THE EQUUS REPORT

—BY BARNABY LEVIN

MASLOW'S HIERARCHY of NEEDS

May 15, 2023

I recently read an article by Noelle Acheson at **CoinDesk**.[1] It was about ***Bitcoin*** (of course ;-) but, interestingly – even though I knew where she was heading – she spent most of her time defining what the word "**Safety**" ***means*** (which, of course, has been ***changing***). In fact, I've been saying this for awhile, in my **Plutonomix Podcast** with Laurie and some of my EQUUS Reports, when talking about "**Risk & Reward**".[2]

Acheson begins with **Maslow**'s **Hierarchy of Needs**, illustrated by diagrams like:

Source: Amazon.com

The theory itself begins with our basic need for ***Survival***, from one day to the next – which (along with *procreation*) is ***all*** humanity was concerned about for millions of years! It makes sense (of course), when you think about it: a person needs to be **alive** and to be fairly confident they'll be alive ***tomorrow*** before they can think of anything ***else***. They must believe the odds of ***surviving*** another day are high enough they have the "luxury" of planning ahead – to even ***consider*** something we take so

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[1] the "leading media platform for news and analysis of technologies **re**shaping money and commerce," "Bitcoin and the Changing Definition of 'Safety'," by Noelle Acheson, CoinDesk, April 4, 2023

[2] "Risk & Reward," by Barnaby Levin, The EQUUS Report, February 1, 2023; and "Risk and Reward: Where and How to Invest in Today's Environment," The Plutonomix Podcast with Lauri Kamhi and Barnaby Levin, February 3, 2023

much for granted, like the need for **Safety** (whether physical ***or*** financial) in the more "distant future." So over eons, through evolution, this is how we've become "wired" – starting with an instinctive impulse toward **Fight-or-Flight** (when we're cornered and feel our lives may be at risk). Adrenaline courses through our veins, giving us the strength to lift cars (or whatever else we might need), to survive.

But as I said, "**Safety**" has been something ***most*** of us have taken for granted for most of our lives – and (sadly) this can no **longer** be ***said***.

"To Serve and ***Protect***." That has long been the motto of our Police and, since the American Revolution, we've relied on Government to protect our towns; our borders; and our country. But in some of our greatest cities – from San Francisco and Los Angeles; to Portland and Seattle; from Chicago to Detroit; to New York and Washington D.C. – funding for our Police (for example) has been cut and their numbers reduced, whether through layoffs or early retirement and (the fact is) they're now understaffed; stretched thin; and (not only do people ***not*** **support** them) they're being (randomly) shot and killed themselves, sometimes between shifts – while the ***laws*** (which, for so long, have served, at least as a ***warning*** to would-be criminals) are no longer enforced. In many instances, it's simply "catch and release," without bail. So **why** (one might wonder) should any police who are ***left*** continue to put their ***lives*** on the **line** for ***us***?

Today, people sleep and defecate on our streets; erect tent ***cities*** in front of our civic centers and stores; next to our schools; and in our public parks, where families once played with their children and pets. ***Some*** of the homeless (of course) have no ***choice*** and ***truly*** need our help – but many have just dropped out and (as Michael Shellenberger says in his book, "**San Fransicko**"), the only way to ***truly*** help is – not by throwing more ***money*** at them, so they ***stay*** stuck and dependent on us for even ***more*** handouts – but to help them get ***over*** their addiction; to provide training, if and however needed; and a ***job*** so they can become healthy and live independently, with **Dignity**. Again, with our ***help*** – but it will only work if they ***want*** to get better and are

willing to put in whatever effort it takes, ***themselves***.

