

WEBVTT

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00:00:03.670 --> 00:00:11.160

XYPN Invest: Alright! Welcome, everybody! This is our 2024 Q. 4. Quarterly Market Review, with Mario Nardone.

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00:00:11.660 --> 00:00:13.949

XYPN Invest: Mario. Welcome, thank you for being here.

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00:00:14.590 --> 00:00:16.460

Mario Nardone: Hey? Happy to be here as always.

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00:00:17.190 --> 00:00:22.380

XYPN Invest: So I'll I'll run through a couple of the logistics while we

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00:00:23.880 --> 00:00:27.539

XYPN Invest: get set up here, and everybody gets a chance to get in the zoom room.

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00:00:28.660 --> 00:00:56.010

XYPN Invest: One of the newest things we've been doing is registering these for Cfp continuing education. So if you're here, if you provided your Cfp id number and your registration. Then that's all you need to do. If you're watching this recording later doesn't count at that point. So you gotta attend, live, and we'll submit everyone who stays for the whole presentation for ce credit

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00:00:56.310 --> 00:00:59.930

XYPN Invest: if you leave early. Unfortunately, that won't work.

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00:01:01.480 --> 00:01:17.470

XYPN Invest: We always post the recording, and in addition to the recording, we've got a white paper with the same commentary that you might white label and send to clients. So keep an eye out for that. We post all this together

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00:01:17.640 --> 00:01:26.999

XYPN Invest: and Academy you can also find it in our knowledge base@support.xyinvestment solutions.com.

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00:01:28.200 --> 00:01:34.050

XYPN Invest: Let's see what else Mario has been here since the beginning of

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00:01:34.670 --> 00:01:36.900

XYPN Invest: all things. XYP. And invest.

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00:01:37.070 --> 00:01:42.429

XYPN Invest: So if you want to learn something about Xyp, invest, Mario is a great resource.

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00:01:43.632 --> 00:01:47.839

XYPN Invest: I've been here sometime, but this, unfortunately, will be my last

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00:01:48.368 --> 00:01:53.390

XYPN Invest: departing after Valentine's day, to return to my firm and run that

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00:01:54.541 --> 00:02:01.029

XYPN Invest: but it's been a a great time here, and it's been great working with you all.

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00:02:02.440 --> 00:02:05.110

XYPN Invest: Think I've missed anything. Mario.

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00:02:06.380 --> 00:02:10.729

Mario Nardone: No. But why'd you have to start off on a tearjerker? This? It's not fair.

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00:02:10.900 --> 00:02:12.210

Mario Nardone: We're gonna miss you, Jeff.

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00:02:12.210 --> 00:02:16.319

XYPN Invest: It's it's fine. It'll all be good. I'm not going too far.

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00:02:16.560 --> 00:02:20.589

XYPN Invest: Probably seen me at conferences and running about.

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00:02:21.460 --> 00:02:23.320

Mario Nardone: Alright. Well, thanks for the warning.

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00:02:23.770 --> 00:02:32.670

Mario Nardone: Now we're gonna miss you, Jeff. You've been you've been a pleasure to work with, and you've made great strides, if I may say so with Xypn invest.

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00:02:33.420 --> 00:02:37.870

Mario Nardone: I'm sure Jenna will fill your shoes nicely while you're gone.

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00:02:39.286 --> 00:02:41.069

Mario Nardone: Alright, so am I up.

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00:02:42.700 --> 00:02:44.540

XYPN Invest: Yeah, I'd say, Go for it.

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00:02:44.760 --> 00:02:53.192

Mario Nardone: Excellent alright, thanks to ce credit to boost the attendee count 77 people. That's awesome. I'm gonna go off camera. So you don't have to

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00:02:54.370 --> 00:02:56.860

Mario Nardone: watch me talk. Let's pay attention to the slides.

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00:02:57.192 --> 00:03:03.550

XYPN Invest: One more thing I'll point out is if you look in zoom, there's a chat.

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00:03:03.690 --> 00:03:10.720

XYPN Invest: and there's a Q&A use the chat. If you'd like to talk to the other attendees, we might post some links in there

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00:03:11.120 --> 00:03:18.569

XYPN Invest: and use the Q. And A. If you've got a formal question that you'd like everybody to hear, and you'd like answered, Live.

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00:03:18.850 --> 00:03:24.900

XYPN Invest: I'll watch the QA. And I'll interrupt Mario as appropriate to get those answered.

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00:03:25.160 --> 00:03:35.089

XYPN Invest: and the slides, of course, will be available. I should have said that, too. We'll post the slides. We'll post the written commentary, and we'll post the video. So you have all 3 resources

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00:03:35.210 --> 00:03:38.170

XYPN Invest: when all is said and done, and

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00:03:39.000 --> 00:03:43.209

XYPN Invest: hopefully, that's quite helpful. Alright sorry for the interruption. Go ahead.

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00:03:43.400 --> 00:03:49.609

Mario Nardone: No problem. Feel free to interrupt. I won't be watching the the QA. So just chime in.

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00:03:50.203 --> 00:03:59.040

Mario Nardone: Okay, so I see a lot of familiar names. You've been here before, and you know, some things in this presentation are pretty consistent.

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00:03:59.617 --> 00:04:06.229

Mario Nardone: We start out with sort of what we call the glass half full glass, half empty, slide on the left side. You have

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00:04:06.634 --> 00:04:13.630

Mario Nardone: you know some of the reasons why your clients or yourselves might, you know, think optimistically about the future and on the right

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00:04:13.770 --> 00:04:30.810

Mario Nardone: sort of the concerns, or glass half empty perspective. And there's good reasons for both lots of news flowing around these days. But on the left side the Us. Economy continues to chug along. Labor market is strong wage wages are going up.

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00:04:31.434 --> 00:04:33.405

Mario Nardone: So that's a good thing.

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00:04:34.030 --> 00:04:49.229

Mario Nardone: you know. The 3rd bullet point there we've seen yields on bond investments coming up, and that's a good thing for typical investors that have a portion of their portfolio in bonds you get. You're actually getting paid to own bonds now. And like a few years ago.

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00:04:49.694 --> 00:05:01.890

Mario Nardone: And then, you know, regardless of how you feel about politics. I know. You know, this slide was. This presentation was constructed before the inauguration. But we now know who the President is is or is going to be

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00:05:02.424 --> 00:05:08.340

Mario Nardone: and the policies that are expected from an economic perspective should be positive

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00:05:09.440 --> 00:05:15.599

Mario Nardone: on a net basis. There's certainly some reasons for skepticism, but overall should be

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00:05:15.800 --> 00:05:20.970

Mario Nardone: not diminishing from the Us. Economy perspective

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00:05:21.280 --> 00:05:26.240

Mario Nardone: reasons for concerns. Yes, some of those policies could have impacts on

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00:05:27.220 --> 00:05:42.779

Mario Nardone: us here as taxpayers as us based consumers, tariffs and immigration could be an immigration policy could be inflationary could have disrupting impacts on the labor market, so certainly want to see how they might play out.

