

Survive and Thrive February 2025: Your Survival Guy Invested a Chunk of Money



BY INTELLIGENT HORIZONS @ ADOBE STOCK

Dear Survivor,

Your Survival Guy invested a chunk of money recently in my dividend-centric portfolio at Fidelity Investments. This is a retirement account. When there's cash available, I invest. I'm also [in the middle of a home project](#) and use money markets for my working capital. Did I mention I have two kids in college?

All of this should come as no surprise to you. I'm not a day trader. I don't use leverage. I spend my working hours on the phone with investors like you. I understand your goals as well, if not better than my own, because that's my job.

After graduating from college, I spent the summer backpacking through Europe, and the winter teaching skiing. Then, I got a job at Fidelity. I remember like it was yesterday when my dad called and said a family friend needed help with his retirement investments. That's when I realized how serious this business is—how this is a relationship business, and you better get it right.

Investing, being a prudent man, is not about on-the-job training. Like the trades, it's a craft. What most investors don't understand is that it's as much about them as it is the market.

Vanguard, Bogle, Young and Your First Grade Teacher

I know that you know Vanguard lowered its fees on 87 funds because you tell me. It's no surprise that Vanguard is racing to zero on its funds. It feels to me like they're already there. But let's not confuse this with what Vanguard is truly after—the higher-fee advisory business.

When Jack Bogle founded Vanguard, there was no advisory business. He offered a passive index fund for a low fee, no front or back-end loads, and no 12b-1 fees. It was the antithesis of high-fee Wall Street and packaged insurance products. It was especially attractive for those in the know who worked on Wall Street. (You don't think they buy their own stuff, do you?).

Bogle's offer attracted those in the know, like Dick Young, through *Richard C. Young's Intelligence Report*. That's probably why you and I are here today. You trusted Dick Young's razor-sharp focus on low fees and doing right by the Main Street investor. It turns out there was room for an advisory business run today by his son Matt for readers who wanted more. Reading still requires action. [Acting beats inertia](#).

But it all begins with trust. Who do you trust with your money so you can enjoy other aspects of your life with peace of mind and comfort? Life is short. Your retirement life is shorter. No one likes thinking about their own demise, but you want to make sure your family is in good hands when you're gone. Vanguard wants that business. Vanguard is putting its flag into the advice business, investing in their own now lower-fee products and charging an advisory fee. This is not the business Bogle was after. He might even agree with Your Survival Guy that with zero commissions, the case is made for owning individual stocks.

As [a Vanguard customer](#), Your Survival Guy still needs to answer a security question every time I call.

I don't like that.

I don't like remembering that the name of my first pet was Muffin and how she was killed by a car when I was seven. That's no way to begin a conversation, especially about investing. "Can someone get me a tissue? OK, where was I?"

"Hang on, Mom, just to be sure it's you; what was the name of your first-grade teacher?"

Generational Wealth: "We Used to Have a Lot More"

One of the saddest phrases about money is, "We used to have a lot more." And yet, it's a common refrain because investors forget the most important rule: "Don't lose money."

Easy to say. Hard to do.

With the race to live longer, I'm afraid investors are getting ahead of themselves, investing like their younger selves as if they've already found the fountain of youth. I know investors in their mid-60s are eschewing fixed income, looking for the big gains from the market, hoping they'll reach that magic number, imagining flying private.

So far, so good. But when you hang around long enough, you know this story doesn't always end well.

It's human nature to think we'll be able to time the market. To believe that we'll get out before it's too late. But when you look back at the stock market crashes we've seen so far this century, they are real-life examples of investors losing lots of money. Someone's selling at lower prices.

