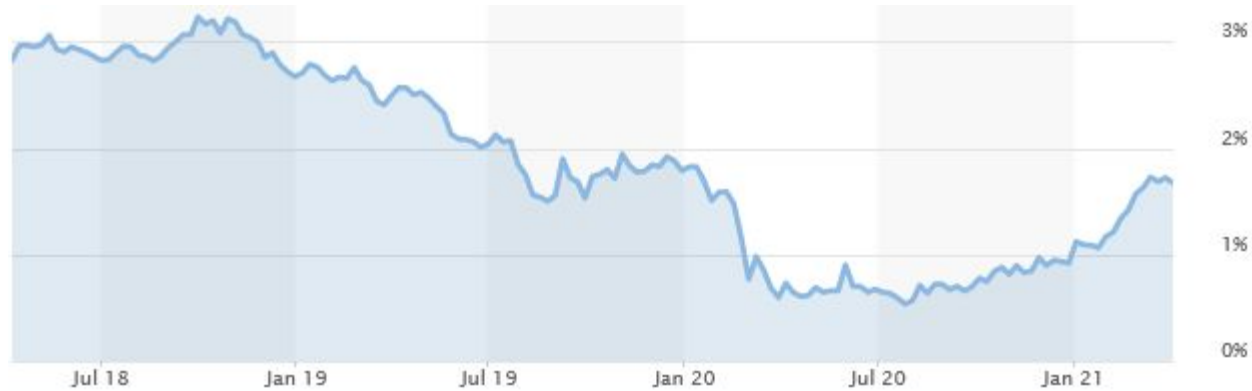


# Steel Prices \$5,172.00



# US Markets Begin Expecting Rate Increase

- Expectations for federal rates have risen to about 30 basis points in December 22, 110 BP in December 23, All the way to over 200 basis points in December 2025
- This is likely overly optimistic as analysts say as the Fed is expected to let the economy run “hot.”



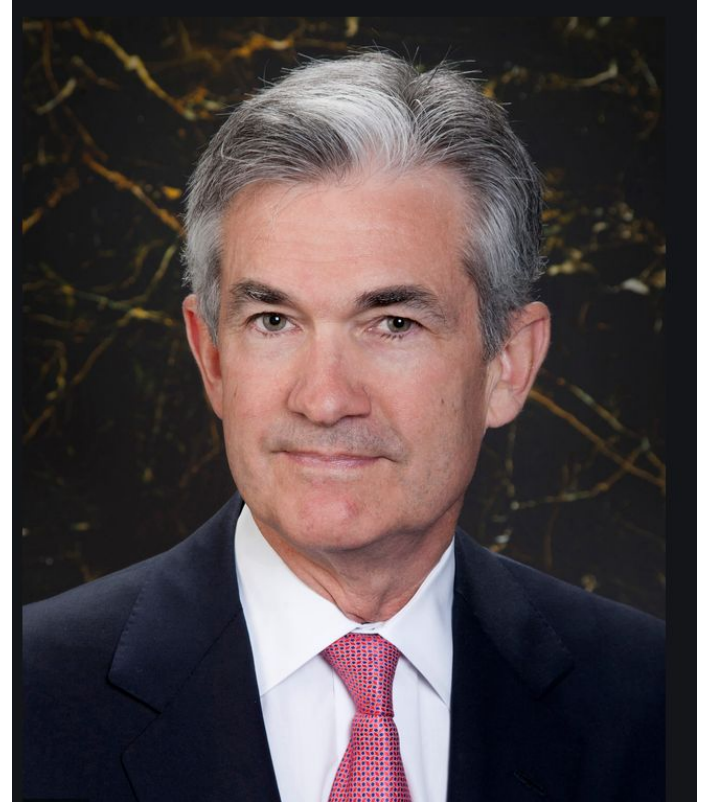
# Fed Meeting Minutes Released From March

## Key Outcomes:

“Members said the \$120 billion a month in bond purchases “were providing substantial support to the economy.”

The median outlook for GDP in 2021 went to 6.5%. This is an increase from the 4.2% expectation in the December projections.

Economic Policy will stay in place until economic ‘outcomes are achieved



# More Federal Reserve/Jobs



- US still far away from key jobs benchmarks.
- 6% unemployment rate could reach mid 4% by end of year
- Once the jobs outlook improves it is likely we will see some fed action.