The facts, according to the Homelessness Policy Research Institute, are:

- Homelessness in California increased more than 22%, last decade
- 72% of people experiencing homelessness are unsheltered
- People experiencing homelessness are more likely to face health challenges, violence and trauma than people staying in shelters
- Unsheltered people "engage" more frequently with police and other emergency services[3]

But the Bottom Line is, our cities **are** in a ***downward*** spiral – and ***businesses*** are taking steps to protect themselves and their employees. In San Francisco (for example), **Amazon** just closed it's ***Flagship*** Whole Foods store at 1185 Market (a store that had been open for less than a ***year***) "to ensure the safety of our Team Members" because of "high theft" and "hostile" patrons.[4] **CVS Pharmacy** permanently closed six stores in January "because Organized Retail Crime has been a challenge."[5] And **Nordstrom** (after 35 years) is closing its SF Centre and Market Street stores, due to "dramatically changed downtown 'dynamics.'"[6]

Again (as Shellenberger says), while our Officials (***may***) have been well-***intentioned***, our ***policies*** have "gone beyond merely tolerating homelessness and crime to actively ***enabling*** them" (like handing out **Crack Pipes**!). The problem, he says, "isn't a lack of housing or money but an ideology that designates some people as 'victims' ***entitled*** to destructive behaviors."[7] And as of last year, more than half the 233,832 people considered "unsheltered," live **here** in ***California***![8] Over the past three years, we've spent almost $10 ***Billion*** dollars, "helping" more each year than the year before,

[3] "State of Homelessness in California Fact Sheet," by Ian Gabriel, Homelessness Policy Research Institute, 2022 Edition
[4] "Whole Foods to close San Francisco flagship store," by Susana Guerrero, SFGATE, April 10, 2023
[5] "At least six CVS locations in San Francisco to close in January," by Joshua Bote, SFGATE, December 20, 2021
[6] "Nordstrom closing stores in San Francisco due to 'dramatically' changed downtown 'dynamics'," by Hanna Panreck, Fox News, May 4, 2023
[7] "San Fransicko," by Michael Shellenberger, Harper Collins Publishers, Copyright 2021
[8] Public Policy Institute of California, February 21, 2023

with no end in sight.[9]

The **truth** is, one ***does*** take their **life** in their **hands** in **San Francisco**, once one of the greatest ***Tourist*** Destinations in the ***world***. Especially at night. Whether it's what happened to 43-year-old, CashApp founder, Bob Lee (who was murdered); or the break-in at the home of Paul and Nancy Pelosi, when Paul was home alone. As Dave Chappelle recently said in a "comedy" routine at the SF Masonic Auditorium, "Y'all need a ***Batman***!" and (whether these events involved a homeless person or someone they knew) the **point** is, ***nobody***'s safe, walking alone at night anymore – and one of the hottest devices around is something called a "**Birdie**." [10] For $30, it emits an electronic shriek that (at 130 decibels) is loud enough to make your ears hurt and comes in "***fun***" colors (like lemon yellow and lavender) to make it "fashionable," so a gal can proudly (and ***conspicuously***) hang it from her purse, like an "accessory." Since its launch in November 2019, **She's Birdie** has sold more than 2 million units (and they even have their own hashtag, "shesbirdie," on TikTok, which I'll talk more about later).

In any event, people are ***leaving*** our Nation's Crown Jewels – by the **tens** of ***thousands*** – because they don't feel **safe** there any more.[11]

Nor – from a Peace of Mind perspective – do the recent failures of **SVB** and Signature Banks (or, on April 30, **First Republic**) help. In fact, only 13% of adults recently surveyed said they're still "confident in America's banking system."[12]

Regarding **SVB**, I spoke of this at length in my **Plutonomix Podcast** (titled "March Madness and The Fall of Silicon Valley Bank") with Laurie Kamhi – of how this highly-regarded, commercial bank (founded in **19*83*** to serve the needs of early stage companies, in Tech and Biotech; with more than $200 ***Billion*** in Assets at the end of last year) could go bankrupt in **less** than **48 *hours*!** I'm ***still*** shaking my head in disbelief.

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[9] "California homelessness: Where are the state's billions going? Here's the new best answer," by Ben Christopher, Cal Matters, February 16, 2023
[10] "Fear the Birdie: Can an Ear-Splitting Device Make Women Feel Safer?" Annie Goldsmith, The Information, April 7, 2023
[11] "There's an Exodus From the 'Star Cities,' and I Have Good News and Bad News," by Thomas Edsall, The New York Times, May 12, 2021
[12] "70% of Americans are feeling financially stressed," by Sharon Epperson, CNBC Your Money, April 11, 2023

Of course, it wasn't any ***one*** thing – including

- an **over-Concentration** in their Depositor **Base** (that left them **vulnerable** to a run in the ***first*** place);
- **loosened** Regulation (under **Trump**);
- their ***Auditor*** (the San Francisco Fed, under **Mary Daly**) being asleep at the wheel;
- the **influence** a small group of VCs (including **Peter Thiel**) could **have** (given how news spreads, by **Tweet**, in an **instant** and is ***transacted***, in ***seconds***, on a Mobile phone); or, of ***course***
- the way in which **Jay *Powell*** raised rates – from **0 to *5%***! -- as fast as he did, in less than a year.