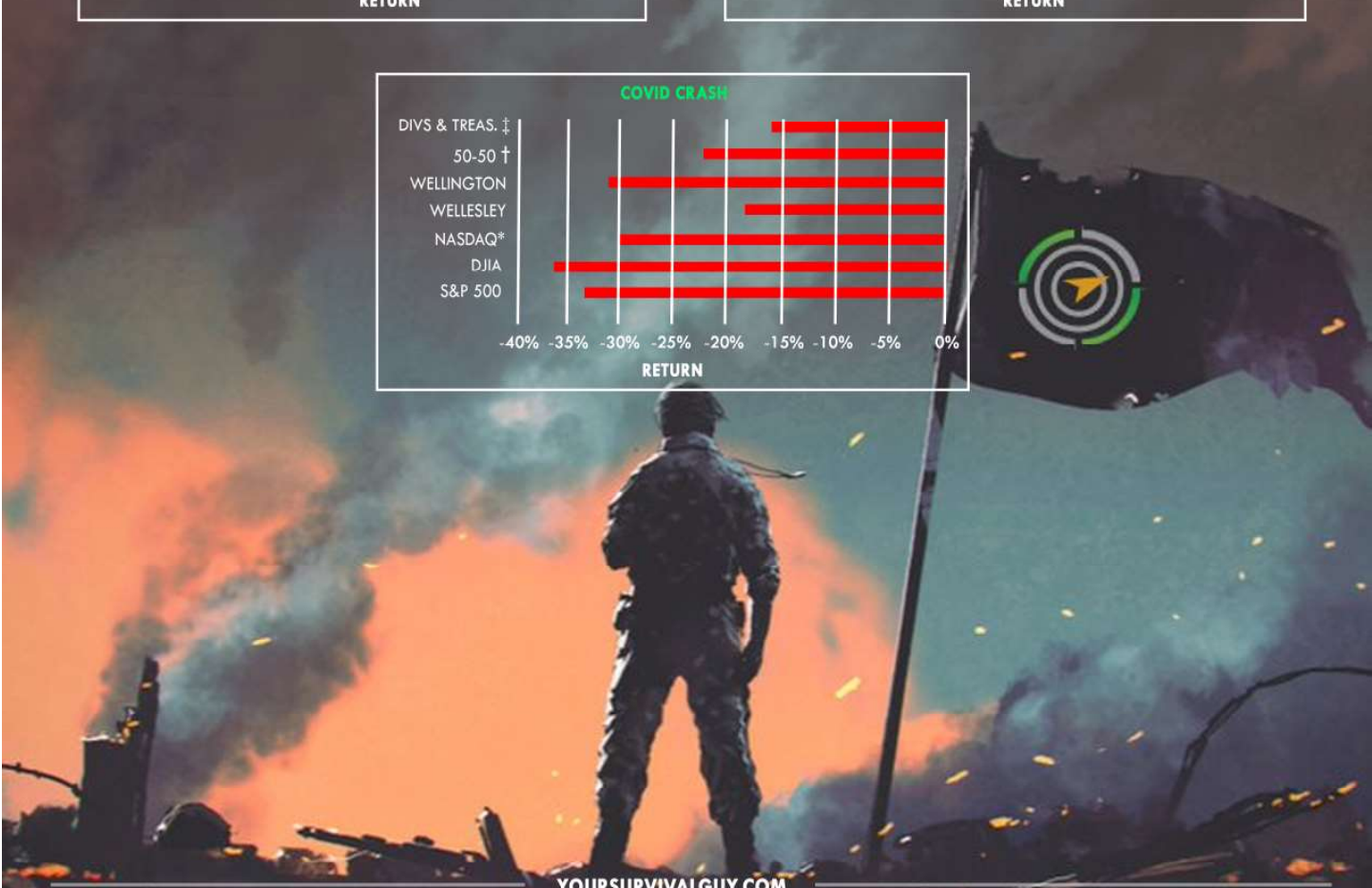
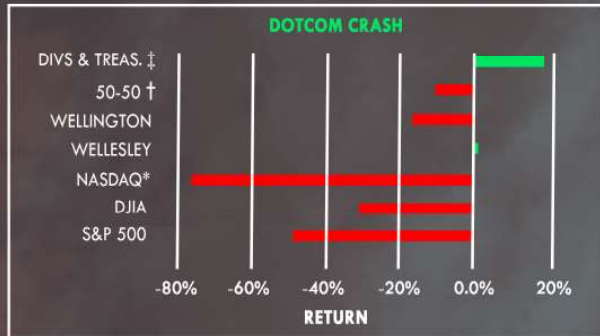
YOUR SURVIVAL GUY **WARNING:** DEADLIEST MARKETS THIS CENTURY

CRASH	PEAK	TROUGH	S&P 500	DJIA	NASDAQ*	WELLESLEY	WELLINGTON	50-50†	DIVS & TREAS. ‡
DOTCOM	03/24/00	10/09/02	-47.4%	-31.5%	-77.6%	0.9%	-17.1%	-8.1%	18.6%
HOUSING	10/09/07	03/09/09	-55.3%	-51.8%	-54.8%	-28.3%	-41.6%	-34.9%	-16.6%
COVID	02/19/20	03/23/20	-33.8%	-36.5%	-30.0%	-17.9%	-25.8%	-21.9%	-15.8%

*TOTAL RETURN EXCEPT FOR NASDAQ PRIOR TO 2013, WHICH USES PRICE RETURN DATA.

