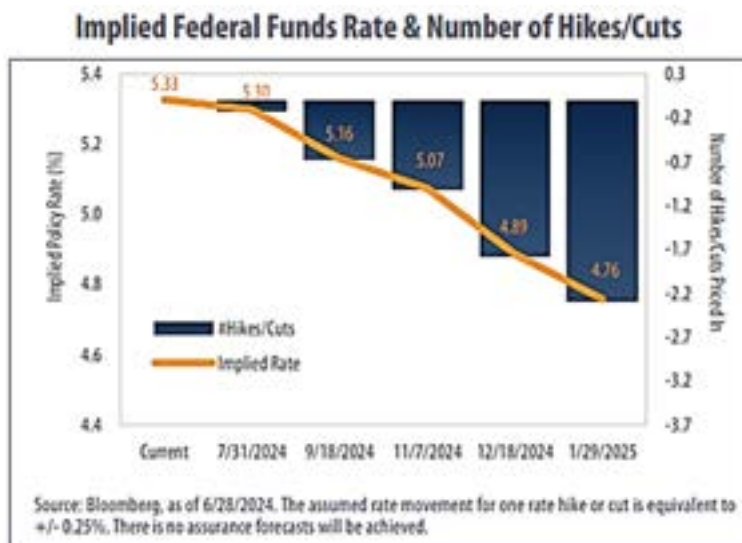


September 3rd, 2024

Fewer Jobs & Lower Rates

Official government figures for US job growth from April 2023 to March 2024 were revised substantially lower on 8/21/24 by 818,000, from 2.900 million to 2.082 million. This year's downside revision was the biggest since 2009, when numbers were revised down by 824,000. Why did markets basically ignore such a big revision? It wasn't exactly surprising since many investors are aware of the structural discrepancy between household and payroll surveys - one of the good things about our government is that it does revise such statistics when called for. This is an important part of a free society: transparency and honesty.

Responding to such news on employment and the slowing economy, Fed Chairman Powell said "The upside risks to inflation have diminished. And the downside risks to employment have increased," adding "The time has come for policy to adjust."



While I've gone on and on about the reckless federal spending, ballooning deficits, and exploding U.S. Treasury issuance, I do think it's important to note that these considerations have already been priced into the bond market. The above chart shows market expectations for two cuts this year and more in 2025. In hindsight, and it may be an understatement, it was wise to underweight bonds over the last few years, but I'll try to write more later this year about the traditional 60/40 equity to bond allocation.

Quote of the Day:

"When I was a child, they told me children are our future. Then I grew up and now they're saying it's actually these new children. I know a Ponzi scheme when I see one."

– Norm McDonald

UPCOMING EVENTS

September 12 – ALTIUS' 25th Anniversary Party at Del Frisco's Grille Rooftop

~Last call to RSVP if you haven't already

December 4 – ALTIUS' Annual Holiday Client Event

TAKE A LOOK INSIDE

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Highway to Economic Hell?

Well, we're about 2 months from "the most important election of our lifetime" and I am hearing mostly bad economic policy out of both camps. I use scare quotes because I've been voting for a long time, and it seems like every election is described that way. Well, count me among the skeptical about this year being that election, or, to put it more positively, I believe that our constitution and our republic will survive another four years of stupid policy. My goal here is to just outline a few major stances of each candidate that will affect our economy and it's mostly bad news.

Harris seems to be running against the Biden-Harris record and Trump, though in office less than 4 years ago always claims to be the outsider, though the swamp didn't seem drained in any meaningful way while he was in office. These are my views only and are just bullet points – one would have to write a very long newsletter to provide a detailed analysis. Beginning with Trump:

- **Increased tariffs.** Trump inflicted this in his first term and promises to do more, even proposing an across the board 10% tariff on all products imported into the U.S. from overseas. This is one of the most boneheaded ideas out there as virtually any economist, left or right, will tell you this just penalizes Americans (esp. low- and middle-income consumers) and, on a net basis, does not save jobs but only protects less efficient producers.
- **Blame/deport illegal immigrants.** While the "hard-nosed" approach seems to sell well with many Americans and there is clearly a need for immigration reform, Trump's approach would likely hurt growth, cost American's jobs, fuel price inflation and be a net drain on contributions to Social Security. The GOP had a chance at reasonable reform and caved to Trump as he believed it would hurt his election chances. Too much to ask for politicians to have politicians take the win?
- **Get rid of taxes on tips.** Trump is likely pandering to voters in Nevada (Harris has now done a copycat on this one) since many workers there derive a large percentage of their income from tips. While I'm absolutely for lower taxes, I don't think this is a good idea. What we should be doing is eliminating all the "special rules for special groups", not creating more.
- **Eliminate tax on Social Security.** Trump says he won't touch America's biggest financial problems – Medicare and Social Security entitlements but would give seniors on Social Security a break from paying tax on their benefits. Again, I'm all for reducing taxes but this move alone would only hasten Social Security's looming insolvency.
- **Extending individual and corporate tax cuts** he implemented during his first term (TCJA) and potentially lowering the corporate tax rate again down to 15%. Aside from his promises to reduce/eliminate whole programs, this is the best policy proposal from the Trump camp. These tax cuts were broad based and contributed to the relatively strong employment/economic numbers under the Trump administration. This is a good place to emphasize spending reduction, which is much more important than tax cuts, though there seems to be no one on the national stage who will tell the voters the truth on this.
- **Trump's famous "2 for 1" executive order** requiring agencies to remove two regulations for every new rule they issue was right on the mark and should be continued/built upon. America has slipped in all the economic freedom indexes over the last couple of decades and much of it is due to the proliferation of Federal regulations. We need much more such de-regulation for our economy to be healthy, but it won't be lasting when done through executive orders.
- **Get rid of much of the misnamed Inflation Reduction Act.** This Biden agenda has proven to be much more costly than initial projections and many experts consider it cronyism at its worst, funding non-economic projects in the Green New Deal, rather than dealing with the underlying cause of inflation.

