



Herbert R. Smith and Company

Investment Advisors

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What if somebody handed you \$1400 (remember pretend?) with no strings attached. What would you do with the money? Surveys say, **stock market!** My Facebook ads have more millionaires touting free stock market trading advice than we can shake a stick at. Quite a change from traditional advice regarding markets, market dynamics, money, banking, etc. If you are a recent college graduate holding huge **student loan** balances, this is your first opportunity to actually make a sound financial decision that doesn't have any liability attached. Stories about Reddit investors making hedge fund managers squirm (**Game Stop**) or driverless cars (**Tesla**) zooming around in your dreams is enough to test your sanity.

This “trading generation” may be looking at their more recent financial transactions and coming to conclusions that are contrary to traditional financial thinking. Borrowing upwards of \$100,000 in **student loans** to spend over 4 to 6 years investing in a college education, the current crop of graduates is having trouble seeing the benefit. Supplementing their day job with **Uber** income just to make ends meet while living in their parents efficiency wasn't their plan. They look at some of the “fast cash” giveaways and think this isn't a bad deal. All they need is someone to give them \$1400, turn around and buy stocks such as **Game Stop** which are being **shorted** by the big, bad hedge fund trading types and go **long** just at the right time. What could go wrong?

There is quite a list of entrepreneurs who have forgone the full college experience mainly because they put more stock in their own abilities rather than a professor who may have less than one year of experience.

We don't need no education:

Mark Zuckerberg	Facebook
Steve Jobs	Apple
Bill Gates	Microsoft
Larry Ellison	Oracle
Jan Koum	WhatsApp
Evan Williams	Twitter
Travis Kalanick	Uber
Jack Dorsey	Twitter
Henry Ford	Ford Motor Company

This list at least proves success (career, financial, social, etc.) may not be tied to a college education and the subsequent college debt.

The smart money seems to be following the survey results, **buy equities**. And with that answer comes the rejection of modern portfolio risk measurements and comparative values. Some of the valuations are higher than what Warren or Graham and Dodd call undervalued, but when you get a fresh batch of traders, that may not be their primary tool for measuring value. We believe markets will continue to rise with significant changes in sectors such as electronic vehicles and their fueling devices, artificial intelligence, paperless currency, etc. The next few years will offer many opportunities while giving the dropout entrepreneur a market for his innovations.

	1-Qtr.	12-Mos
DOW	8.29%	53.78%
S&P	6.16	56.33
NASDAQ	2.95	73.47
10-Yr Treasury		1.74%
10-Yr Municipals		1.00%
Fed Funds		.25%
GOLD		\$1898.36
SILVER		\$26.40

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“Government big enough to supply everything you need is big enough to take everything you have.”

Thomas Jefferson (bears repeating from last quarter).....

“The pandemic represents a rare but narrow window of opportunity to reflect, reimagine, and reset our world.”

Klaus Schwab

Founder and Executive Chairman, World Economic Forum

The World Economic Forum had a virtual meeting in January (Davos was under lockdown) to inaugurate **“The Great Reset.”** These elites will meet again in August 2021 in Singapore to attempt solving global warming, income disparity, and provide their answer to the pandemic. The support of these strategies is mainly constituted of those who were opposed to Trump’s reelection and other nationalistic agendas including Brexit. It remains to be seen how much of the agenda can be accomplished through executive orders and EU dictums.

This “world brain trust” came up with the ideas which will solve most of the social, political, and economic problems of our day. Aligned are the Pope, technology companies, government officials, unelected bureaucrats (princes and the like) — a real who’s who of the world elite.

Recent comments from Klaus Schwab (no relation to Charles Schwab) ...”one silver lining of the pandemic is that it has shown how quickly we can make radical changes to our lifestyles. Almost instantly, the crisis forced businesses and individuals to abandon practices long claimed to be essential, from frequent air travel to working in an office.” They are proposing that these radical changes be extended.