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00:05:43.260 --> 00:05:45.339

Mario Nardone: And then, whether or not the fed

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00:05:45.460 --> 00:05:51.009

Mario Nardone: will try to step in if there is inflation. Certainly. There.

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00:05:51.450 --> 00:05:57.560

Mario Nardone: you know, when the fed steps in for inflationary reasons, it's because the economy might be getting too hot.

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00:05:57.820 --> 00:06:10.929

Mario Nardone: What we're talking about today are inflationary factors that are not a result of a hot economy. So the fed might not have to step in and do anything. But if they do that could have impacts on financial markets.

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00:06:11.110 --> 00:06:20.869

Mario Nardone: and then we've had great returns from us stocks. We'll talk about valuations a little bit later question about whether or not that, you know, can persist.

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00:06:22.272 --> 00:06:31.940

Mario Nardone: And then certainly the geopolitical issues in the Middle East, and with Ukraine and everywhere else that seems to flare up on occasion.

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00:06:32.930 --> 00:06:47.450

Mario Nardone: So we've started doing this this slide. That's sort of the quarter by the numbers. And if you're watching the recording. It might be a good time to pause it,

and just sort of scan through it. See what stands out. The one that stands out to me is that middle one, the 67%.

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00:06:47.901 --> 00:07:02.329

Mario Nardone: You know, that's the the ratio of the Us. Stock market versus the the rest of the world, or percentage of the Us market in terms of the global equity universe. And that's pretty high. You know, within our investment.

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00:07:02.520 --> 00:07:05.669

Mario Nardone: you know, time time span here. Not. It's sort of

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00:07:05.790 --> 00:07:08.840

Mario Nardone: longer ago than Xypn invests

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00:07:10.120 --> 00:07:17.780

Mario Nardone: lifetime. But you know, as recently as 2,007, the Us. Only accounted for 40% of the global equity market.

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00:07:18.768 --> 00:07:23.139

Mario Nardone: So definitely seen that spike.

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00:07:23.400 --> 00:07:31.340

Mario Nardone: currently, at 67, our portfolios will be migrating towards a 60 to 62 or 3%

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00:07:31.743 --> 00:07:46.009

Mario Nardone: ratio from where they are today. Just to sort of keep things a little bit in line. And sorry, Jeff, I'm foreshadowing here this. These are changes that we're contemplating making in the next couple of months. Just because we are a little bit detached from

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00:07:47.200 --> 00:07:52.099

Mario Nardone: with the global market looks like, we want to correct some of that.

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00:07:52.410 --> 00:07:57.050

Mario Nardone: Happy to take your questions. But you'll be learning more about that in the coming weeks and months.

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00:07:59.860 --> 00:08:04.840

Mario Nardone: Okay. So I mentioned, you know, the President. The inauguration happened yesterday.

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00:08:05.000 --> 00:08:14.000

Mario Nardone: So you know, we've gone from election uncertainty 4 months ago to policy, uncertainty, and now I think we have an idea of what the President wants to do.

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00:08:14.050 --> 00:08:35.070

Mario Nardone: The question of whether or not there's the will in Washington to execute on some of that. So I just had a client meeting. And you know there were questions about what are tariffs going to do to you know, foreign stocks, in particular, Chinese stocks and things like that, and it's really just too soon to know many people can pontificate.

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00:08:35.179 --> 00:08:43.310

Mario Nardone: But you know, who knows if there's tariffs on a Chinese company that sells component parts to the Us. And then they just.

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00:08:43.510 --> 00:09:02.809

Mario Nardone: you know, sell them to a German company who resells them and repackages them to the Us. Maybe there's no impact to that company at all. And I'm just sort of making something up here to illustrate the point that we really have no idea what policies are going to be enacted and what impact they can be expected to have.

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00:09:05.497 --> 00:09:11.110

Mario Nardone: So. But inflation, you know, certainly is a, you know, hot topic.

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00:09:11.620 --> 00:09:17.400

Mario Nardone: So what you see here is a slide from Jp. Morgan that goes back to 2018

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00:09:17.530 --> 00:09:25.189

Mario Nardone: with, you know, basically, you see the left side of the page, and if we extended this way back, even before 2018,

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00:09:25.400 --> 00:09:47.347

Mario Nardone: it was more of what the left side of that page looks like right low and pretty steady, predictable inflation going back pretty much to the mid eighties so what I'd ask you to focus on is the the Black Diamond at the top of, or in the middle, or wherever it appears, of each of the bar charts which represent monthly inflation.

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00:09:48.130 --> 00:10:09.650

Mario Nardone: observations year over year, so you could see that inflation was pretty steady, and then Covid hit right. January 1st quarter of 2020. You see the the black diamond touching that 0% line, and then pretty quickly ramping up to that 9.1 figure in 2022. As a result of the economic stimulus

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00:10:10.010 --> 00:10:15.250

Mario Nardone: that was meant to keep us from, you know, really languishing in that covid era.

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00:10:16.160 --> 00:10:29.939

Mario Nardone: But we also see that since then inflation has come down pretty substantially with the most recent observation available when we created this slide of 2.7% in November.

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00:10:31.550 --> 00:10:37.779

Mario Nardone: now, the question is again, tariffs. Do we think that that's going to be inflationary? Whether or not it will have impact?

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00:10:37.820 --> 00:10:50.930

Mario Nardone: We, we really have no idea but one of the things we wanted to call attention to on this slide is that the left side of the page coincides with Trump's 1st term, when tariffs were on the table and enacted.

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00:10:50.960 --> 00:11:09.180

Mario Nardone: And yet there really was no inflation to speak of here in the Us. Until Covid hit. So we don't want to say that this store this time around is going to be the same. We don't want to get complacent. And we do have to recognize that the economic backdrop is different today than it was before. It seems like there might be.

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00:11:09.330 --> 00:11:11.095

Mario Nardone: you know, a little bit more

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00:11:11.510 --> 00:11:24.659

Mario Nardone: you know, kindling for the inflation story to ramp back up again. But we don't. We don't want to just equate terms like tariffs with almost, you know, inevitable inflation.

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00:11:29.710 --> 00:11:40.211

Mario Nardone: Let's beat that dead horse a little bit more on tariffs. I thought this chart was an excellent way to put things in perspective. That

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00:11:41.290 --> 00:11:48.389

Mario Nardone: line to the on the right basically indicates what was what has been proposed from a tariff perspective.