# JPMorgan CEO Sees Weaknesses in Virtual Work

- Lack of an apprenticeship model to help new employees

"Over time, this drawback could dramatically undermine the character and culture you want to promote in your company," - Dimon

- Slower decision making due to worse follow through



# Jamie Dimon Also Does Not Like SALT Tax Deductions

- He believes that tax loopholes and provisions such as SALT do not help the country as 40% of benefits got to 5 states
- Per the Tax Policy Center if the SALT limit is repealed the average person in the 1% would see about a \$31,000 Benefit.



# More Taxes: Tax and Spending Plans Could Hurt GDP... Or Not

The Penn Wharton Budget Model says Biden's plan would hurt GDP and Wages.

- Basically, the argument is that companies would lessen investment.

Moody's Analytics Disagrees.

- The plan would “result in a stronger economy over the coming decade, with higher GDP, more jobs and lower unemployment.”



# Amazon Is Buying Dead Malls

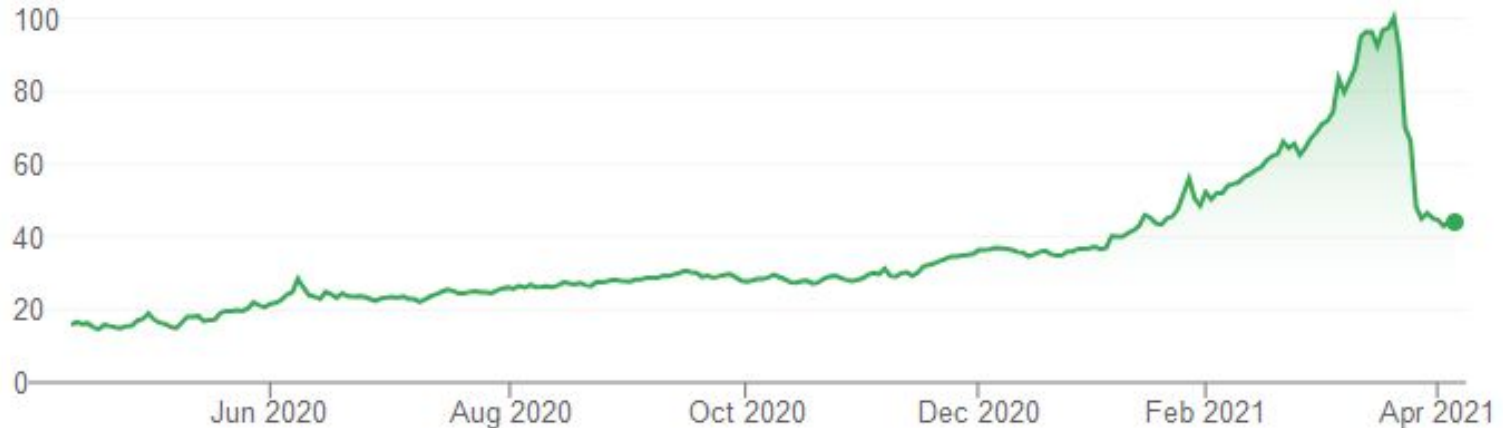
- They are essentially wanting to turn them into distribution centers.
- They are large, have lots of parking, and cheap.
- Malls have been bought in Louisiana, Tennessee, Massachusetts and more,
- Amazon world domination continues.





# Archegos Did Dumb.

- The firm blew up largely due to leveraged bets that did not pan out.
- This caused turmoil last week in the markets and has led to people wondering about systematic risk.
- Major holding such as ViacomCBS dropped off a cliff



(only showing confirmed release dates)