All of these things ***contributed*** and are ***critical*** issues for (virtually) ***every*** Regional Bank. And yet (in my opinion) the most ***disappointing*** thing of all is that ***nobody***'s ***actually*** saying "I'm **sorry**," for ***whatever*** part they played.[13] Oh rest ***assured*** (they all say) they're "**looking into it**." (Well ***that*** sure makes me feel better!)

In the **case** of **SVB** (as I've said, however) it **begins** and ***ends*** with the **CEO** and **CFO**, who made such a ***horrible*** decision in 2021 – when they invested more than ***half*** their Client's "**On *Demand*** Deposits" in **long**-term, "**Held**-to-**Maturity**" securities they no longer needed to **Mark**-to-**Market** (and, therefore, could "hide" from closer scrutiny) in a ***misguided*** attempt to pick up 1 or 2%, in a **Zero**-Interest-Rate world.[14] As **Lee Cooperman** *often* says (about this and many other things), it was like "**picking** up **pennies** in front of a ***steamroller***"! And yet, it seems to me that ***Depositors*** should ***never*** (because of ***mismanagement***) ***ever*** need to ***worry*** about losing the **cash** they entrust to a **bank.** Because it's ***their*** money – not the ***bank's***. And no matter how many people want it back at one time, ***those*** deposits should, ***unequivocally***, be "**Available** on **Demand**" like it ***says***.

Now, Clients ***know*** I've been warning of this for ***years*** – of what would happen

[13] other than Jay Powell who (almost as an aside) said (yes) ***he***'s "ultimately" responsible for those "beneath him" (while he then proceeded to ***needlessly*** raise rates another 25 basis points, to 5 ¼%, on May 3rd).
[14] "Silicon Valley Bank Failure: Initial Post-Mortem Analysis," by Justin Sullivan, Seeking Alpha, March 12, 2023

once rates started to ***rise***. But again – no matter ***how*** many people thought rates would stay lower for longer (***despite*** the Fed ***saying*** they were going to ***raise*** them) – this was the ***Chief Executive*** and ***Chief Financial Officer*** of a Bank with more than $200 ***Billion*** in Assets![15] It was their ***job*** to be **in charge** – of both Capital Allocation ***and*** Risk (whether they had a "Chief ***Risk*** Officer" or not!) – and (again, in my **opinion**) what ***they*** did is ***unforgiveable*** and there should be serious ***consequences***. It should be something ***more*** than just being ***fired***, so they can simply walk away and enjoy their retirement, after causing so much **destruction**. ***Something*** – like "clawing back" every **nickel** of the more than $80 ***Million*** Becker, Beck and ***other*** "C Suite" executives sold since 2021, which they ***claim*** they sold under "pre-existing" Trading Plans, ***supposedly*** adopted without "**inside** information." Yet in ***some*** cases, those Plans were created for a single trade, with just 30-days for "Cooling Off," before the initial trade or trades were executed.[16] It just seems ... questionable ... given what happened – like "something rotten in the state of Denmark."[17] So it's ***infuriating*** to see them testify before Congress and, with a straight face, explain how it's everyone ***else***'s fault (not ***theirs***), like so many people seem to ***do*** these days. ***Nobody*** is taking ***Responsibility***.

Nor do we need to write ***new*** laws and regulations (which is all we ***ever*** seem to do, creating even ***more*** bureaucracy and expense). ***All*** we need to do is ***enforce*** the laws we already ***have***!