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00:11:48.520 --> 00:11:51.140

Mario Nardone: And the bar chart to the left

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00:11:51.290 --> 00:12:02.179

Mario Nardone: basically are the tariffs that actually existed over time. So you can see if you look. Compare it all the way to the left side. We haven't seen tariffs

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00:12:02.390 --> 00:12:19.260

Mario Nardone: to the extent that are being proposed since the post depression era. Right? I'm not an economic historian. Don't know exactly what was happening at that time, but it seems to me like the Government would have been wanting to protect American industry, get people to buy

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00:12:19.715 --> 00:12:34.870

Mario Nardone: buy American and put people back to work. So that was an extreme environment. And that was the last time we saw tariffs to this degree, and the vast majority of the century. Since then we haven't seen anything like it. So whether or not that can be

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00:12:35.391 --> 00:12:42.049

Mario Nardone: achieved is yet to be seen. But for for perspective, that's what's on the table right now

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00:12:45.540 --> 00:12:48.017

Mario Nardone: from a you know, an investment.

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00:12:49.280 --> 00:12:59.680

Mario Nardone: perspective. This is what we experienced from a you know, from the Bond Market 4th quarter on the left side of the page, you know we did see, you know, uptick in yields

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00:12:59.890 --> 00:13:20.649

Mario Nardone: which you know, we know the inverse relationship between bond prices and yields so not surprising, we had negative performance, but for the we do you do see that one positive, the maroon or rust colored bar representing global stocks or bonds? And we do have a global allocation in most of our models.

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00:13:20.860 --> 00:13:28.010

Mario Nardone: So the diversification there helped out when the rest of the Us. Market was in the negative.

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00:13:28.070 --> 00:13:52.650

Mario Nardone: But for the calendar year, you see, positive returns. In particular, if you look at the orange bar and the light blue, those represent short and intermediate term corporate bonds, they outperformed their treasury counterparts, which you'd expect given the year that we had general positivity from a risk. Perspective. Equities do well. Corporate bonds tend to do well.

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00:13:53.072 --> 00:14:02.750

Mario Nardone: And we have a pretty high dose of high grade corporate bonds in our portfolio. So that was a a tailwind for us in our bond portfolio last year.

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00:14:03.010 --> 00:14:09.889

Mario Nardone: I'm gonna pause, Jeff. Any questions out there? Anything you'd like me to clarify or or spend more time on. So far.

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00:14:10.360 --> 00:14:13.569

XYPN Invest: Now we've had a couple asked about

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00:14:13.740 --> 00:14:21.719

XYPN Invest: our current design us versus international equity splits. And so I've been answering those in the QA.

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00:14:21.850 --> 00:14:24.060

XYPN Invest: But otherwise you can keep them.

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00:14:24.320 --> 00:14:40.159

Mario Nardone: Okay, yeah. Happy to expand upon that. If you want I'm sure maybe part of your response has to do with the fact that we created these portfolios 7 years ago. I think. When Xy investment solutions was launched.

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00:14:40.670 --> 00:14:56.099

Mario Nardone: The Us. Market was 45% at the time. And so we didn't want. You know we didn't want to be that low on us, but we split the difference, and we started out with a 50 50 model. Added the reit. Allocation?

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00:14:56.770 --> 00:15:15.890

Mario Nardone: Obviously it would have in hindsight would have been better to be higher in us. But that's not, you know why we make the decision? Nonetheless, we do want to be a little bit closer aligned with global equity markets, and that for those of you not following the Q. And a. I'd say, that's my high level view on that.

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00:15:18.010 --> 00:15:26.889

Mario Nardone: okay. So if you you know, we talked a little bit about bonds and interest rates. But what we really wanna, you know, sort of show you is

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00:15:27.070 --> 00:15:34.219

Mario Nardone: this is, you know, the left side of the page shows you the the top part, in fact, shows you the Treasury yield curve

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00:15:34.380 --> 00:15:43.059

Mario Nardone: at the the dark line is the beginning of last calendar year. So on the left side of the page you can see that short term bond yields.

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00:15:43.290 --> 00:16:01.719

Mario Nardone: driven mostly by the Fed Funds rate were much higher than longer term bonds. On the right side of the page. And that's you know, this is no new story. This is what's known as the inverted Yield Curve, because we'd expect longer term bonds to have higher yields than short term bonds.

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00:16:01.890 --> 00:16:15.559

Mario Nardone: But what we've seen over that period is, you know, the Federal funds rate has come down a little bit right, starting to ease off the the high rates that were implemented to combat inflation.

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00:16:15.780 --> 00:16:19.980

Mario Nardone: But we've seen the longer part of the yield curve come up.

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00:16:20.160 --> 00:16:25.036

Mario Nardone: And you know there's a couple of potential reasons for that.

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00:16:26.810 --> 00:16:36.639

Mario Nardone: the most plausible one, I think, why investors would be selling long term bonds when inflation seems to be moderating.

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00:16:37.675 --> 00:16:43.079

Mario Nardone: Would be fears over the fiscal deficit.

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00:16:43.737 --> 00:16:53.299

Mario Nardone: Obviously, if you're if you're buying us Treasury bonds, you're effectively a lender to the Us. Government, and like any lender, you don't like to see

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00:16:53.993 --> 00:17:00.270

Mario Nardone: bad fiscal behavior, and as our deficit goes higher and higher, there

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00:17:00.530 --> 00:17:05.599

Mario Nardone: should be a reluctance for investors to continue to buy Treasury debt.

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00:17:05.720 --> 00:17:09.784

Mario Nardone: We'll obviously see how that plays out. But ultimately,

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00:17:11.560 --> 00:17:22.329

Mario Nardone: the result at the end of 2024 is a more normally shaped yield curve, where we buy longer, term bonds and expect a higher long term rate of return.

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00:17:22.450 --> 00:17:31.087

Mario Nardone: The right side of the page tells you how unusual this is, and it's kind of a technical slide. But

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00:17:31.650 --> 00:17:37.799

Mario Nardone: what I could. What we really want to call attention to is that from the left side of the page to the middle

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00:17:37.970 --> 00:17:40.689

Mario Nardone: the slide is telling you that historically

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00:17:40.840 --> 00:17:44.269

Mario Nardone: 10 year Bond yields tend to track very closely

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00:17:44.380 --> 00:17:47.779

Mario Nardone: with the Federal Funds rate cycle.

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00:17:48.010 --> 00:18:15.149

Mario Nardone: but this time around what you see towards the right side of the page, you actually see that there has been a diversion where the fed had continued to cut rates, but, as I mentioned earlier, the 10 year yield has gone up. So it just shows you that it is a bit of an unusual environment and probably unexplainable, due simply to fed policy.

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00:18:18.840 --> 00:18:36.759

Mario Nardone: So, turning to the stock market, the 4th quarter on the left side of the page was similar story to what we've seen over the last 2 years or so, and that is that the gray bar representing us large growth stocks was the best performer, and the driver of the overall stock market

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00:18:36.830 --> 00:18:57.819

Mario Nardone: and the other 2 columns or 2 sets of columns show you the results of calendar year 24, which again large growth was the top performer. But we still had very solid returns across the board. The, you know, regardless of whether you slice it by size, by value versus growth.

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00:18:57.910 --> 00:19:08.789

Mario Nardone: And when you consider that the average market return is 8 to 10%, and we got 23.8 for the market as a whole. That's a pretty big number.

