ALTIUS FINANCIAL

EMPOWERED FUTURE REPORT

SHORT-TERM THOUGHTS ABOUT LONG-TERM MATTERS

August 1st, 2024

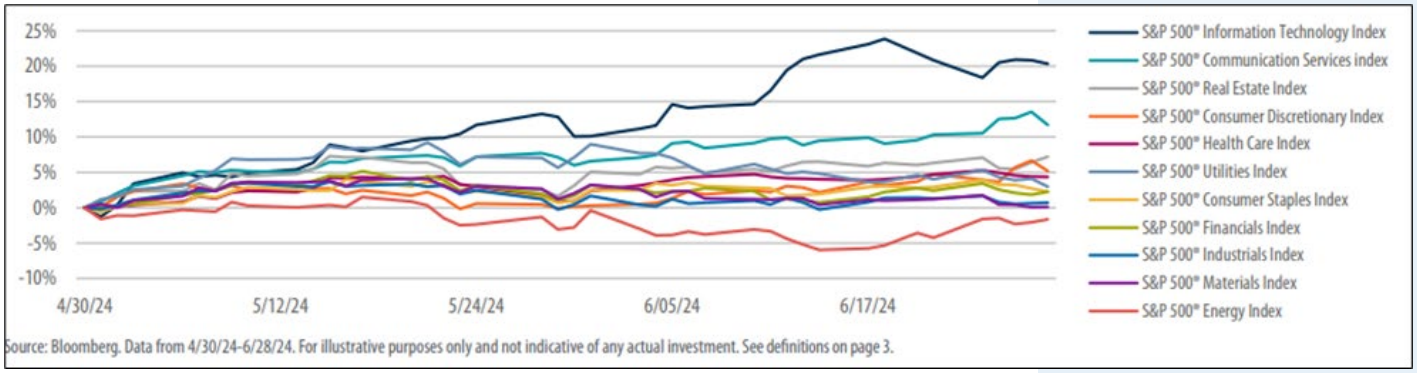
Chaos Is Why

Last month I quoted Patrick Henry on the purpose of the constitution. Little did I know that July would be one of the most chaotic months in modern election history. With an attempted assassination of a former president and then the current president finally dropping out as his party's candidate and then one of the largest cybersecurity failures, you'd think this would have rocked the financial markets and our society much more than it did. But remember, the founders were wise in constructing such a resilient form of government, the financial infrastructure we have is strong as are the American people. The potential for chaos and the emotions that go with it, is why we have the rule of law and a deliberative decision-making process – it's why we have a constitution in the first place.

What's surprising to many market observers is that we've had higher growth than was expected (2.8% annualized through Q2) along with continued good news regarding inflation (now hovering around 3%). Though both numbers are improving, it's still not great for what should be the most dynamic economy in the world, and downright sickly compared to what we really need. Investors seem to be hoping for the Fed to cut rates in September but it's an important reminder that since 1994, when they first made interest rate decisions public in real time, there has been only one instance when the Federal Reserve cut rates between May 1 and Election Day in a presidential election year. That was on 10/29/08 in a panicked unscheduled meeting at the height of the global financial crisis. While I personally believe the Fed cannot help but be influenced by politics, they try to seem independent, especially in an election year.

As we've said before, much of the market optimism has been in the technology and communications sectors, with a fair amount of hype focused on anything related to Artificial Intelligence **(don't forget to register for our next workshop on August 14th where we'll have a panel of experts discussing artificial intelligence and its implications for the future)**. When you look at last quarter's relative performance, you can see these two sectors outperforming the rest of the market.

S&P Sector Returns:



Source: Bloomberg. Data from 4/30/24-6/28/24. For illustrative purposes only and not indicative of any actual investment. See definitions on page 3.