As Harris has only been the nominee for a few weeks, her campaign has until recently been vague on specifics but here are some concrete proposals being promoted by the VP:

- **Provide first-time homebuyers with \$25,000 for down payments.** This is horrible for so many reasons: wrong diagnosis, wrong incentives, wrong outcomes. America does have a housing...

Highway to Economic Hell? (cont.)

- (continued) shortage but it's due to regulations – builders cannot build affordable housing profitably. Subsidizing first time homebuyers like this is as short sighted and immoral as her and Biden's wanting to forgive education debt. It ignores basic market functions – home sellers will now just charge more on their listing prices.
- **Pledge to cap rent increases.** Rent control has been proven time and again, wherever it's been tried, to have the opposite of it's intended effects: limiting supply, driving up costs even further and incenting landlords to let properties slip into disrepair. Like some of Trump's anti-immigration policies, this sells well but is foolish.
- **Creating a federal ban on "price gouging".** Again, this is really bad economic policy and demagoguery. It ignores the basic function of prices: as conduits of information to find where supply meets demand in a dynamic economy. Many economists have pointed out the razor thin profit margins that food and grocery (Harris' primary target) providers operate on anyway but even more importantly, it's a violation of property rights: no one has a right to buy, without seller's agreement.
- **Blaming corporations** – for inflation and using price controls more generally. Unfortunately, this kind of rhetoric is not exclusive to the Democrats. Nixon famously slapped on all kinds of price controls and today's current Republican party has the same populist "solutions" for our problems.
- **Expanding the Child Tax Credit, Earned Income Credit, Health Insurance Tax Credits.** While JD Vance has said Harris wants to end these benefits, the opposite is true but it's not good policy to incentivize having children (or penalizing it – government should be neutral on such issues) and it's primarily a subsidy for middle- and upper-income Americans.

I could go on but that's enough for now. Trump's fiscal and economy principles (if he has any), are pretty much like everything else with him: transactional and transient. He sees the world as a zero-sum game of takers and givers, rather than creators, producers and traders of value. And, though I was hoping for better, I can't say I'm surprised by the economic illiteracy of the Harris/Walz campaign. They're now stressing some very positive concepts like "freedom" and "joy", but her career has continually emphasized collectivism and government intervention. Her positions so far reveal a cynicism toward the electorate and ignorance of the underlying morality of capitalism.

I know that some of you are strongly on one team or the other and I don't mean to offend anyone but both candidates, as much as we can tell, would keep us on and accelerate the wrong path. And I haven't even commented on each candidates' policies on other issues like foreign policy. I like how Quent Cordair (an artist and art gallery owner) recently put it: "I'm not so much against the Democrats or the Republicans as I am for individual rights - *my* rights."

Taylor is back on September 9th!

Taylor has been on maternity leave this summer with her son David III, but is coming back to work on September 9th. We are so thrilled to have Taylor back, hear more about little David, and for Taylor to start meeting with clients again. We want to make sure she has time to catch up, so please be patient with her response time. If something is urgent, feel free to call ALTIUS at 303-584-9271 or copy Mike and Jenn to make sure the request is done in a timely manner.

Last Chance to Join Us at the 25th Anniversary Party

Don't forget our 25th Anniversary Celebration is next week on September 12th from 5:30-8:30pm at Del Frisco's Grille Rooftop in Cherry Creek:

100 St. Paul St., Suite 140, Cherry Creek, CO 80206

We will be sending reminder emails this week and next week, but here are the details:

- Parking Included: Valet Parking through Jay's Valet or Garage Parking around the corner from Del Frisco's
- Dress: Business Casual. Del Frisco's Grille enforces a strict upscale dress code. They do not allow hats, beachwear, or gym attire.
- Rooftop: There is an elevator straight ahead from the Del Frisco's Grille entrance to take you to the rooftop.
- Cocktails & Heavy Hors D'oeuvres will be served, please let us know ASAP if you have any allergies.
- A special toast will occur at 7pm to celebrate ALTIUS' 25 years!