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00:19:13.400 --> 00:19:21.779

Mario Nardone: But the the glass half empty. Viewpoint of what I just said is, where valuations are

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00:19:22.200 --> 00:19:42.839

Mario Nardone: stocks can't just continue to go up forever. No, we. I shouldn't say that if if underlying earnings continue to go up. Then stock prices can continue to go up and be supported by the Underlying Company's success. However, that's just not the way things work. If you know, if earnings continue to expand.

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00:19:42.950 --> 00:20:07.620

Mario Nardone: then capitalism tells us that other companies are going to get in that business and compete away any outsized earnings that those companies might enjoy. So the takeaway here is that if you look at the right side of the page, we see that the price to book ratio of the S. And P. 500 is about as high as it was during the dotcom era.

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00:20:07.850 --> 00:20:14.320

Mario Nardone: We're not trying to say or predict that there will be a a.com

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00:20:15.545 --> 00:20:19.720

Mario Nardone: reminiscent bursting of the bubble. But

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00:20:19.930 --> 00:20:22.569

Mario Nardone: we do need to pay attention to history.

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00:20:22.690 --> 00:20:29.560

Mario Nardone: We don't believe when people say things like this time it's different. Because every time that they've said that before

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00:20:29.660 --> 00:20:37.370

Mario Nardone: they've you know, if they invest with you know that philosophy in mind, they've paid dearly for that short sightedness.

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00:20:37.930 --> 00:20:51.779

Mario Nardone: So what we want to do is make sure that we're cognizant of valuations, and it doesn't matter if you use price to book or price to earnings, or or sales, or whatever valuations are stretched. Now, if we actually dug down into it

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00:20:52.170 --> 00:21:15.780

Mario Nardone: the stretch valuations really are just among those large growth stocks in the Us. Market. So as long as we're not ultra concentrated, and I'd be surprised if many on the call today were invested in the.com era. That was early in my career, and I remember people saying, all I want is the Janice 20 fund

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00:21:17.110 --> 00:21:23.949

Mario Nardone: big growth companies look like they're the gonna be the dominant force, for you know, in the world. But

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00:21:24.400 --> 00:21:47.679

Mario Nardone: staying diversified whether it's having an international component small cap, not, you know, being 100 tied to the growth style of investing. Those are all very sound and logical ways to mitigate any exposure to these high valuations. I wouldn't worry too much about rotating out of them, but we certainly wouldn't want to be

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00:21:47.800 --> 00:21:49.650

Mario Nardone: overly exposed.

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00:21:52.820 --> 00:21:56.240

Mario Nardone: Turning to stock markets outside the Us.

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00:21:56.460 --> 00:22:13.040

Mario Nardone: 4th quarter wasn't as friendly. You see, negative returns in the 6 and a half to 8% range, and then for the year relatively muted returns for all but the emerging markets index, which is, was up 7.5%.

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00:22:13.632 --> 00:22:21.680

Mario Nardone: One of the things that's obscured by the way, we present it. Here is the impact of the Us dollar.

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00:22:22.330 --> 00:22:42.959

Mario Nardone: So, for instance, if you look at that 4.7% the blue bar representing international large cap stocks return for last year. That number was actually 12.4% in their local market. So, for instance, if you bought German and Italian stocks in Euros and Japanese stocks in Yen

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00:22:43.070 --> 00:23:11.600

Mario Nardone: the total return for that same portfolio would have been 12.4, but because the Us. Dollar appreciated over that period of time we actually experienced a much lower return as us based investors. And you know, we don't want to sugarcoat things. That's certainly a detriment to us when the dollar strengthens. But what we

really want to point out is that there are actually really strong companies in our portfolio that are domiciled outside the Us.

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00:23:11.810 --> 00:23:17.950

Mario Nardone: And you know a lot of times we hear arguments about. You know us companies have.

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00:23:18.280 --> 00:23:28.330

Mario Nardone: you know, better. Fundamentals are a form of capitalism gives them the advantage. There's innovation or laws that really benefit us companies, and that some of that may be true.

144

00:23:28.500 --> 00:23:38.899

Mario Nardone: But there are still very sound companies abroad that are generate, you know, selling their products, providing services, generating earnings.

145

00:23:39.040 --> 00:23:47.750

Mario Nardone: And the cycle may be long since, you know, last time we saw international actually do well, but we still think that it makes sense to

146

00:23:48.254 --> 00:23:58.539

Mario Nardone: have a stake in these companies that compete with us stocks, and and they'll their time will come, they'll their day in the sun will will eventually materialize.

147

00:24:01.380 --> 00:24:09.499

Mario Nardone: And the heading of this slide is additional reasons to hold international stocks. But this is, I thought, I think this is just a really interesting way to frame

148

00:24:10.010 --> 00:24:21.669

Mario Nardone: how the markets have performed. Aside from the magnificent 7, which is the purple line here, and this only goes back to October of 22. So a little over 2 years, you can see the Mag 7

149

00:24:22.248 --> 00:24:31.819

Mario Nardone: has more than doubled right the growth of a dollar approaching \$2 and 50 cents over that time period. But if you look at the

150

00:24:32.210 --> 00:24:35.849

Mario Nardone: so the S. And p. 500 is that orange or red line.

151

00:24:36.010 --> 00:24:46.036

Mario Nardone: and you can see that even with the magnificent 7 the S. And p. 500, you know is more. You know the returns have been more modest. You still would have,

152

00:24:46.490 --> 00:24:48.139

Mario Nardone: you know, increased your

153

00:24:48.330 --> 00:24:59.829

Mario Nardone: investment by more than 50%. But if you take away the magnificent 7 you're left with the green line. So the S. And P. 500, or the S. And P. 493

154

00:25:01.540 --> 00:25:15.669

Mario Nardone: was, you know, a pretty good, you know, 50% return over that period. But so was international, the blue line showing you the Iifa index. So, aside from the magnificent 7, anybody who seems to be critiquing

155

00:25:15.810 --> 00:25:21.559

Mario Nardone: the logic of investing outside the Us. Can just look at this chart and say, Look, these stocks have done

156

00:25:21.770 --> 00:25:29.269

Mario Nardone: at least as well as all the other stocks in our most well known and beloved S. And p. 500 index.

157

00:25:32.140 --> 00:25:39.290

Mario Nardone: And so we'd be remiss if we didn't sort of bring up the topic du jour right? We talk about Bitcoin

158

00:25:39.500 --> 00:26:06.140

Mario Nardone: pretty much anytime. It hits a new high. I remember talking about it at 15 or 16,000. We talked about it at around 60,000 100,000 seems to be a pretty good time to talk about it. And certainly there's a lot of discussion with obviously President Trump and his declarations about you know the Us. Being the Crypto capital of the world or or going to be.

159

00:26:06.280 --> 00:26:08.049

Mario Nardone: seems like it.