† A PORTFOLIO MADE UP OF 50% WELLESLEY FUND AND 50% WELLINGTON FUND.

‡ A PORTFOLIO OF 50% S&P 500 DIVIDEND ARISTOCRATS AND 50% BLOOMBERG BARCLAY'S US INTERMEDIATE-TERM TREASURY



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The problem with losing money is there will be a breaking point. We're all long-term investors until your spouse asks, "How much did we lose today?" and "How much do we have left?" There is a point of no return where one cannot handle another year of no returns, where one sells out, out of despair with lots of blame to throw around.

When it comes to generational wealth, remember how you made it. Chances are you saved 'til it hurt, worked your profession, and now have savings to show for it. Generational wealth happens when the savvy investor swoops in to buy stocks at a discount because he doesn't need the markets. He was careful with his money. And he taught his kids how to be careful with theirs.

If we could live our investing lives in reverse, I think investors would be happy to have just a couple do-overs, to avoid those life-altering hits when generational wealth was lost.

Know thyself and invest accordingly. When you're ready to talk, let's talk. Email me at ejsmith@yoursurvivalguy.com. I'm interested in your story. But only if you're serious.

Survive and Thrive this month.

Warm regards,



"Your Survival Guy"

- If someone forwarded this to you, and you want to learn more about Your Survival Guy, read about me [here](#).
- If you would like to contact me and receive a response, please email me at ejsmith@yoursurvivalguy.com.
- Would you like to receive an email alert letting you know when *Survive and Thrive* is published each month? You can subscribe to my free email [here](#).

P.S. In my conversations with you, you tell me all about your life: Your next trips, recent visits with family to Disney, new cars to pay for, new boats to buy, bucket list trips to make deposits on, and more. The lists go on and on.

Yes, it's sometimes a bit overwhelming for Your Survival Guy to hear. That's OK. I want you to shop 'til you drop, buy that boat, take that trip, and have plenty of money left over to do even more stuff you never dreamed you'd be able to do.

As Your Survival Guy sits and listens to your stories, please don't imagine me holding the phone away from my ear and rolling my eyes. That's not fair to do. Your Survival Guy can handle it. Picture me as your short order cook at your local haunt: "[Order up!, we got another trip to the Amazon. Let's go, people.](#)"

Just this week you sent me the fruits of your labor fishing the tropics. A picture of your new boat, a sweet Ranger 2510 for southwest Florida. The one you'll have in time for crabbing season. The home you're building in New Zealand. The trip you booked to travel the world by private jet, stopping at all the sites we all want to visit, but not for too long. "I got a plane to catch" never sounded so good.



RANGER 2510

Keep taking the trips. Keep spending the money. Prices aren't going down. You got this.

P.P.S. This month, *America's 1st Freedom* magazine is running a series of stories on "What's the Ultimate Home Defense Gun?" The NRA magazine examines pistols, shotguns, and semi-automatic rifles in an effort to find the best option. Your Survival Guy owns all three, so I read the following with interest. Wall Street is betting against America's downtowns.

PISTOL

Arguing for the pistol as the best option is Richard Mann, who writes:

One of the things I like most about a handgun for home defense is that you can accurately and effectively shoot it with one hand, leaving your other hand free to do things like operate a flashlight, call 911 and help move or direct family members to safety; however, if a confrontation becomes hand-to-hand and your home-defense firearm is a shotgun or carbine, you'll need both hands to keep your attacker from taking it away from you. But, if you're armed with a handgun, you'd likely

be able to still shoot your attacker. This is measurably more difficult to do with a shotgun or carbine, particularly if you're engaged in a struggle to retain it.