Monday	Tuesday	Wednesday	Thursday	Friday
<p>5  Duck Creek Technologies</p>	<p>6   maxeon</p> <p>  SMART GENERAL SERVICES</p> <p>  Stealth SOFTWARE SOLUTIONS</p>	<p>7  Schnitzer  Simply Good</p> <p>  MSC Industrial Direct</p> <p>  EXFO EXPERTISE. REACHING OUT.</p>	<p>8  Constellation  CONAGRA</p> <p> WD-40 COMPANY</p> <p> apogee  Levi's SPORTSWEAR &amp; CO.</p>	<p>9  Jinko Solar</p>
<p>12  aphria inc.  SimulationsPlus</p>	<p>13  FASTENAL  KURA REVOLUTIONARY IDEAS</p>	<p>14  JPMorgan Chase  WELLS FARGO</p> <p> Goldman Sachs  BED BATH &amp; BEYOND</p> <p> LOVESAC  KLX Energy Services</p>	<p>15  tsmc  Bank of America</p> <p> citi  ALCOA</p> <p> PEPSICO  UnitedHealth Group</p>	<p>16  eHANG  Morgan Stanley</p> <p> ally  PNC</p> <p> BNY MELLON  Bank of America</p>
<p>19  UNITED  The Coca-Cola Company</p> <p> CROWN  M&amp;T Bank</p> <p> PROLOGIS  ZIONS BANCSHOPPING</p>	<p>20  NETFLIX  Johnson &amp; Johnson</p> <p> P&amp;G  Abbott A Promise for Life</p> <p> INTUITIVE SURGICAL  HARLEY-DAVIDSON</p>	<p>21  Lam RESEARCH  verizon</p> <p> ASML  CHIPOTLE MEXICAN GRILL</p> <p> HALLIBURTON  ERICSSON</p>	<p>22  intel  at&amp;t</p> <p> CLIFFS  D-R HORTON</p> <p> Valero  AMERICAN EXPRESS</p>	<p>23  Schlumberger  AMERICAN EXPRESS</p> <p> Kimberly-Clark  REGIONS</p> <p> Autoliv</p>
<p>26  Bank of America  COMMUNITY BANK SYSTEM, INC.</p> <p> CN  SUN</p> <p> MED PACE</p>	<p>27  PulteGroup  Olin</p> <p> WM WASTE MANAGEMENT  SHERWIN WILLIAMS</p> <p> Calix  Capital One</p>	<p>28  Spotify  IDEX IDEA CORPORATION</p> <p> CENTURY LINK  Heritage Homes</p> <p> YAMANA GOLD  ADP</p>	<p>29  MERCK  Bristol-Myers Squibb Company</p> <p> MDC HOLDINGS, INC.  PG&amp;E Corporation</p> <p> COMCAST</p>	<p>30  abbvie</p> <p> THE CLOREX COMPANY  Weyerhaeuser</p> <p> L3HARRIS  Charter COMMUNICATIONS</p>
<p>3  DIAMONDBACK ENERGY  VIEVA ENERGY PARTNERS</p> <p> AGREE REALTY CORPORATION</p>	<p>4  Pfizer  ACTIVBLISS  BILZARDY</p> <p> skillz  MPLX</p> <p> ConocoPhillips  devon</p>	<p>5  SONOS  WestRock</p> <p> Tanger Outlets  Accolade</p> <p> FEDERAL  PENNPLANT ENERGY</p>	<p>6  Cardinal Health  PARK HOTELS &amp; RESORTS</p> <p> MURPHY OIL CORPORATION  CenterPoint Energy</p> <p> zoetis  DIAMOND PINE INDUSTRIES</p>	<p>7</p>

# Portfolio Update

- View our Portfolio dashboard under the “Education” tab on the website!

## \$479,420.54 Total Holdings

- Last Week Holdings: \$473,592.70
- Up for the Week by **1.23%**
- **Underperformed S&P by 1.46% points**
- **Beat Russell 2000 by 1.12% points**
- **Investopedia Competition Leaders:**

CURRENT RANK	PREVIOUS DAY'S RANK	ACCOUNT VALUE (USD)	TODAY'S CHANGE IN VALUE	OVERALL%
1. <a href="#">sgilbert19 (history)</a> 🗄️	1	\$120,034.14	-\$11.97 ↓	+20.03% ↑
2. <a href="#">jheglin13 (history)</a> 🗄️	2	\$108,468.48	+\$925.50 ↑	+8.47% ↑
3. <a href="#">gnuss2000 (history)</a> 🗄️	3	\$105,506.00	+\$1706.00 ↑	+5.51% ↑

# Portfolio Update

- View our Portfolio dashboard under the “Education” tab on the website!