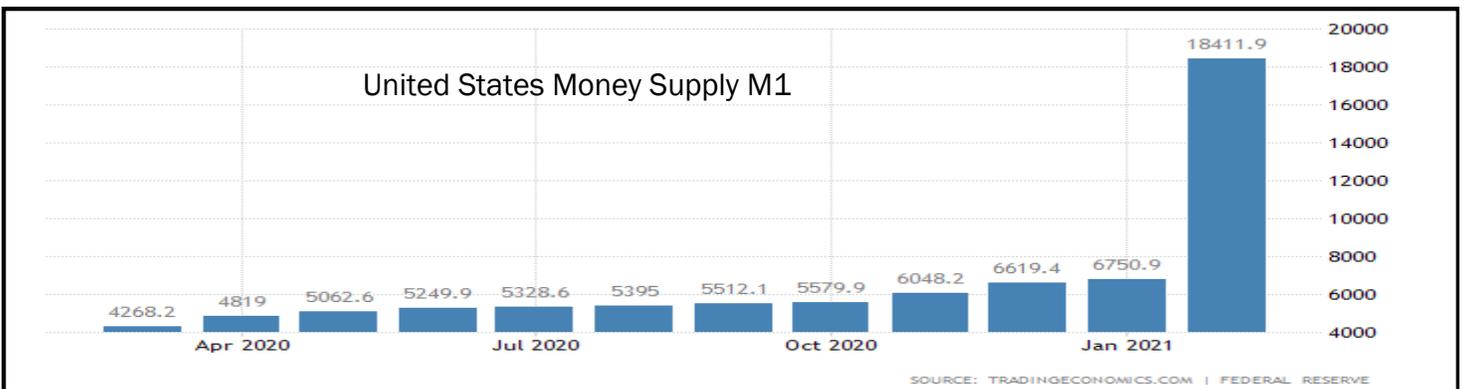
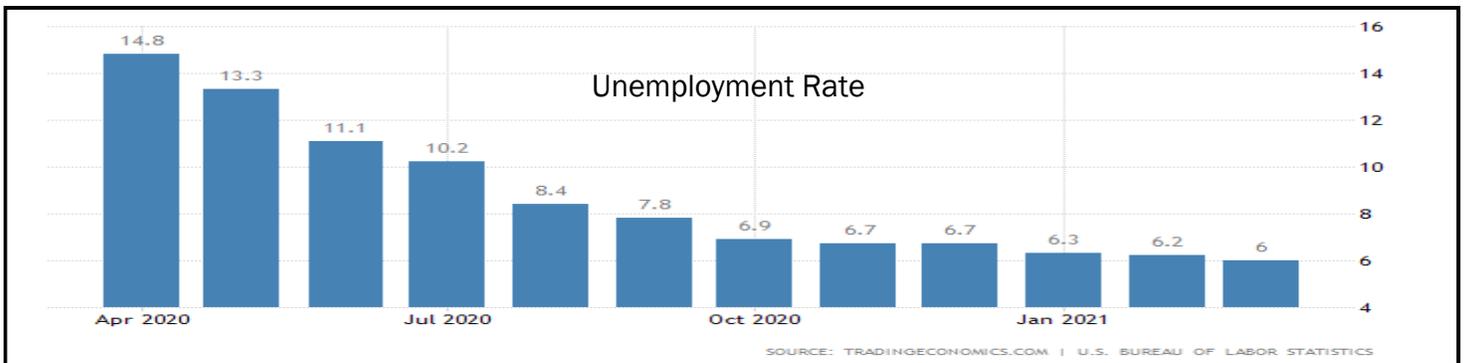
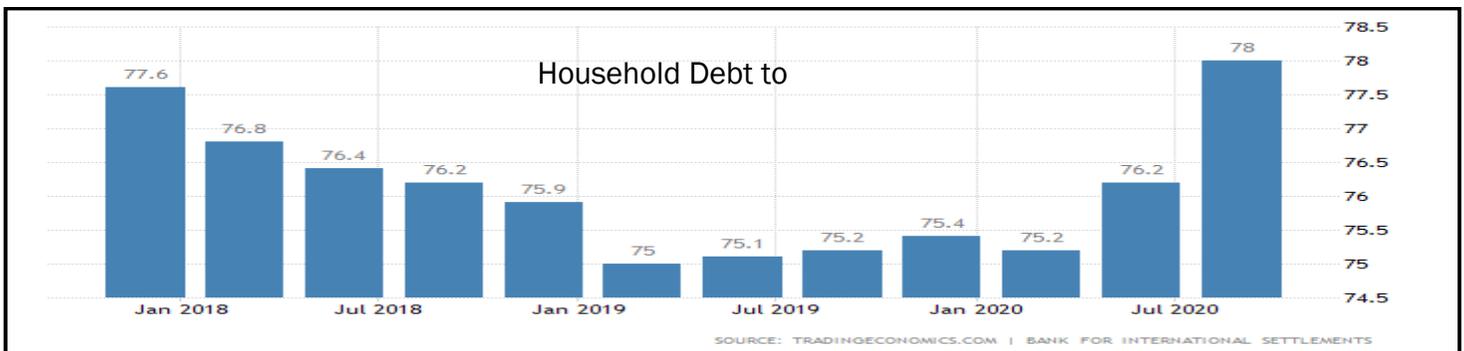
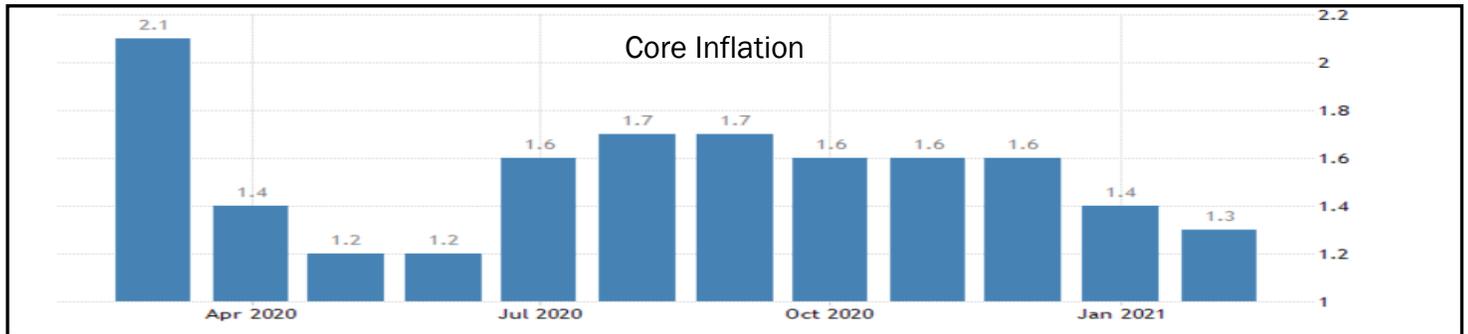
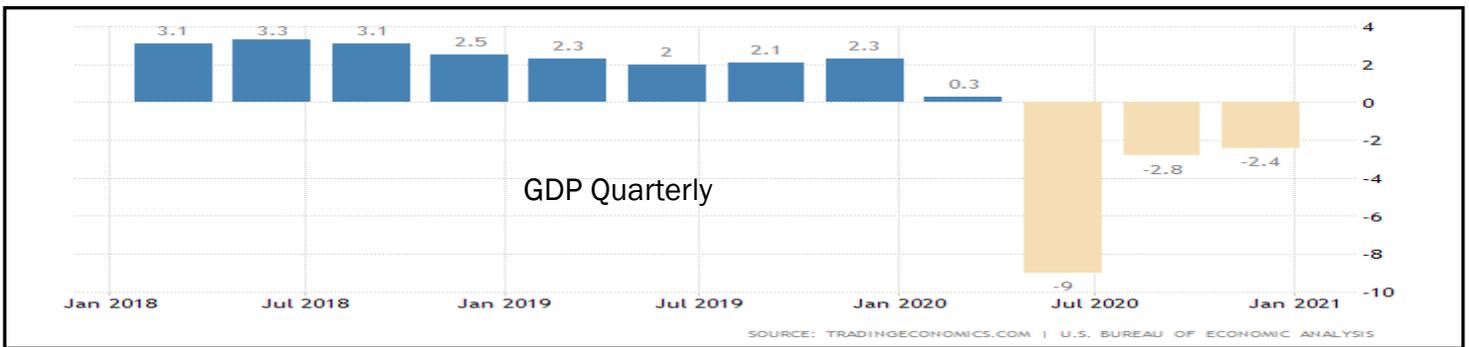
“The Great Reset agenda would have three main components. The first would steer the market toward fairer outcomes. To this end, governments should improve coordination... and create the conditions for a ‘stakeholder economy...’ It would include changes to wealth tax, the withdrawal of fossil fuel subsidies, and new rules governing intellectual property, trade, and competition.”