160

00:26:08.160 --> 00:26:27.820

Mario Nardone: Increase the the level of enthusiasm. As well as you know, we're hearing about some additional new digital assets that have have been launched. But our event, our viewpoint is still the same. Certainly, if advisors want to dabble, maybe some of you understand.

161

00:26:28.040 --> 00:26:42.290

Mario Nardone: Bitcoin and other digital assets much more than we do, or have a better understanding about why it deserves a place in a portfolio. If you do, I'd love to hear it. The the thing that we wrestle with the most

162

00:26:42.400 --> 00:27:09.449

Mario Nardone: is not necessarily whether it deserves a place in a portfolio, but whether it deserves a hundred \$1,000 price tag. We really don't understand that, you know whether or not there's a good way to value it. We can compare it to stocks and bonds and other investments like real estate, where we could point to why we think shareholders, or, I should say, investors in those assets should be rewarded.

163

00:27:09.560 --> 00:27:25.519

Mario Nardone: and why the underlying assets themselves have a value, and and what to base that value on. And we just don't see that for Bitcoin, and certainly at \$100,000. We don't see the the logic behind that, any more than we did at 50,000 or 15

164

00:27:27.120 --> 00:27:41.130

Mario Nardone: But again, as you and your clients, if you wanted to put 1% in there, even if it went bust, it's probably not gonna derail their long term plan, but if it does continue to, you know, be like a winning lottery ticket.

165

00:27:41.380 --> 00:27:46.380

Mario Nardone: you might, you know, be glad that you had a a little bit, but we would just caution

166

00:27:46.500 --> 00:27:53.629

Mario Nardone: getting too greedy, or investing too much, or more than a client can afford to lose.

167

00:27:54.290 --> 00:28:04.218

Mario Nardone: So that, you know, sort of, concludes the prepared remarks. Certainly ready to take some questions you have your disclosures here.

168

00:28:06.100 --> 00:28:11.710

Mario Nardone: Any any other? Any questions bubbling up before we let you guys go.

169

00:28:12.440 --> 00:28:17.840

XYPN Invest: Mario. One thing I wanted to point out is for anyone who who doesn't know

170

00:28:18.551 --> 00:28:25.150

XYPN Invest: what makes up the magnificent 7. Could you talk about those 7 stocks.

171

00:28:25.440 --> 00:28:27.679

Mario Nardone: Yep. So you see it in the footnote here.

172

00:28:28.078 --> 00:28:32.369

Mario Nardone: I don't need to read them to you, but they're the, you know, large tech names.

173

00:28:33.023 --> 00:28:33.990

Mario Nardone: You know

174

00:28:34.170 --> 00:28:42.660

Mario Nardone: Nvidia is probably the most well known and and most discussed lately, the maker of chips that seem to power.

175

00:28:42.870 --> 00:28:47.079

Mario Nardone: You know all the AI in the world, and it's a good example of

176

00:28:47.940 --> 00:28:56.593

Mario Nardone: You know what I mentioned earlier about. If if other chip makers and Taiwan semiconductors in there. Cisco is in there, or Intel

177

00:28:57.250 --> 00:29:04.180

Mario Nardone: you know they have the capability of making these chips and as they develop

178

00:29:04.480 --> 00:29:11.480

Mario Nardone: a and get better at it, then they probably should be expected to eat into Nvidia's market share.

179

00:29:12.048 --> 00:29:14.630

Mario Nardone: But for now seems to be the

180

00:29:14.820 --> 00:29:16.750

Mario Nardone: the darling of the stock market.

181

00:29:23.240 --> 00:29:24.410

Mario Nardone: Other questions.

182

00:29:28.490 --> 00:29:34.429

XYPN Invest: Oh, we've got one in the Q. And A. What percentage of our model 100% stock portfolios allocated

183

00:29:34.610 --> 00:29:40.870

XYPN Invest: to international and developed versus emerging markets.

184

00:29:41.000 --> 00:29:45.050

XYPN Invest: So I've got all the detail up in the

185

00:29:45.200 --> 00:29:48.550

XYPN Invest: previous questions that I typed into the Q. And a.

186

00:29:48.790 --> 00:29:58.599

XYPN Invest: But just to read it out loud for everybody. Our core model right now is 50%, Us and 50% international

187

00:29:59.733 --> 00:30:04.479

XYPN Invest: as far as international split with emerging markets.

188

00:30:06.630 --> 00:30:09.429

XYPN Invest: It's let's see here.

189

00:30:13.950 --> 00:30:18.280

XYPN Invest: It's about 70 30 developed versus emerging markets.

190

00:30:19.201 --> 00:30:22.180

XYPN Invest: Keep in mind, we've got different models with different

191

00:30:24.780 --> 00:30:32.280

XYPN Invest: ratios. So tracker, for example, today sits at 70%. Us versus 30%. International

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00:30:32.560 --> 00:30:38.890

XYPN Invest: kickstart is just slightly different. But Core is the one that we see as our primary model.

193

00:30:39.959 --> 00:30:42.470

XYPN Invest: You could think of it as our default model.

194

00:30:42.680 --> 00:30:51.359

XYPN Invest: And so cores the one that's we're planning changes there. And we're gonna be moving

195

00:30:51.790 --> 00:30:55.949

XYPN Invest: towards 60%. Us, 40% international.

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00:30:59.700 --> 00:31:00.929

Mario Nardone: Yup, thanks, Jeff.

197

00:31:01.520 --> 00:31:14.410

Mario Nardone: and I would add, you know, with the reit allocation, we use a global reit fund. As I mentioned earlier, it's about. So it's 5% of equity. About 60% of it is us fluctuates a little bit.

198

00:31:14.570 --> 00:31:20.659

Mario Nardone: So overall, our portfolio will be moving closer to about 63% Us

199

00:31:21.070 --> 00:31:25.210

Mario Nardone: and 27% or 37% exus.

200

00:31:26.640 --> 00:31:39.619

XYPN Invest: The next question says, I know we try for an academic, evidence-based approach as best we can. Do. You have any such resources where I can learn more about the why behind the strategies in academics.

201

00:31:41.400 --> 00:31:48.105

Mario Nardone: Yeah, so I if you haven't done so already. Anybody who's on the call, I think.

202

00:31:49.130 --> 00:31:56.800

Mario Nardone: In order to understand Xypn's investment approach. I think it would be great for you to spend some time with Dfa

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00:31:57.230 --> 00:31:58.676

Mario Nardone: dimensional funds.

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00:31:59.810 --> 00:32:08.820

Mario Nardone: there, even though we use, you know, avantis products I think Dfa and Avantis strategies are extremely similar.

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00:32:09.427 --> 00:32:13.819

Mario Nardone: But Dfa just does a great job with education and having the academic

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00:32:14.240 --> 00:32:21.250

Mario Nardone: material that supports the logic or the rationale, for why we invest invest the way we do? They do.

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00:32:22.070 --> 00:32:27.040

Mario Nardone: man! What's it's been a while since I've been around. What do you call it Jeff? The Foundations Conference.