**\$479,420.54 Total Holdings**

- Reweighted Sector Holdings
- Purchased AB, VIVO, and JOUT
  
- VIVO - 836 Shares (4.67% of Portfolio)
- AB - 522 Shares (4.37% of Portfolio)
- JOUT - 209 Shares (6.43% of Portfolio)



# Portfolio Diversification

Why you should own several asset classes



# Presentation Summary

- Why Diversify?
- Asset Classes
- Potential Portfolios

# Why Diversify?



Correlation ↓

Diversification ↑

# Cash

- Best to have 3-6 months of expenses in cash
  - “Emergency Fund”
- Good for liquidity but low rate of return
- Should be small percentage of overall portfolio
- Can hold in savings or money market account

**Marcus:**  
by Goldman Sachs<sup>®</sup>  
Goldman Sachs Bank USA, Member FDIC.

SAVINGS ACCOUNT  
Member FDIC

**0.50%**      **\$0**

Apr 7, 2021

**CITBank**<sup>®</sup>  
Member FDIC

MONEY MARKET ACCOUNT  
Member FDIC

**0.45%**      **\$100**

Apr 7, 2021



# Equities- Small Cap Vs Large Cap

## Small Cap

\$300 million to \$2 billion

12.7% annualized returns over last 10 years  
11.9% annualized return from 1972 to 2020

- Growing company
- Probably does not pay dividends
- Greater Volatility

## Mid Cap

\$2 billion to \$10 billion

12.9% annualized return over last 10 years  
12.1% annualized return from 1972 to 2020

- May pay dividends
- May still be growing or mature

## Large Cap

\$10 billion and greater

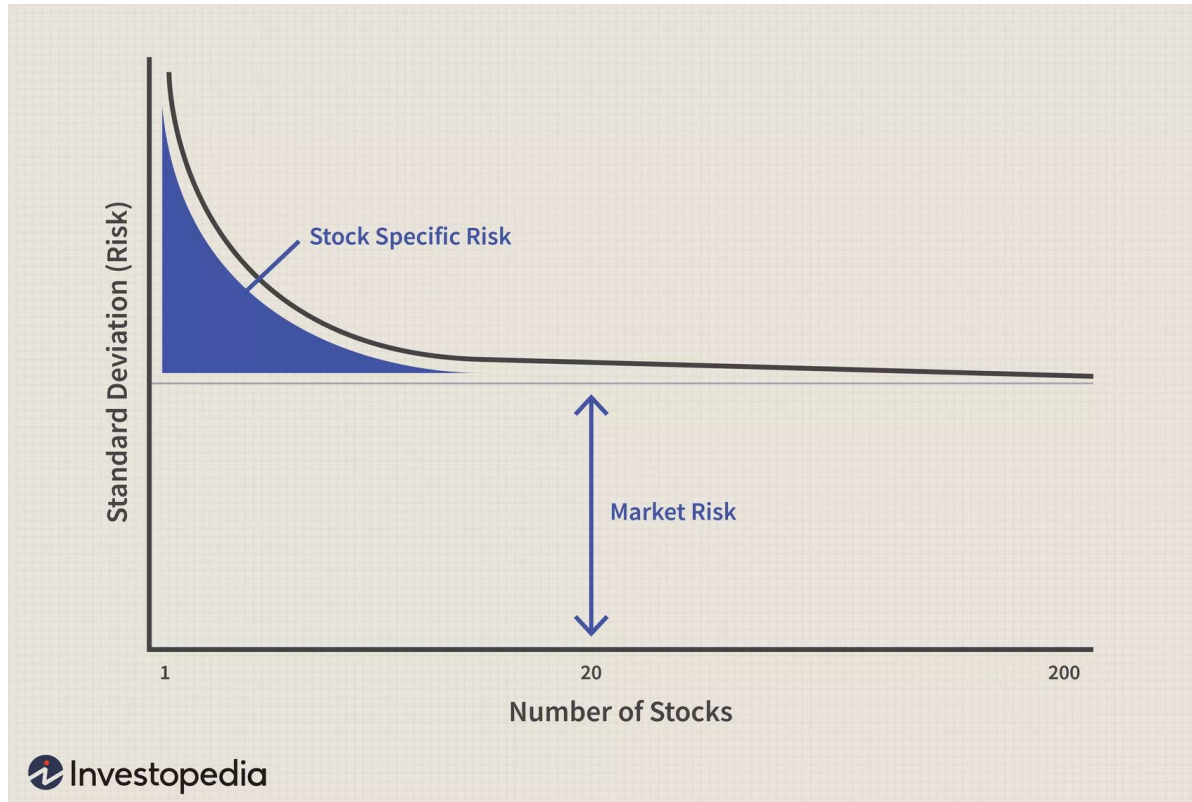
13.4% annualized return over last 10 years  
11% annualized return from 1972 to 2020