SHOTGUN

Jeff Johnston supports the shotgun as the best option, writing:

Primarily because a shotgun shoots a spreading swarm of pellets rather than a single projectile, the shooter's margin for error is increased, and this is very important in actual life-and-death situations where adrenaline is pumping and the lighting is usually poor. A shotgun's pattern, or its "spread," ranges from approximately 2 inches in diameter at 2 yards to 20 inches at 20 yards. This is not to imply that you can't miss with a shotgun—you certainly can—but if your aim is off by a couple inches at seven yards, you'll likely still register a debilitating hit, whereas you'd likely miss altogether in the case of a rifle or handgun. And for masters of the shotgun, stationary targets are not only easy, but in fact a shotgun makes them seem *hard* to miss.

SEMI-AUTOMATIC RIFLE

Making the case for the semi-automatic rifle is FrankMelloni, who writes:

Though short on length, the AR-type rifle can easily outperform pistols and shotguns with respect to effective range. While we typically associate home defense with close-quarters shooting, those with acreage often have to consider the possibility of a predator attack, particularly on pets or livestock. Although a shotgun slug can reach 200 yards, your typical AR-15-chambered cartridge will produce better accuracy at that distance with the ability to strike targets more than twice as far. Moreover, the AR better hosts low and mid-power optics, which drastically improves hit probability while ensuring positive target identification. Being able to differentiate between a coyote and somebody's German Shepherd is going to make you far more popular in the neighborhood should such a situation arise.

Interestingly, the AR complements its impressive, effective range with equally adept short-range capability. The 5.56 NATO/.223 Remington cartridge does not have as much penetrating force as you might think. Testing has shown it penetrates fewer interior walls than much of the shotgun ammunition available today while being on par with most pistol cartridges. This becomes even more true when the defender chooses frangible or hollow-point fodder to deal with an attacker. Although it leaves the muzzle at more than twice the speed of the average pistol or shotgun round, .223 ammo just doesn't have the weight to carry that energy after it strikes a threat or intermediate barrier. For those who don't have faith in this cartridge, there are several others that are up to the task. The AAC .300 Blackout was built specifically for close-quarters work, particularly when there is the risk of collateral damage. The same holds true for Hornady's new 8.6 ARC cartridge. There are also plenty of AR carbines and pistols that run conventional 9 mm Luger or .45 ACP ammo, which also opens them up to shooting ranges that are limited to traditional pistol cartridges.

Using the right ammunition is important, but if your gun runs dry, it doesn't matter what it is chambered in. A standard AR-15 magazine offers a capacity of 30 rounds, whereas the average pistol

magazine only holds roughly half of that. Further, your typical shotgun holds less than a third of what an AR does. Will you need 30 rounds to handle a single threat? Probably not, but home invasions where there are several bad guys happen all the time.

Each author makes a powerful case for their preferred home defense firearm, but my favorite firearm for home defense is the one you own and will train with. Training is the ultimate predictor of how well a firearm will work for you.

P.P.S. In my conversation with you, we talked about how you're spending your time this winter. Just recently, I received an email about your around the world private jet tour that you booked with a group of your new closest friends. Nice!

A few of you living in Louisiana told me some good stories about all the snow you received. Turns out airboats are perfect for snow travel. Hold on!

My other client friends living in the French Quarter said the snow basically shut it down, but it was bustling during the Super Bowl. On to Mardi Gras!

Another client friend in Louisiana told me his dogs, like our dog Stanton, loved their first encounter with snow. This client is The Crawfish King, and at least a few times a year, he calls me and asks, "Survival Guy, I have a party of eight coming over Saturday. I'm calling Trenton Bridge Lobster Pound, how many lobsters and what size?"

"What time should I be there?" I ask. "You want the pound and half to the pound and three-quarters. Anything bigger is more novelty than tasty."

You can also call Brown Trading Co. and add some caviar to the mix.

In another conversation, you were on the deck of your sailboat in the BVIs checking off some "to dos." Some of your friends make the trek down just to help and to enjoy life on the water in February. It makes happy hour even better when you check off some items. But, as all of us boaters know, there is no such thing as a finished checklist.

Want more time for your retirement life? When you're ready to put me to work on your to-dos, let me know. But only if you're serious. Email me at ejsmith@yoursurvivalguy.com.