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00:32:27.970 --> 00:32:29.289

XYPN Invest: Yeah, that sounds right.

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00:32:29.290 --> 00:32:36.459

Mario Nardone: Yeah, half day or one day. If you can spare it, if you're gonna invest with us, I think it would be really

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00:32:36.690 --> 00:32:42.400

Mario Nardone: helpful, but if not at a minimum, get a login to the dimensional website.

211

00:32:43.542 --> 00:32:50.090

Mario Nardone: We have. Jeff. Maybe it would be helpful to share the investments. 1
0, 1 presentation

212

00:32:50.410 --> 00:32:51.030

Mario Nardone: with

213

00:32:51.870 --> 00:33:00.019

Mario Nardone: which actually has a few slides that talk about the evidence behind,
you know, for instance, value and and small cap and profitability.

214

00:33:00.270 --> 00:33:06.360

Mario Nardone: So if you just want a real quick hit that could help, and if you need it,
I can send an updated copy.

215

00:33:06.780 --> 00:33:08.960

Mario Nardone: But I do think that spending time

216

00:33:09.150 --> 00:33:13.550

Mario Nardone: at a Dfa conference, even virtually, would be extremely helpful.

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00:33:14.560 --> 00:33:20.979

XYPN Invest: In the chat. I'm going to post a link to Dfa's landing page that they have
for Xy planning network.

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00:33:21.150 --> 00:33:35.340

XYPN Invest: and it includes a link to schedule a call with them. If you don't have
access to their materials. If you've never gone through their process to get on their
platform, it's well worth your time.

219

00:33:41.470 --> 00:33:42.620

XYPN Invest: Yeah, they have tons of.

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00:33:42.620 --> 00:33:43.800

Mario Nardone: There was! Go ahead!

221

00:33:43.800 --> 00:33:50.910

XYPN Invest: They have tons of capacity to put out great educational resources.

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00:33:54.990 --> 00:34:02.770

Mario Nardone: I saw before you posted that there was a question about where to where you can learn about commentary on model updates.

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00:34:03.640 --> 00:34:05.383

XYPN Invest: Yeah, all of our

224

00:34:06.360 --> 00:34:12.870

XYPN Invest: model updates get announced in our monthly office hours on the second Wednesday of the month.

225

00:34:13.380 --> 00:34:20.369

XYPN Invest: But most importantly, you can find a record of them in the model due diligence kit.

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00:34:20.520 --> 00:34:30.269

XYPN Invest: So when we post our model due diligence, Kit, the last section of it includes a change log for each of our models. So you can see the historical

227

00:34:30.409 --> 00:34:31.440

XYPN Invest: changes.

228

00:34:32.053 --> 00:34:47.710

XYPN Invest: We. We don't make tactical changes that result in lots of activity which you see, if you go back through time and read through the prior changes, we're always trying to reduce costs and maybe

229

00:34:47.820 --> 00:34:53.180

XYPN Invest: maybe slightly tweak exposure, but not a lot of changes.

230

00:34:57.670 --> 00:35:02.210

XYPN Invest: Next question, Mario. Any international companies that are not impacted by

231

00:35:02.330 --> 00:35:07.930

XYPN Invest: us dollar strength is a reduction in international due to dollar strength. Only.

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00:35:10.010 --> 00:35:16.780

Mario Nardone: Wow! A tough question. I hadn't gotten that one before. Hadn't thought about it, not sure.

233

00:35:17.390 --> 00:35:34.860

Mario Nardone: So let me just clarify, though, when we say that the dollars strength impacted our investments. It's not necessarily that the corporations themselves are affected by dollar strength, just like in the Us. You know, there's these big companies have teams of

234

00:35:35.614 --> 00:35:43.909

Mario Nardone: folks in their finance department, their Cfos. They're reading the tea leaves. They're they're funding their operations and and managing

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00:35:45.120 --> 00:35:49.860

Mario Nardone: inputs and sales based on where they're going to

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00:35:50.020 --> 00:35:52.260

Mario Nardone: take place and in what currency.

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00:35:52.400 --> 00:35:56.820

Mario Nardone: So I would think that most of the investments themselves are

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00:35:59.610 --> 00:36:10.290

Mario Nardone: impacted, slash insulated, based on their own management. But what we're talking about is the impact of the dollars movement

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00:36:10.430 --> 00:36:12.600

Mario Nardone: on the value of our investments.

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00:36:13.031 --> 00:36:25.099

Mario Nardone: So forgive me if this isn't, you know, if it's elementary or not really the gist of your question. But the idea here is that if we, if we're an investor in a foreign stock, let's use a German stock.

241

00:36:25.380 --> 00:36:42.020

Mario Nardone: Then, in order to make that investment, we're theoretically trading in our dollars for euros so that we can buy that German stock right? And let's assume that stock doesn't move in price at all during our holding period. But the dollar appreciated.

242

00:36:42.100 --> 00:36:55.699

Mario Nardone: So that means that if we're going to sell that German stock denominated in euros, we're not going to be able to buy as many dollars back as it cost us to make that original investment. So even though the stock itself didn't move.

243

00:36:55.850 --> 00:37:00.989

Mario Nardone: our return on that investment is negative because of the the change in the dollar.

244

00:37:01.820 --> 00:37:07.099

Mario Nardone: So that's really where that impact comes in for us as dollar based investors.

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00:37:07.746 --> 00:37:16.030

Mario Nardone: And we use this, you know, very broad terms, because every country with its own currency is going to have a different

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00:37:16.320 --> 00:37:20.560

Mario Nardone: fluctuation versus the dollar, and there may actually have been

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00:37:20.790 --> 00:37:27.209

Mario Nardone: stocks whose or countries whose currency did well versus the dollar, and in that case their stock prices

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00:37:27.700 --> 00:37:30.219

Mario Nardone: would have done well also.

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00:37:30.627 --> 00:37:44.769

Mario Nardone: But in terms of any particular company or country that's less impacted. I I don't know off the top of my head, and if that, if my answer didn't answer your question, then please follow up and we can. You know, dig into it further.

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00:37:52.760 --> 00:37:58.989

XYPN Invest: Next question, how do you feel about holding international bonds moving forward if justified? Should this be a

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00:37:59.120 --> 00:38:03.480

XYPN Invest: the same split as us? International equity at 60, 40.

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00:38:05.307 --> 00:38:11.720

Mario Nardone: So if you actually look at the global bond market, the Us. Is an even smaller portion.

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00:38:11.870 --> 00:38:21.499

Mario Nardone: Last time I I looked and again, Dfa puts the slide together, we have it in our investments. 101. The Us. Was about 40% of the world.

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00:38:23.140 --> 00:38:27.330

Mario Nardone: This becomes a pretty subjective decision.

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00:38:27.670 --> 00:38:42.969

Mario Nardone: But one of the things you know, 1st of all, that what we really want to pay attention to is that we don't want 100% of our bond portfolio to be exposed to us. Changes in us, yields interest, rates, bond yields. What have you?