Perhaps, however, that's too much to ask. But if it ***is***, then the Central Bank really ***should*** go back to just focusing on **price stability *alone*** (leaving "Full Employment" to **Congress**, whose ***job*** it is – to create conditions that help ***businesses***, which are ***really*** the ones who create ***jobs*** in the ***first*** place). Money flows into and out of banks every day and, ***sometimes***, things get "unbalanced" – so as the "Lender of Last Resort," the Fed's role should simply be to fill in the gaps through overnight lending, for which banks pay them interest at the "Fed Funds" rate. That way – by standing ready at all times to loan a commercial bank enough cash to repay their **On-Demand *Depositors*** – the Fed can help maintain stability with the tools they already ***have*** at

[15] Source: Federal Deposit Insurance Corporation, fdic.gov, March 12, 2023
[16] "SVB Execs Sold $84 Million in Stock," by Robert Frank, CNBC, March 14, 2023
[17] A line from the play, "Hamlet," by William Shakespeare

their disposal – tools that have a **direct** and ***immediate*** impact on the thing they're trying to control (instead of vague, sometimes ***contradictory*** things like "Full Employment" and the infamous threat of "Wage-Price Spirals," using interest-rate hikes where there's a long lag, before they work their way through our economy and, like chemotherapy, have all ***kinds*** of side-effects and Unintended Consequences, like they're having ***now*** on Lending and Commercial Real Estate).

So all in all, it's little wonder people no longer feel "safe" – or that they only want to keep their money in those big, "money center" banks, now considered "Too Big To Fail" but which **everyone** was **so *worried*** about in 20***08*** – because (under **Dodd-Frank**, thank ***god***) the Fed "promised" they'd stand behind ***them***.

But if ***all*** this is true (that nothing's "safe" anymore), what does one ***do***?

US government **bonds** (as we've said before) were ***supposed*** to be the "safest" assets around – because our **Government *isn't*** going to default on ***their*** debt (***right***?). Maybe not – but when rates rise as much and as fast as they did last year, they can be every bit as ***volatile*** (meaning "***risky***") as stock (at least, until they ***mature*** and pay back Principal, in ***devalued*** dollars) because of their ***inverse***-relationship to rates (***because***, that is, they go ***down*** in **Value** when interest **Rates *rise***, as Silicon Valley Bank found with its ***Bond*** Portfolio).

When it comes to **stock**, "conventional wisdom" says the key is "**Diversification**." Yet, as I pointed out in "**The Pareto Principle**," tech stocks now account for nearly 30% of the S&P 500 which (being a "market-capitalization-weighted" index) means they account for ***80***% of the value of ***all*** U.S. equities.[18] In other words, **Indexes** aren't as "diversified" as one might think and, as Charlie Munger said at Berkshire's Annual Meeting this year: "It's not that ***easy*** to find really good ideas (so) I'd rather be in my best than my worst. I just think ***we*** (meaning him and Warren) make fewer bad decisions (because) we know where the edge of our smartness is. That's a very important part of practical intelligence" – to avoid and ignore what Charlie calls other

[18] "Top 10 S&P 500 Stocks by Index Weight," by Gabe Alpert, Investopedia, April 6, 2023

people's "***de-worsification*** of portfolios."[19]

As for the old "**60/40**" mix (which is supposed to offer a more "balanced," steady return than stock alone) – ***last*** year (given the Barclay's Long-Term, U.S. Aggregate Bond Index was down 29%)[20] it lost just as much.[21] True, with rates on Short-Term Treasuries now back to 4 or 5%, it ***could*** make sense to add bonds again – but with all the uncertainty over our Budget Deficit, Social Security and Medicare, it ***does*** seem wiser to stay relatively short-term, with a maximum (say) of 2-years to maturity, because ***so*** much can **change**, even in ***that*** period of time.

Well then? What about **Real Estate**? Surely ***that*** (as so many are fond of saying) "never" goes down. Well, ***maybe*** not — if you own a home – although I'm not even sure if ***that's*** true anymore – certainly not in ***some*** parts of the country (like **San Francisco,** where I have a Client who stands to lose more than 25% on the home they bought in 2018), if you purchased it in the last few years. And, as of ***this*** month, home sales ***did*** slow or fall for the 13th time in 14 months – which ***is*** starting to weigh on prices more broadly, especially in the western half of the US, which experienced the fastest growth.[22] The consumer **is** (of course) ***sensitive*** to mortgage rates (currently at 6.4%, versus 5.1% a year ago, on a 30-year Fixed) and Housing costs (which are one of the biggest factors, contributing to inflation) are beginning to subside (as I've been saying they would) in real time (versus the 3-month ***trailing*** indexes on which the Fed seems to focus).