- Typically dividend payers
- Stable (blue chip companies like Home Depot)
- Less volatility

# Equities- Domestic Vs International

- International exposure can help reduce volatility
- Majority of benefit comes from 20% of stocks in your portfolio being international
  - Incremental benefits up to 50%
- Globally diversified portfolio outperform both the S&P 500 and a conservative 60/40 U.S. stock/bond blend from Jan. 1, 2001 to Sept 30, 2019- Charles Schwab
- International ETFS
  - Vanguard Total International Stock ETF (VXUS)- holds more than 6,000 non-U.S. stocks (.08% expense ratio)
  - Vanguard FTSE Emerging Markets ETF (VWO)- Includes emerging markets (0.10% expense ratio)

# Big Idea Behind Equities



# Bonds- Government

- Debt issued by government (federal or local) to support government spending
- Typically pay interest twice a year
- Types of Government Bonds
  - Municipal (local bonds)
  - US Treasury Bills- few days to 52 weeks
  - US Treasury Notes- 2, 3, 5, 7, or 10 year maturities
  - US Treasury Bonds- 20 or 30 year maturities
  - TIPS- Note that protects against inflation

# Historical 10 Year Treasury Rates

Currently around 1.64%



# Bonds- Corporate and other

- Common Types
  - **Junk**- Higher Returns and Risk
  - **Investment**- Lower Returns and Risk
  - **Callable**- Redeemable by issuer before maturity
  - **Fixed rate**- coupon rate is fixed
  - **Zero coupon**- issued at discount from par value

Bond Rating			
Moody's	Standard & Poor's	Grade	Risk
Aaa	AAA	Investment	Lowest Risk
Aa	AA	Investment	Low Risk
A	A	Investment	Low Risk
Baa	BBB	Investment	Medium Risk
Ba, B	BB, B	Junk	High Risk
Caa/Ca/C	CCC/CC/C	Junk	Highest Risk
C	D	Junk	In Default

# Corporate Bonds

## Benefits

- Large range of choices
- Ratings give clarity
- Secondary Market gives liquidity to bond holders

## Risks

- Default Risk
- Inflation Risk
- Call Risk

# Real Estate

- Types of Investment Properties
  - Residential
  - Commercial
  - Mixed-Use
- Benefits
  - House Value Appreciation
  - Tangible Asset
  - Cash-Flow Heavy
  - Tax Benefits

