בס״ד

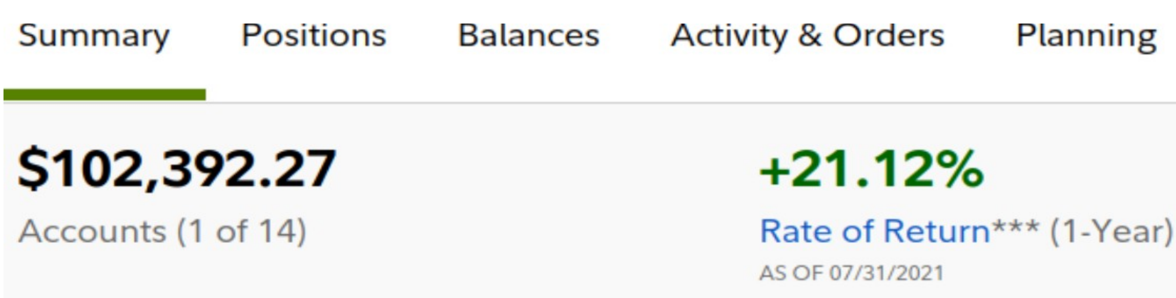
September 2021

Here is a recent set of e-mails between myself and a close colleague.

On 26/08/2021 23:04, Mark van Gelderen wrote:

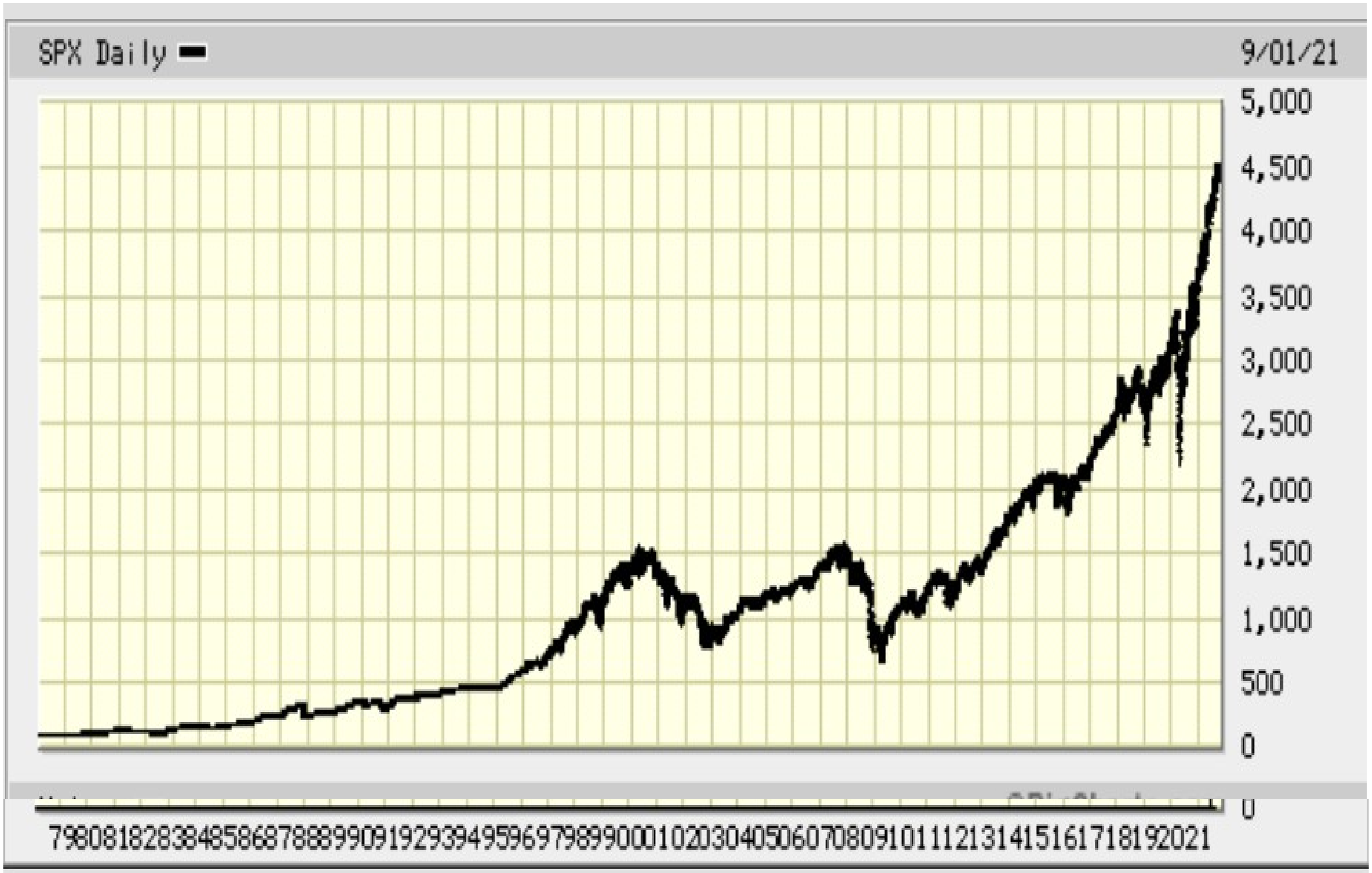
Hope all is well. Everyone fine here.

Was working on client accounts today. In case you are not following yours, here is the summary.



On 29/08/2021 13:41, J wrote:
>
> Hi Mark,
>
> Yes, I had realized that your momentum-following strategy has been working well now for many months (and in fact for several years) … despite the fact that this past year there was craziness around the elections, the Capitol riot occurred in January, and for months after the election Trump had (and probably still has) 35 million Americans believing that the Democrats had stolen the election from him (without providing any tangible proof).
>
> Now we have the mess in Afghanistan, and hundreds of thousands of Afghanis will want to emigrate, many claiming that their services to America justify immigration to the US. And the market has mostly just moved on up.
>
> I am certainly glad that my annuity has been managed under this momentum-following approach in recent years. But I do ask the question: what is likely to happen when – for whatever reason – the bubble bursts, and the market corrects downward dramatically 15-20% in 2-3 days. I guess that if afterwards the market recovers, then all is well; but if the feeling will be that many stocks are grossly overvalued, then the correction may even continue downward and may stay substantially lower for months or more.
>
> I guess I am letting my overall bearish opinion of the current market show through, but perhaps you have some thoughts that might reassure me.
>
>
> Regards,
>
> J

On 02/09/2021 12:49, Mark van Gelderen wrote:
>
> Particularly because we are Jews in the Mid-East we are mentally geared to always worry about a disaster around the corner. I have been following markets for over 40 years and in retrospect have found this kind of thinking to be consistently an impediment to making profits. Things are no worse today than they were during 90%+ of the the time these last 40 years. Here is what we both have missed based on trying to outsmart reality.
>
> The below is the SP500 since 1978. The Y axis is the percentage increase.
>



Source: https://bigcharts.marketwatch.com

On 02/09/2021 13:46, J wrote:

> You make a very good point about investing for the long term.
> Thanks.

> --

On the other hand,
Here is an article that deserves serious consideration.
https://www.currentmarketvaluation.com/models/buffett-indicator.php
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