Quote of the Day:

"Discipline is choosing between what you want now and what you want most."
– Abraham Lincoln

UPCOMING EVENTS

August 14 – Q3 Virtual Workshop: Panel on AI

September 12 – ALTIUS' 25th Anniversary Party

December 4 – ALTIUS' Annual Holiday Client Event

TAKE A LOOK INSIDE

Chaos is Why

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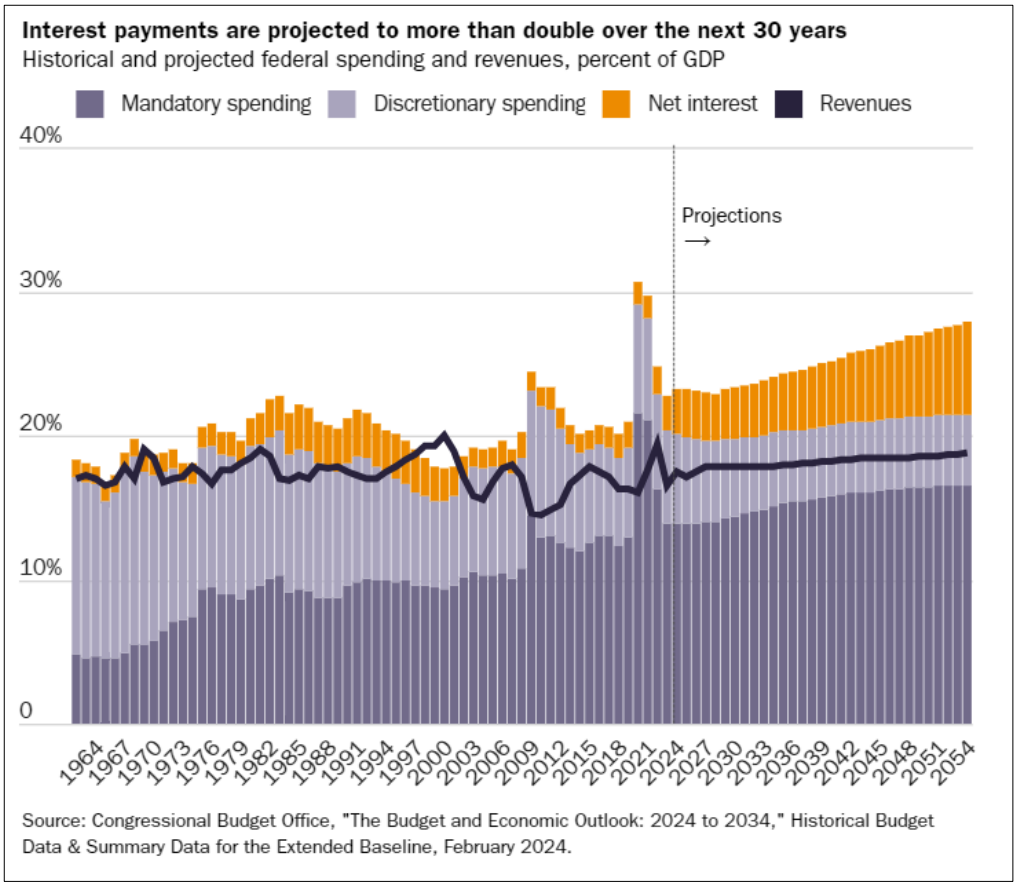
Happy Birthday ALTIUS!

Chaos Is Why (continued)

But forecasts currently point to a slowdown in the earnings growth rate of information technology earnings and an acceleration of earnings growth in many other sectors as we enter the second half of the year. On the communications side, advertising spending is strong and stands to benefit from both the Olympics and the election cycle. As you know, our planning philosophy is long-term, time-tested and it means staying diversified across the equity markets and not chasing the "fear of missing out" sector bets. I expect the market to continue to broaden as earnings drive stock prices throughout the rest of the year.