But if you **happen** to own an ***Office*** building – ***especially*** in New York or San Francisco – that's something else altogether. "The **vacancy** rate in San Francisco is at a record 30%, which means there's more than 35 ***million*** square feet ***not*** being used," according to Colin Yasukochi at CBRE,[23] so **they're *already*** in a Recession.

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[19] Berkshire Hathaway's Annual Shareholder Meeting in Omaha, Nebraska.

[20] "The Worst Bond Year Ever Was 2022 – and What That Means," by Andrew Rosen, Forbes, February 9, 2023

[21] What the "Wilshire 5000 Total Stock Index" is to equity, the "Barclay's Aggregate Bond Index" all bonds considered "investment-grade" or better, including U.S. government Treasury securities; Corporate bonds; Mortgage-backed Securities (MBS); Asset-Backed Securities (ABS) and Tax-Free Municipals

[22] "Home Prices in March Posted Biggest Annual Decline in 11 Years," by Nicole Friedman, The WSJ, April 20, 2023

[23] "San Francisco Office Vacancy Rate Reaches New Record High," by Serio Quintana, NBC Bay Area, April 12, 2023

In Real Estate, a Property's Net Operating Income (or "NOI") divided by the Property's Value is known as the "Capitalization" (or "Cap") Rate, which lets us know what kind of return it takes to make a purchase worthwhile. NOI is the Income the Property generates minus ***all*** Expenses (including Finance) and – because most Developers expect to "turn over" (or sell) a property in 7 years or less – they've tended to use short-term, Floating Rate debt that's typically fixed for only 3-5 years, to get a cheaper rate. And that worked out ***fine*** – at least ***until*** Jay Powell & Co. decided to increase rates from 0 to 5% in less than 6 months – at a time when (because of COVID, WFH and Quality-of-Life considerations) most B and C Class Office Buildings were ***already*** sitting empty and generating little to no income, at a time when (post SVB) Regional Banks aren't lending any more. ***Many*** Developers (therefore) are finding themselves "Upside-Down," as a result of which, they're simply handing the keys back to the bank and walking away, defaulting on the loan and losing whatever equity they may (or may not) have left.

As Barry Sternlicht (CEO of Starwood Capital) said, we've just seen what a $1.8 Billion Loss on a bank's "Held-to-Maturity" Book did to ***SVB***. Imagine, then, what could happen to banks when their $2 ***Trillion*** "Commercial Real Estate" Book gets "marked-to-market" – as ***those*** loans mature and need to reset.[24] The ***answer*** (of course) is prices will fall and those getting out ***now*** (ahead of time) may just be ***smart***. Like Jim Rogers ***and*** Alexandra Lebenthal have said, "The **first** loss is your ***best*** loss."

So (again) **what** are we supposed to ***do***? "**Trust**" things will get better, like they always have? Remembering how this great country of ours ***always*** seems to come together, when things seem most bleak?

I don't think so. Maybe not ***this*** time. But before I answer, let's step back a second, to consider the framework within which all this is happening. I've mentioned Neil Howe and his book (published in ***1996***) titled "**The Fourth Turning**," on many occasions. And it's interesting to note that Al **Gore** (when he was Vice President) called Howe's ***earlier*** book, "**Generations**" (which Howe co-wrote with William Strauss) "the

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[24] "Squawk Box," CNBC, April 4, 2023

most stimulating book on American history" he'd ever read and (in fact) he sent a copy to every member of Congress.[25] Bill Strauss (unfortunately) died in 2007, but Neil's about to publish an update titled "**The Fourth Turning is Here**" on July 18 and I can't wait to read it.