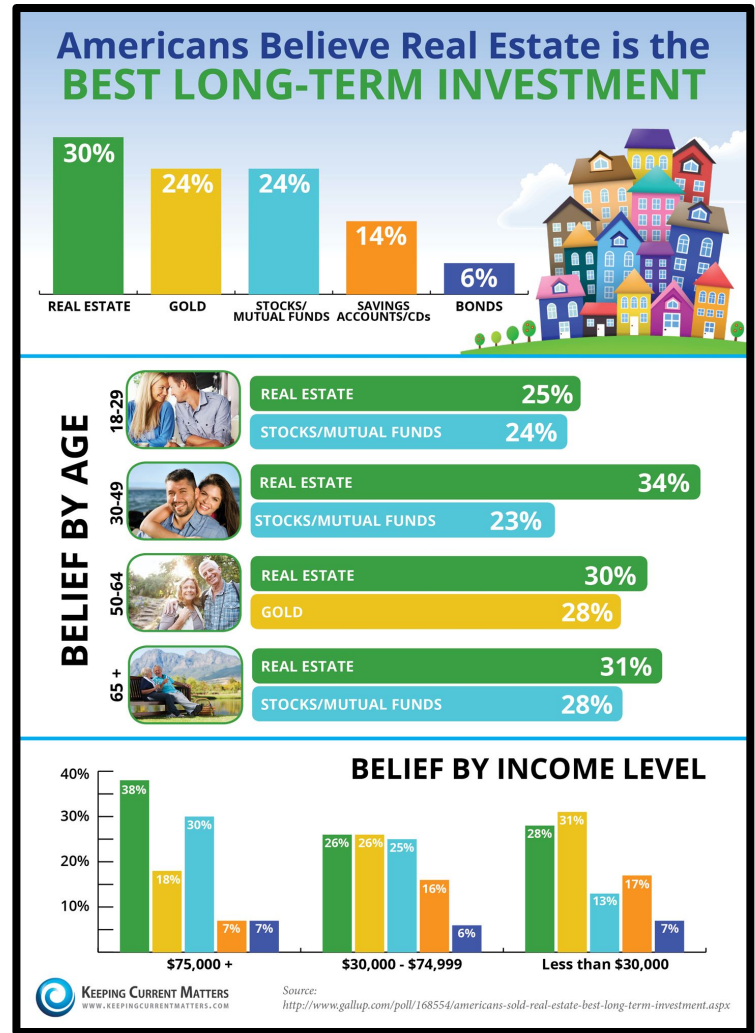


- Risks
  - Illiquid
  - Barriers to Entry
  - Management



# Real Estate

- 12% of All US Adults Own RE
- Past Two Centuries
  - 90% of all Millionaires
- Best Long-Term Investment
  - 30% - Real Estate
  - 24% - Gold
  - 24% - Stocks
  - 14% - Cash
  - 6% - Bonds



# REITS

- Pools funds into a variety of real estate properties
  - Retail REITS
  - Residential REITS
  - Healthcare REITS
  - Office REITS
  - Mortgage REITS
- High-Dividend Equities

Real Estate Investing: 1992-2013		
	Total Returns	Annualized
Housing (Case-Shiller)	101.6%	3.2%
REITs (NAREIT)	746.7%	10.2%

# Commodities

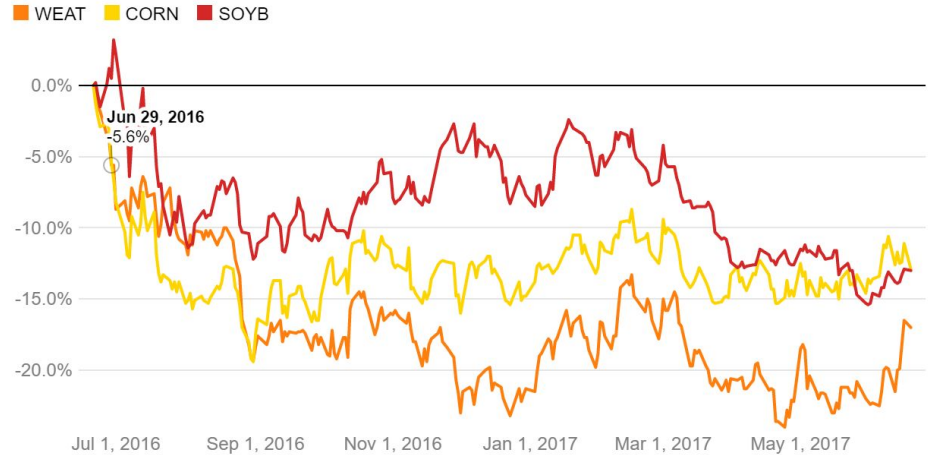
- “The First Asset”
- Types of Commodities
  - Metals
  - Energy
  - Livestock and Meat
  - Agriculture
- Largest Hedge against Uncertainty
- Smaller Returns
  - Bear Market Since 2008



# Commodities

- Ways to Invest
  - Futures Contracts
    - Higher Risk, Higher Reward
  - ETFs
    - WEAT, SOYB, CORN
  - ETNs
    - NIB, BAL, CAFE
  - Physical Commodity
    - Gold, Silver, Metals

## Grains ETFs



## Softs ETNs



Performance, 12 months to Jun 19, 2017

# Buying Bullion (Precious Metals)

- Buy Physical Metals over funds
  - Apmex.com
  - Jmbullion.com
- Be Wary of Premiums
- Conventional Allocation is 5%



# Cryptocurrencies

- “Could Take Over Gold” - JP Morgan
- Morgan Stanley Allowing Bitcoin Holdings
- Goldman Sachs Wealth Management
- Institutional Investors
  - Tesla
  - Square