256

00:38:43.862 --> 00:38:50.270

Mario Nardone: So, having some exposure outside the Us. Gets us that diversification

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00:38:50.670 --> 00:38:53.420

Mario Nardone: that being said over the long term.

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00:38:53.560 --> 00:39:05.780

Mario Nardone: if you you know, if you've ever, you know, sort of studied the bond market, or even remembered some college finance courses. There's there's something called interest rate parity, which means that for

259

00:39:05.900 --> 00:39:16.780

Mario Nardone: creditors or bond issuers that are, for all intents and purposes equal. Let's say they're triple a rated government issuers, or they're double a rated corporations.

260

00:39:17.180 --> 00:39:31.620

Mario Nardone: Then the free flow of capital between countries would tell us that capital will flow to the let's call it a double, a corporate bond that has a higher yield than in the Us. Until they're equal.

261

00:39:31.790 --> 00:39:41.199

Mario Nardone: Right? So over the long term, we would expect very similar returns from us, based bonds, as we would non us bonds

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00:39:42.387 --> 00:39:50.740

Mario Nardone: but over short periods of time you get those fluctuations. So the the diversification benefit is for those short term

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00:39:52.115 --> 00:39:53.099

Mario Nardone: dislocations.

264

00:39:53.710 --> 00:40:03.970

Mario Nardone: The reason why we wouldn't want too much more in international has to do with our preferences. And in K, in that case we actually prefer active management

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00:40:04.280 --> 00:40:10.759

Mario Nardone: versus a direct index product. Actually, I'm I'm getting outside of my

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00:40:10.990 --> 00:40:19.860

Mario Nardone: memory of of what we actually use in our products. We actually do have the bndx index. But we are going to be looking at other etfs

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00:40:20.010 --> 00:40:27.550

Mario Nardone: that have active management. So that we're not simply buying the market weight in any particular country's bonds.

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00:40:27.670 --> 00:40:31.879

Mario Nardone: And with that comes a little bit higher expense ratio.

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00:40:32.030 --> 00:40:36.230

Mario Nardone: So the the managed funds that we like in that category

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00:40:36.400 --> 00:40:43.770

Mario Nardone: might be more expensive than we prefer, and might limit our allocation to the 30% target that we use.

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00:40:43.890 --> 00:40:46.470

Mario Nardone: So sorry for the slight

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00:40:46.770 --> 00:40:52.900

Mario Nardone: confusion on my part. But we do currently use the index product. But we will be looking at

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00:40:53.460 --> 00:40:58.220

Mario Nardone: active etfs in the future, and that logic will help in our decision.

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00:41:00.970 --> 00:41:12.965

Mario Nardone: And I'll be honest even at 3%. We actually get more pushback from advisors that that's a high allocation, and probably more than they would be doing on their own. So

275

00:41:13.660 --> 00:41:16.859

Mario Nardone: We just really never pushed for more than that.

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00:41:20.420 --> 00:41:31.699

XYPN Invest: Next one for Brent. When do we plan to adjust the domestic to foreign weighting to 60 40? So it's still in the planning phase this could change.

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00:41:31.880 --> 00:41:34.660

XYPN Invest: But we're looking at April.

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00:41:34.960 --> 00:41:43.959

XYPN Invest: so don't hold us to that. We'll announce it at the next office hours. Once we have all of the planning finalized

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00:41:48.930 --> 00:41:59.899

XYPN Invest: next up Df, Dfa uses Schwab as the trading platform. No, they're actually agnostic. So you can trade Dfa on many different

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00:42:00.060 --> 00:42:09.980

XYPN Invest: custodial platforms. They are approved on Schwab, and you can use Dfa funds at Schwab. But you're not limited to just that one custodian

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00:42:14.782 --> 00:42:20.430

XYPN Invest: last question. So in the queue right now, what were the drivers behind? Dollar value growth.

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00:42:23.119 --> 00:42:50.010

Mario Nardone: So there are a lot of factors at play. And again, this is a long time period, right? We're looking at the full year, and a lot really has happened over that time period. But the most, you know, typical causes of high demand for the dollar are one that interest, rate parity thing, where us interest rates were higher than can be achieved in other parts of the

283

00:42:50.440 --> 00:43:14.759

Mario Nardone: I'd say, developed world, or the the world that whose bonds compete with the Us. And then also generally from a flight to safety perspective, right? Despite the fiscal issues that I mentioned to start the call. The Us. Tre Us. Treasury bonds are still considered the safest investment. For most investors. So

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00:43:14.920 --> 00:43:20.970

Mario Nardone: you know, if you think about investors redeploying capital taking profits from elsewhere in their portfolio.

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00:43:21.775 --> 00:43:26.619

Mario Nardone: Stashing, stashing those assets in Us. Treasury bonds

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00:43:26.780 --> 00:43:34.299

Mario Nardone: more assets that flow into us, denominated assets, that has, a, you know, increases the demand for the dollar.

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00:43:41.770 --> 00:43:44.739

XYPN Invest: Very good, Mario, let's leave them with one final

288

00:43:45.000 --> 00:43:49.405

XYPN Invest: quote. This is kind of a last call for questions before we depart. But

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00:43:50.120 --> 00:43:53.389

XYPN Invest: If someone, if an advisor asks you, what's the one thing

290

00:43:53.640 --> 00:43:59.550

XYPN Invest: I should be relaying to clients in the coming month, what do you think you would

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00:43:59.940 --> 00:44:01.350

XYPN Invest: give as your answer.

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00:44:02.980 --> 00:44:12.360

Mario Nardone: Coming month. It's probably already coming. If it's what I think it is, I would say, don't, regardless of whether you are jubilant or worried about

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00:44:12.550 --> 00:44:15.830

Mario Nardone: the state of American politics.

294

00:44:16.130 --> 00:44:22.069

Mario Nardone: I would definitely just try to avoid letting that impact your investment decisions.

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00:44:22.180 --> 00:44:30.640

Mario Nardone: Clients should you should always be paying attention to their risk tolerance. We have had 2 great years back to back from the Us. Market.

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00:44:31.300 --> 00:44:39.290

Mario Nardone: So it's a really good time to do a gut check on whether or not your clients would be unduly

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00:44:41.040 --> 00:44:47.150

Mario Nardone: impacted if the market declined. Again. I'm not. I'm not a doomsayer, but I think

298

00:44:48.280 --> 00:44:55.040

Mario Nardone: the clients you should be most paying most attention to are the ones who are more susceptible to a downturn.

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00:44:55.190 --> 00:45:00.990

Mario Nardone: And you know, if we end up with the last decade. Where the S. And P. Returns 0%,

300

00:45:01.770 --> 00:45:05.250

Mario Nardone: it'd be a good time to make identify your clients. Who

301

00:45:05.800 --> 00:45:13.289

Mario Nardone: that would impact more right? So not your early career, folks, but folks that are approaching retirement make sure that

302

00:45:13.924 --> 00:45:20.849

Mario Nardone: they're invested appropriately and try to ignore the noise coming out of Washington.