But as Readers know from my articles – according to the laws of **Supply & Demand** – our economy is driven by **Consumption** and the **Spending Cycle** that each Generation goes through (generation after generation), reaching its height when the greatest number of Consumers in that Generation reaches their Peak Spending years, between the ages of 47 and 50. We often refer to this as "the Pig in the Python," to help people ***visualize*** the impact this can have on an economy. But GDP ***is*** (in the end) a direct result of **Demographics** – ***and*** (according to UN projections) by 2026 or 2027, the growth rate of the working-age population in Developed ***and*** Emerging-Markets will turn from **positive** to ***negative*** (meaning there will be ***fewer*** workers every year, from that point forward, for quite a while).[26]

Maybe by then – because of AI and Robotics – we won't ***need*** as many workers. After all, as "AI Expert" Ben Goertzel says, ***long term***, "People can find better things to do with their life than work for a living."[27] That may be true (for ***some*** people, at least). But "the problem," he admits, is "in the ***interim***, AI ***will*** be obsoleting one human job after another."

At the same time (according to Howe) "Fourth Turnings" don't just happen at random. There are four "seasons" (each about a generation in length) which recur in regular order, ending with a "Winter" (or "**Crisis**") – when a given nation undergoes a transition in which the "old" disappears and a "new," as-yet ***unrecognizable*** republic begins to take its place – starting (in America) with the American Revolution; the Civil War; the Great Depression; and, finally, World War 2. **Today** (according to Axios, in a poll dated January 23, 2022) "**72%** of Americans think the country is headed in the

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[25] "The Millennial Muddle: How Stereotyping Students Became a Thriving Industry and a Bundle of Contradictions," by Eric Hoover, The Chronicle of Higher Education, October 11, 2009
[26] Neil Howe (@HoweGeneration)
[27] "Artificial Intelligence could replace up to 80% of Human Jobs," by Julia Musto, FOX Business, May 12, 2023

wrong direction; **76%** worry American democracy is under threat; **62%** say the country is in crisis; and **two *thirds*** say their children (when they grow up) will be financially worse off than ***they*** are."

As I've been saying, "Trust" and feeling "Safe" are in decline. Beliefs and behaviors – like the sense of ***Entitlement*** so many younger (and some *older*, like Bernie) people feel today – makes them feel they're somehow "owed" something from Society, whether for current or sins long past. And in two short years – just in time for our next Presidential election, which will (ahem) be "***controversial***" at ***best*** – it will be almost 80 years since the end of World War II. So, just sayin'.

Sadly, it wasn't long ago (Howe adds) that being an "American" meant "to be a rule-breaking, risk-taking individual who believed that flouting convention somehow made everything better over time. That still describes many ***older*** Americans," he says, "but it ***doesn't*** describe many **young** ones. Today's rising generation is looking for any safe harbor it can find. Millennials seek – not risk – but security. Not spontaneity, but planning. Not a free-for-all marketplace, but a rule-bound community of equals. Younger generations are souring on democracy, while a small but rapidly growing share say democracy is a "bad" or "very bad" way to run the country. Most of these would (in fact) prefer ***military*** rule."

Just look around and you can see this is true.

So again: **what** are we to ***do***? Build ***bunkers***? Find someplace to ***hide out*** till it's all ***over***? ***That*** could be ***quite*** a while...

But, returning to **Maslow's Hierarchy** – as ***Social*** Beings – it's important for us to find **Love**, **Friendship** and a sense of **Belonging** – and I'm pretty sure ***most*** of us ***will***, during the course of our lives. If we're ***fortunate***, we (like Monty Python) may have time left to discover "The Meaning of Life." And – if we're ***really*** fortunate – we ***may*** even manage to create some sort of lasting **Legacy** we can leave behind, so the World knows "**We** (like Jason Bourne, in "The Bourne Legacy") **Were Here**" (***hopefully***, one that will make the world a better place than the one we found – assuming, of course, we survive the "Fourth Turning.")

No. We ***can***not – we ***MUST*** not – lose sight of our **ambitions** and our belief in "**good**" – ***or*** in our ability (as Winston Churchill supposedly said of us) to always do the "right" thing "once all ***other*** possibilities have been ***exhausted***."[28]

It's just (I have to admit) a little frightening, sometimes – how **TikTok** (which was created by a ***Chinese*** company called Bytedance in 2016) now has more than **1 *billion* active users** and is, by ***far***, the most popular social media platform in the ***world***, in just a few short years.[29]