J.P.Morgan

Morgan Stanley

Goldman  
Sachs



# Cryptocurrencies

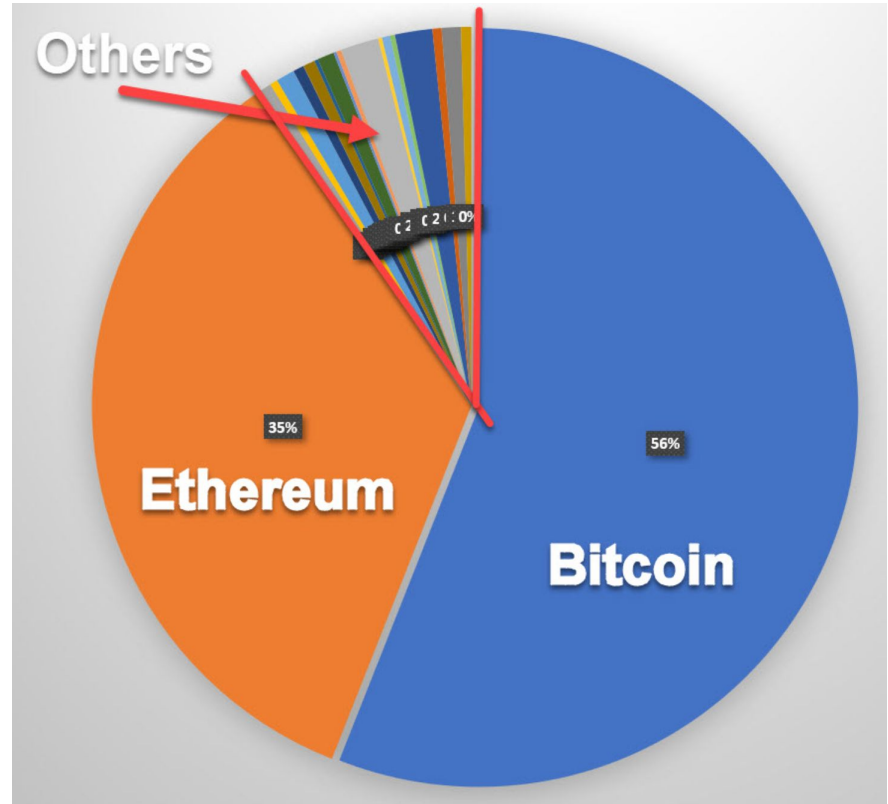
- Benefits
  - Cannot be Faked
  - Fairly Liquid
  - Hedge against weak currencies
- Risks
  - Volatile
  - Technical



ethereum

# Cryptocurrency Allocation

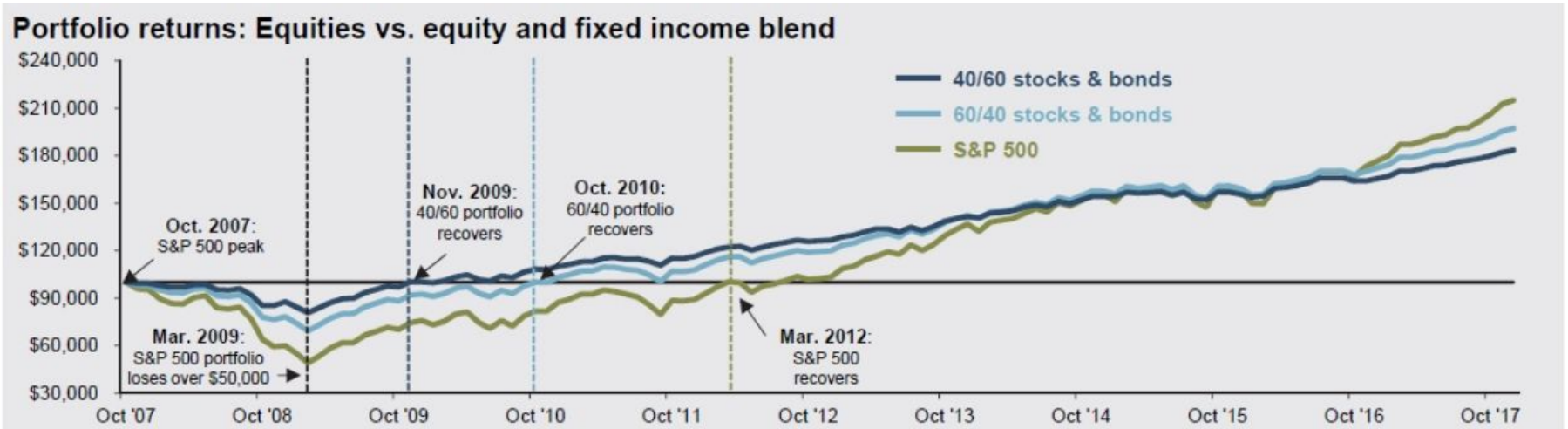
- Suggested Traditional Allocation
  - Up to 5% of Portfolio
  - Inverse Allocation with Gold
- Low-Risk Crypto Allocation
  - 55% - Bitcoin
  - 35% - Ethereum
  - 10% - Alternative Coins