If you haven't RSVP'd yet, please RSVP as soon as possible! RSVP with Jenn or on our website.



Jenn's Jangle – Fall Freshen Up

Ok, I don't want to press the seasons as we're still enjoying summer and it's well past the season of spring cleaning, but I wanted to remind you of some items to "freshen up" your accounts that I'm always willing to help you out with:

- Confirm or Update Account Details
- Confirm or Update Beneficiaries
- Sign up for Electronic or Paper Statements
- Make Changes to Contributions or Distributions
- Update Wire & Move Money Instructions
- Reset your My Empowered Future™ Portal password
- Process your 2024 RMD

And, of course, I can always schedule a Strategy Session with an Advisor for your investment and financial planning needs. Taylor is back from maternity leave soon and we'll be scheduling times with her. Give me a call or send an email with any questions or concerns. I can't wait to celebrate with you at our 25th Anniversary Party on the 12th - if you forgot to RSVP, let me know that you can make it!

An ALTIUS Family of Achievers (Part 2)

In part two of "An ALTIUS Family of Achievers," we are sharing more client achievements to celebrate our 25th Anniversary. ALTIUS wouldn't be anywhere without our clients, and we care deeply about your lives and goals. We are thrilled to have clients with such diverse achievements! Since it's almost time for ALTIUS' 25th Anniversary Celebration on September 12, we'd like to share our clients' wonderful creative, military, and career achievements:

- 1940s** — Phil A. bravely fought in World War II. Phil A. also taught college chemistry for 28 years including Organic Chemistry and Nurses Chemistry.
- 1950s** — Dennis W. homesteaded in Alaska before it became a state!
- 1960s** — Serving 20yrs in the USAF, including a tour in Vietnam, Roy K. was awarded "The Bronze Star Medal for Heroism" while under enemy fire. Roy also was an operator with the 1st Cartographic & Geodetic Survey Group, responsible for airborne mapping of remote locations around the world. His exceptional service led to the Airman of the Year Award.
- 1980s** — We have several clients including Paul J & Tim M with prolific careers at Kiewit & Sons - building large scale projects like airports, bridges & highways, public transportation and hydroelectric systems around the world.
- 1990s** — Several clients were involved in transforming how seismic data are collected & interpreted. These really smart people delivered innovative software/services to the oil & gas industry, helping to produce the "shale revolution".
- Understanding alternative energy before it was cool, Marshall B. gave presentations and wrote cutting-edge software to develop flexible wind turbine towers and blades at NREL.
- 2000s** — Dean T. received a Commendation of the CO Senate for outstanding contribution to CO educational excellence.
- Steve H. was named Channel 7's Everyday Hero
- 2010s** — Krescent W. sang in the grand opening of the Dr. Phillips Center for the Performing Arts with the Bach Festival Society and the Orlando Ballet.
- Ed M. wrote the management bestseller "Iterate: Run a Fast, Flexible, Focused Management Team." (IterateNow.com)
- 2020s** — Carrie S. achieved tenure at an R1 Research University!
- Barney E. built a handmade grandmother clock. Not from a kit, he made all the wooden parts!
- Along with a few other clients, Nancy & Kevin D. are celebrating their 50th Anniversary this year.
- Marcus C. released a full music album (EDM genre) that he entirely composed and produced himself (at age 18). The album, "Solstice" is on Spotify and Apple Music. Check it out!



An ALTIUS Family of Achievers (continued)

We have clients who've served our country from WWII to Korea & Vietnam to Fallujah and Afghanistan. Clients in C-suite capacity for Fortune 500 companies and a couple who hold multiple patents. We have clients who've run for office with both major parties and some who've advised leaders at the highest levels. Many entrepreneurs and several have operated farms and ranches, and one owned his own elk herd. Some of our clients are literally rocket scientists, actors/film makers, artists, attorneys, doctors & psychologists, professors, pilots & flight attendants, physical therapists, authors and many award-winning teachers and journalists. Some have been DJs on the radio and play in Rock n Roll bands. We have big-time travelers amongst our clients, many of whom have been to all 50 states and more than 40 countries. Some of you have been reserved about sharing your life's achievements and unique hobbies and we know we missed some, but we are so proud to just know you.

Again, this all started with trying to find a unique way to celebrate ALTIUS' 25th Anniversary and more specifically the ALTIUS clients themselves. I am so proud to call our clients ALTIUS clients; we would be nothing without each and every one of you. I'm so excited to see you all next Thursday, September 12 at ALTIUS' 25th Anniversary Party at Del Frisco's Grille: it's time to celebrate 25 years of Client Success & Financial Excellence.



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