Most people who know me ***know*** I'm a ***big*** believer in **Free Speech** and individual **Liberty** – and ***not*** in favor of taking away ***anyone'***s right to read or say (almost) anything they want. But has anyone ***ever*** considered, **even** the ***possibility***, that "**TikTok**" (which people pronounce "ticktock") was (in fact) created to **mimic** the **sound** of a **ticking *Time Bomb***? Tick; **Tock**; Tick; **Tock**. Given ***China***'s strict control over what can and can't be shown ***there*** (only promoting things the **Government** approves, like **Math** and **Science**) – ***here***, everyone's obsessed with taking "Selfies" (of themselves twerking) and sharing threads filled with talk of self-image; self-mutilation; and rallying cries to (sometimes) protest (sometimes violently). In fact, a recent Pew study found **two *thirds*** of US teens use TikTok; **16%** say they're on it almost ***constantly***; and videos about body image and mental health pop up on people's "**For You**" pages every **39 *seconds***.[30] If **China** was willing to show the same stuff ***there*** as they do ***here*** (while it wouldn't make it "right") then fine (I suppose). But as it ***stands***, it simply seems too ... "***Machiavellian***" ... like its whole purpose ***here*** is to chip away at the very ***fabric*** of our Society – **undermining** us from ***within***, starting with our ***kids***, when they're at their most **impressionable**.

[28] "The Churchill Project," by Richard M. Langworth, Senior Fellow at Hillsdale College, October 15, 2021
[29] "TikTok Statistics for Marketers in 2023," by Daniel Ruby, DemandSage, April 27, 2023
[30] "TikTok Feeds Teens a Diet of Darkness," by Julie Jargon, The Wall Street Journal, May 13, 2023

But from ***me***, what you can expect to see (hopefully ***before*** you consider committing Seppuku, or hara-kiri)[31] is this:

While **hoping** for the best, I'm beginning to ***plan*** for the worst. You'll see even ***more*** concentration, going forward, with a greater allocation to **Precious "Metals"** (including Bitcoin, if and when possible); ***short***-Term **Treasuries**; **Floating Rate** Credit; **Hedge** Funds that can go Long and ***Short***; and, when it ***does*** come to stock, only the largest, global Gorillas that have lots of cash; no debt; and a strong Management Team that has a proven record of admitting (and correcting) their mistakes and (then) taking ***advantage*** of those of ***others***.

We'll be investing in companies that have the courage to look years into the future ("where the puck's ***going***") and are ***aggressively*** moving in that direction ***before*** it's obvious they should be doing so. But to do this, they must, ***first***, have **multiple** product lines and streams of income (or, as I like to call them, "shots on goal") because, sometimes, they'll ***fail*** – and they need to be able to ***survive***, ***themselves***.

I'll continue to focus (of course) on those companies at the forefront of **Artificial Intelligence**; **Robotics**; and **Machine Learning** (whether as Creators or Beneficiaries) which they're using to offset the high cost of Labor; anticipate and plan for Supply Chain bottlenecks; shift increasingly more of their production from Off- to Near-Shoring, so their Supply Chain is more ***Regionalized***; and finding more sources for whatever Materials they need, so they're self-reliant or (at least) not at the mercy of any one Supplier.

And when it comes to workers (or, more accurately, the **lack** of ***qualified*** workers) – that is, if they aren't ***too*** busy striking (like the French ***always*** seem to be doing) for higher wages and their demands to work fewer days, from home – there's still too many who ***seem*** to feel they have a "***right***" to be taken care of. It's never quite clear (on whose dime they think it's "fair" for them to depend), but it seems to me that

[31] Ritual suicide by disembowelment with a sword, formerly practiced in Japan by Samurai as an honorable alternative to disgrace or execution.

working is not a "Right" but a ***Privilege***. And if they're happy to continue – to wait on the sidelines and remain on the "dole" (perhaps so they can spend more time ***demonstrating***) – or their job has (unfortunately) been made "redundant" and they're ***un***willing to be re-trained for work that's ***more*** in demand today – maybe they ***should*** be **replaced**, by those still willing to work for a living and who want to make a ***difference*** in the world. Either that, or by **Automation**. And ***that*** (I think) is ***one*** reason (at least) why Tesla's working on a robot called "**Optimus**," which we'll ***definitely*** need a ***lot*** of, once we get to ***Mars***.

As always, be well and ***please*** reach out to me ***directly*** if you have questions.

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