The second component would ensure that “investments advance shared goals, such as equality and sustainability.” Here Klaus advises that national leadership be led to use their stimulus budgets (US, EU, China) to create a new economy that is “more resilient, equitable, and sustainable in the long run. This means, for example, building ‘green’ infrastructure and creating incentives for industries to improve their track record on environmental, social, and governance (ESG) metrics.”

The third leg is called the Fourth Industrial Revolution: ...”to harness the innovations of the Fourth Industrial Revolution to support the public good, especially by addressing health and social challenges.”

As the reset mind of the elites get into synch, we are seeing the manipulation of our financial markets and the selection of various industries to fall in line with this agenda. Somehow — while we were having a devastating economy with closed stores, grounded airplanes, limited travel, we observed the same bunch of billionaires consolidating their power, money, and control.

Again, as more and more rules are disseminated, more and more of our inalienable rights are being swept under the rug in the name of health and safety. Do you imagine our forefathers felt safe during the American Revolution when the fight was over taxation without representation? Once your government realizes a \$1400 check will keep the masses quiet, they will print it anytime, anywhere to maintain power.



Herbert R. Smith & Company has been providing investment advice to institutional and wealth-management clients for almost 50 years. Our expertise in managing assets has assisted our clients in meeting their financial goals without moving beyond reasonable risk guidelines. Our mission statement is:

To provide professional investment advisory services helping clients accumulate and maintain financial wealth through conservative long-term investment strategies.

Please call us if you have any questions or concerns:

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