303

00:45:22.580 --> 00:45:30.169

XYPN Invest: I knew that would stir up one more question, any tips on how you turn away. The very interested crypto investors

304

00:45:30.510 --> 00:45:35.670

XYPN Invest: referring back to the 1% recommendation in that asset class.

305

00:45:37.500 --> 00:45:43.840

Mario Nardone: If I'm interpreting that right, I think that's the right way to phrase the question, and I wouldn't, are you, if you're trying to

306

00:45:44.340 --> 00:45:46.499

Mario Nardone: turn them off the topic.

307

00:45:49.250 --> 00:45:54.519

Mario Nardone: I would I would ask an internal question about whether or not that 1% is a deal breaker.

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00:45:55.241 --> 00:46:03.239

Mario Nardone: Because arguably, the 85 people, or however many are on this call, are offering more services than just investments

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00:46:03.470 --> 00:46:10.579

Mario Nardone: and investments are a key component, and it's a a leg of the stool that supports the plan over the long term.

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00:46:10.770 --> 00:46:16.590

Mario Nardone: But if putting 1% of your clients portfolio or 3% in Bitcoin.

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00:46:16.920 --> 00:46:25.970

Mario Nardone: and especially if they're doing it through the regulated etfs that track the price very closely. If that keeps them in their seat and keeps them

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00:46:26.070 --> 00:46:37.250

Mario Nardone: as a client of yours so that you can provide all the other advice that you provide for them. I wouldn't pound the table against it. I would just I would be there for them, and make sure they understand. Not to put.

313

00:46:37.390 --> 00:46:47.328

Mario Nardone: you know too much at stake the same way you would dissuade them from, you know, spending too much money in Las Vegas at the craps table. It's kind of a similar proposition.

314

00:46:48.200 --> 00:46:51.590

Mario Nardone: so I don't know. That's how I would do it. I wouldn't necessarily.

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00:46:52.500 --> 00:46:56.920

Mario Nardone: you know, irritate them so much that they go, do it on their own, or do it elsewhere.

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00:46:59.240 --> 00:47:02.600

XYPN Invest: Yeah, if if you're new to this facing

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00:47:03.210 --> 00:47:09.350

XYPN Invest: push back from clients, if you're new to the industry, and that's a 1st time that can be really

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00:47:09.630 --> 00:47:13.610

XYPN Invest: really scary. But our role is.

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00:47:14.148 --> 00:47:25.659

XYPN Invest: sometimes one of a counselor, in a in a sense, where you really just have to help the client figure out where their priorities are, and if their priority is on retirement savings

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00:47:25.840 --> 00:47:32.290

XYPN Invest: and quitting work at some point in their life, then

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00:47:33.580 --> 00:47:40.539

XYPN Invest: Hopefully, you can find the happy medium on that topic. But

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00:47:42.280 --> 00:47:47.310

XYPN Invest: At this point I still don't see this becoming a

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00:47:48.580 --> 00:47:54.130

XYPN Invest: like a standard part of the portfolios. I definitely would not give any

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00:47:57.320 --> 00:48:01.589

XYPN Invest: impression to them that like this is something that's coming, or

325

00:48:02.018 --> 00:48:07.759

XYPN Invest: they should expect it. If they can be patient. It just doesn't look like something that fits with

326

00:48:08.140 --> 00:48:10.559

XYPN Invest: our style of doing things.

327

00:48:13.010 --> 00:48:14.910

XYPN Invest: I think Mario would agree with that.

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00:48:15.940 --> 00:48:22.010

Mario Nardone: 100%. Yeah, I don't. I don't expect to see it as part of a portfolio again. I we don't think of it as an investment

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00:48:22.430 --> 00:48:35.409

Mario Nardone: right? An investment like I said earlier real estate, you know, you're earning rental income, or you're improving the building to sell it down the road with stocks. You know, the companies are generating earnings and possibly paying dividends

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00:48:35.899 --> 00:48:40.509

Mario Nardone: and know that they need to reward shareholders. Otherwise they're gonna sell their stock

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00:48:40.943 --> 00:48:48.390

Mario Nardone: bonds pay coupons. What does Bitcoin do? It goes up because the next person decides they're willing to pay more than you are.

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00:48:48.921 --> 00:48:51.869

Mario Nardone: That's not the definition of an investment.

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00:48:51.990 --> 00:48:59.940

Mario Nardone: But again, just like we don't critique people from spending their money on going to vacate Vegas on vacation. If they don't have a problem.

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00:49:00.910 --> 00:49:07.300

Mario Nardone: We're not going to stop people from and from owning Bitcoin. But we just can't, can't. Then.

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00:49:07.890 --> 00:49:15.329

Mario Nardone: you know, maybe we'll we'll die on this hill, but we just can't see the justification of of why we should expect the price to go up.

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00:49:17.720 --> 00:49:25.499

XYPN Invest: Okay? Last question, and then we'll end for the day. Do we like etfs on that topic more than direct exposure

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00:49:25.990 --> 00:49:27.910

XYPN Invest: through a platform like coinbase?

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00:49:29.100 --> 00:49:31.579

Mario Nardone: I I gotta say I'm not that experienced

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00:49:32.000 --> 00:49:35.140

Mario Nardone: with the the wallets or platforms.

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00:49:35.990 --> 00:49:42.760

Mario Nardone: But I personally, I I checked last week, and you know the Etf's that are out there.

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00:49:43.483 --> 00:49:48.620

Mario Nardone: Track the price very closely. They own the underlying Bitcoin.

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00:49:49.330 --> 00:49:55.209

Mario Nardone: If you you already have a Schwab account it just seems like the most practical

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00:49:55.340 --> 00:50:09.270

Mario Nardone: approach is to own it in an Etf. And again, this is somewhat of a position of ignorance that you know whether it's the wallets or platforms. I have no way of knowing whether or not they're

344

00:50:09.380 --> 00:50:10.960

Mario Nardone: totally secure

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00:50:12.890 --> 00:50:20.719

Mario Nardone: versus the highly regulated custodians that we use as advisors, and the 40 act Etf's that track.

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00:50:20.940 --> 00:50:25.149

Mario Nardone: Bitcoin. That's just where my comfort level is, and I would I would start there.

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00:50:26.860 --> 00:50:35.730

XYPN Invest: Great. Well, thank you all for attending if you have any lingering questions, feel free to reach out to support at xyinvestmentsolutions.com.

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00:50:35.960 --> 00:50:43.020

XYPN Invest: and our team will route your questions to the appropriate party. Thanks, Mario, and

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00:50:43.370 --> 00:50:45.770

XYPN Invest: hope you all have a great week.

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00:50:46.160 --> 00:50:47.219

Mario Nardone: Thanks. Everybody.

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00:50:48.100 --> 00:50:48.940

Mario Nardone: See ya.