The Math of Money –
High Debt-to-GDP Reduces Living Standards



If there's one thing that the economics profession agrees upon and makes clear, it is that high and rising government spending and debt will slow or even kill growth. Over the course of time, big debts crowd out productive investment and necessarily raise borrowing costs, making the nation more vulnerable to chaos and crisis. We can get short term pops in growth by artificial stimulation – an example is all the stimulus money distributed during the COVID pandemic with corresponding robust growth trailing not far behind. But "when that sugar high wears off", then you see the misallocations of capital that cannot be made up.

There is nothing more consequential for increasing people's standard of living than continuous innovation and economic growth. Even small changes in the rate of growth, when compounded over long periods of time, make an enormous difference in how people live. This is the difference between living like the vast majority of Americans live and say, Venezuela, who went from the richest country in South America to ongoing crisis and coups, despite being resource rich in oil reserves.

Olympic Watch – Aspire OTQ Alum Val Constein

Last month we featured many of the impressive athletic feats of ALTIUS clients and next month we'll highlight some other achievements in a wide range of fields – please keep those submissions coming!

In the meantime, you might be watching some of the Olympics and I have a recommendation for you. You remember earlier this year we sponsored Aspire OTQ in supporting athletes on their journey to the Olympic trials? Well, one of Aspire's alums made it!

Val Constien broke the US Trials record in the steeplechase to clinch her spot in the Paris Games. She's homegrown, having attended Battle Mountain HS in Edwards and CU-Boulder, and she's a classic example of that athlete who is so dedicated but, until recently, didn't have corporate sponsorship and had to work a full-time job in addition to all of her training, along with overcoming a serious injury. With so many events it's tough to say when she'll be competing but the best information I have is that the Women's 3000m Steeplechase Round 1 will start on Sunday August 4th. Here's a look at her record-breaking Trials performance.

I know I go on about the Olympics, Greek culture and the connection to ALTIUS but for anyone who is watching these games you must love the drama, the incredible athleticism and focus of these people…. though, maybe not the French take on an opening ceremony. One of the reasons I think people respond to sport in general is that we get inspired by the purity of it; the competition is a sort of microcosm of life's broader struggles. We can see the results of an athlete's efforts to literally build a certain kind of self and, taken in the right way, we can see ourselves building the kind of person who we want to be. The quote above from Lincoln is true in sports, in finance, in our careers and even in our relationships. Our client centered discipline is designed to help you build your financial security and your life into who you want to be, one step at a time.

Jenn's Jangle: What's in A Name or in this case, a Title?