# Portfolio Examples

- Simple Portfolio
  - 60% Equities
  - 40% Bonds
  - John Bogle's Favorite (65/35)
- Aged Based Portfolio
  - (100-Your Age)% Equities
  - (Your Age)% Bonds

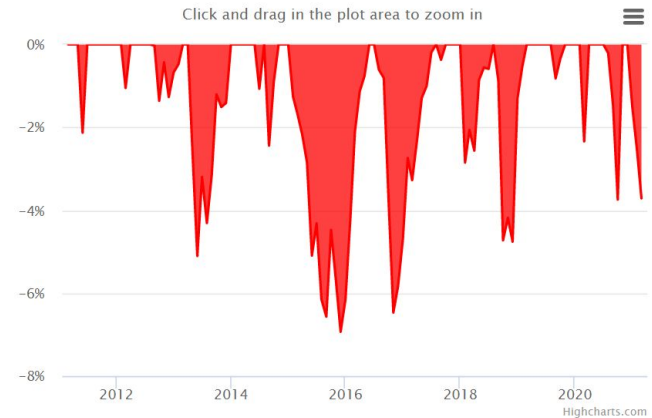
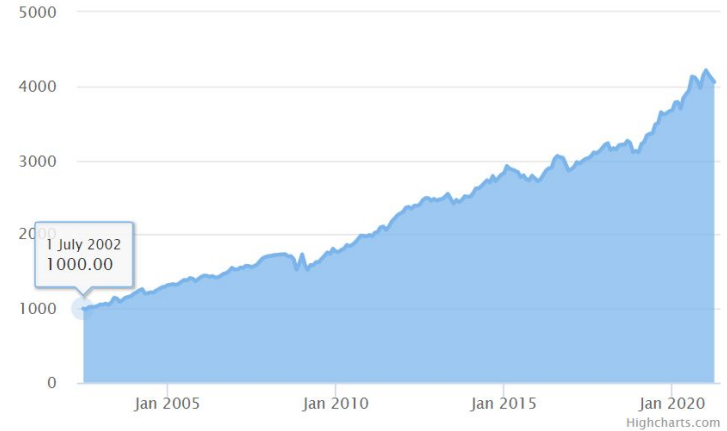


# Portfolio Examples

- Three-Fund Portfolio
  - 34% Domestic Stocks
  - 33% Bonds
  - 33% International Stocks
- Conservative Portfolio
  - 50/50 Equities/Bonds
  - More Large Cap
  - More Intermediate Term Bonds
- Moderate Portfolio
  - 70/30 Equities/Bonds
  - More Emerging Markets
- Aggressive Portfolio
  - 80%+ in Equities
  - High Amount in Emerging Markets
  - Larger Amount in International Markets

# Ray Dalio's All-Weather

- Can be Mimicked with 5 ETFs
- 30% - US Large Cap Stocks
  - VTI
- 40% - Long-Term Bonds
  - TLT
- 15% - Intermediate Bonds
  - IEI
- 7.5% - Gold
  - GLD
- 7.5% - Diversified Commodities
  - GSG



# Announcements

- Fun Friday: THIS FRIDAY, April 9
  - 3 - 4:00 PM
  - The Mill (Haymarket)
  - Market discussion
- Next Week's General Session:
  - Meet the Pros: Investment Officers
  - with Damian Howard, Senior Investment Officer, Security National Bank
  - He is coming in-person!
  - Please show up so he is not speaking to an empty room.
- Elections are two weeks away!
  - Applications for positions released in Friday newsletter, on website
  - Applications DUE April 18
  - Same voting process as previous elections
  - Check social media for Executive Spotlights to learn more about positions

# Quotes Of The Week

**“Bureaucracy kills. Bureaucracy drives out good people, drives out innovation. It makes the person next to you a competitor and not a collaborator. And that’s a really bad idea inside a company.”**

**- Jamie Dimon**

**“Gold gets dug out of the ground in Africa... Then we melt it down, dig another hole, bury it again and pay people to stand around guarding it. It has no utility. Anyone watching from Mars would be scratching their head.**

**- Warren Buffett**



# CONTACT US



[unlbric@gmail.com](mailto:unlbric@gmail.com)



[@unlbric](https://www.instagram.com/unlbric)



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