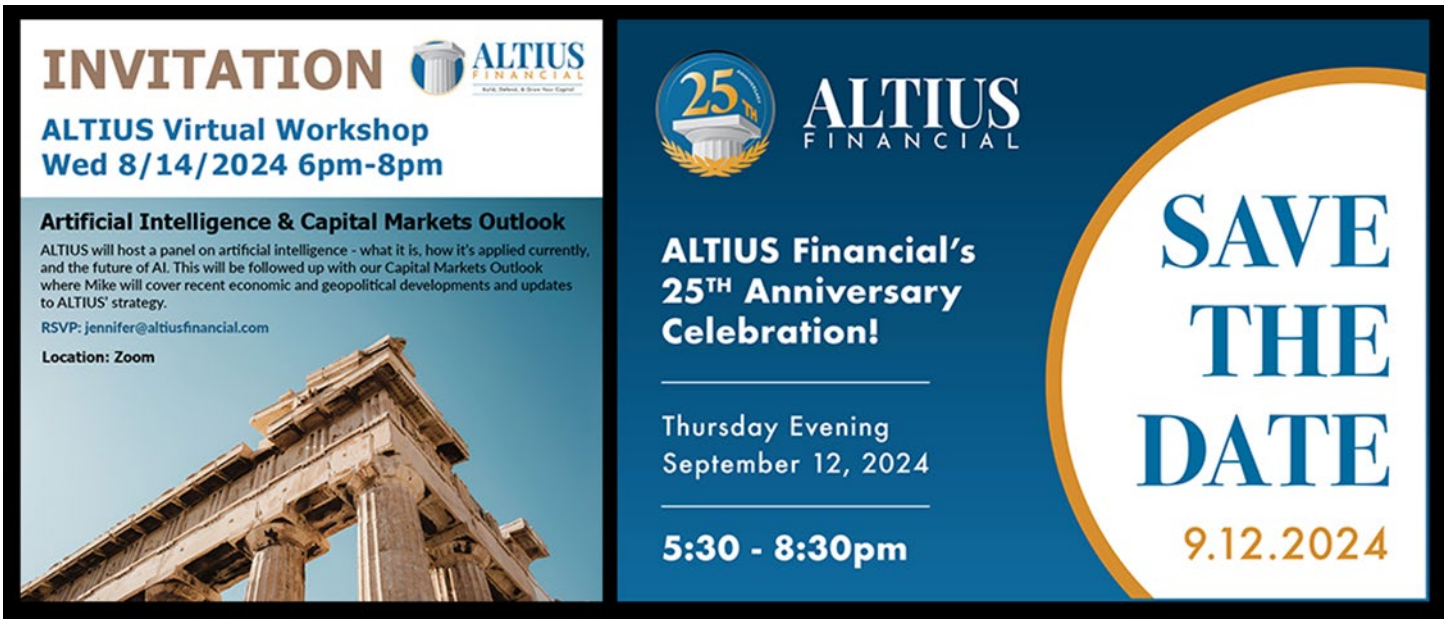
I want to announce my newly earned title of *Client Services Coordinator & Compliance Specialist* at ALTIUS. While I have always worked hard over the last 13 years with the firm - and I assure you, my efforts will not change with this title - I wanted to share just a bit about this milestone and show how it reflects more accurately what I do here. We are a focused team and it's rewarding to have attained a certain kind of expertise, being your go-to coordinator for account setup and servicing, scheduling, billing, compliance, RMDs and so much more. I've really enjoyed the compliments from so many of you, especially over the past 2 years or so as I've grown in my role.

Note from Mike: Jenn has absolutely earned this new title and I am so proud and appreciative of her dedication to taking such a personalized approach to each client. If you get a chance, congratulate her.

Blake's Briefing: More Cryptocurrencies Share the SEC Spotlight

On May 23rd,2024, the US Securities and Exchange commission approved the sale of Ethereum Exchange-Traded Funds (ETF's). This is the SEC's second major decision regarding Cryptocurrency related investment products following the approval of Bitcoin Exchange-Traded Funds earlier this year. It's not surprising that the Ethereum approval succeeded Bitcoin's as it is the second largest cryptocurrency by market cap. Price and market cap are not the sole disparity between these top two blockchain applications as Ethereum has a significant fundamental difference and purpose from Bitcoin. Bitcoin is attempting to achieve currency status. While Ethereum can also be used as a digital medium of exchange, it is more focused as a decentralized network enabling the execution of applications and smart contracts. It will be interesting to see how Ethereum ETFs will be accepted by the public. Remember, investing and actively holding Bitcoin and/or Ethereum still remains a speculative, high-risk activity. However, it will be interesting to see how these new technologies evolve over time.

Happy Birthday ALTIUS!



To commemorate our 25th Anniversary this year, we have a couple of big events coming your way! Our virtual workshop with an expert panel on artificial intelligence is only a couple weeks away on August 14th and our 25th Anniversary Party is on September 12th. **You're gonna love this panel with expertise in an AI start up, how it applies to NASCAR racing/marketing and even how AI applies to your own genealogy!**

By now you should have received an invitation to our 25th Anniversary party on September 12th at Del Frisco's Grille Rooftop in Cherry Creek. If you haven't already RSVP'd for either event, please make sure to RSVP either on our website, with Jenn, or using your RSVP card for the 25th Anniversary Party – it's going to be a great party, especially with you there!

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