



VERNONVILLE
ASSET MANAGEMENT

*Income Beyond
Wall Street™*

Post Covid Investment Trends & The New Economy by Eric S. Tait M.D., MBA

Background

M.B.A. from Rice University 2003

- Healthcare Management
- Entrepreneurship

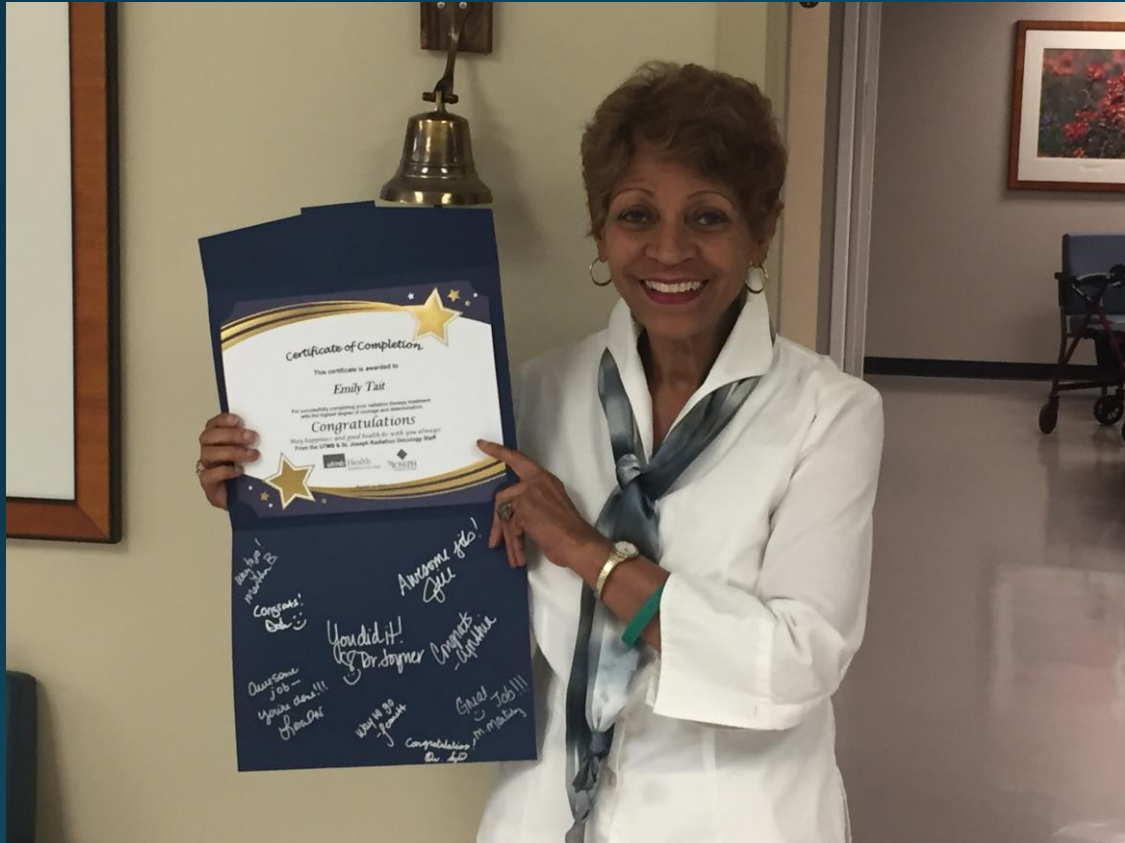
M.D. from Baylor College of Medicine 2003

- Practicing Internist 1 clinical day per week

Thank You!!!

- Association of Community Cancer Centers
 - Christy Levine
 - Shannon Paciorek
- Dr. Gene Saylor – President of South Carolina Oncology Society
- Dr. Julia Saylor – Charleston Oncology

Thank You!!!



Where we're going

1. Why “diversification” is no longer just stocks and bonds
2. How Inflation will affect your portfolio
3. How the very wealthy are protecting & growing their portfolios

Where we're going

1. Why “diversification” is no longer just stocks and bonds
2. How Inflation will affect your portfolio
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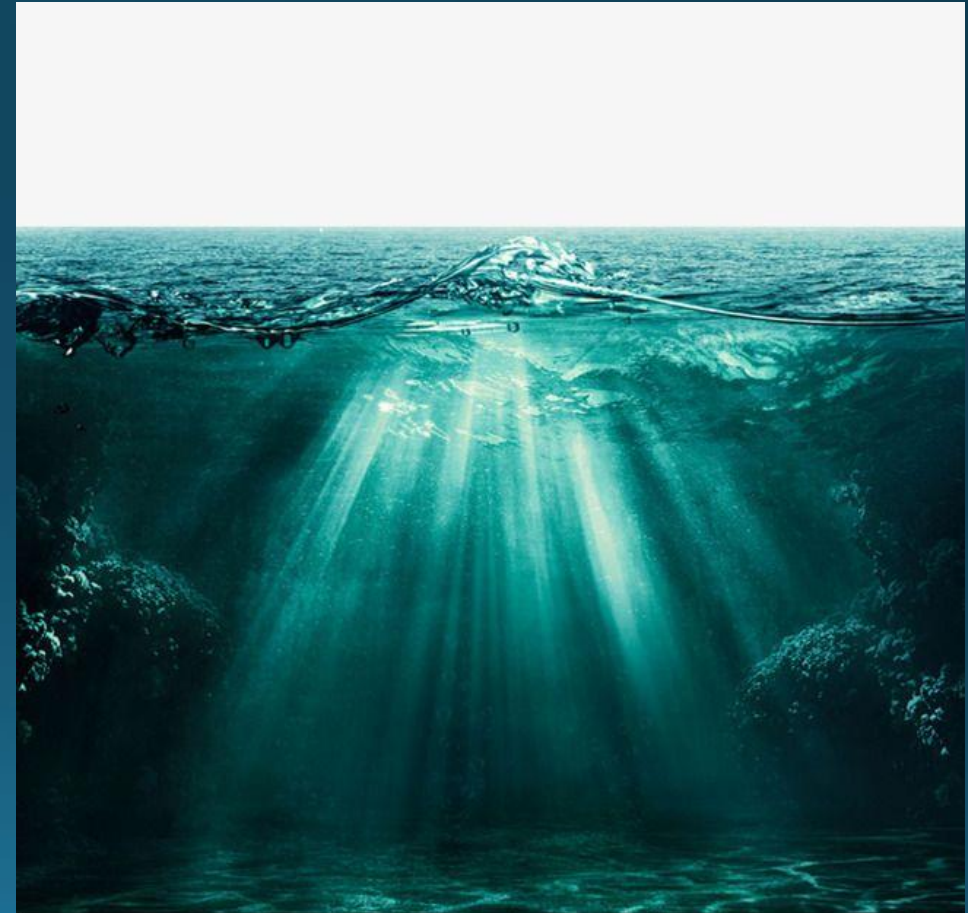
Are you really diversified?

- Summer of 2000
- Houston, Texas
- High Flying new energy company
- Destroyed a City, and prelude to the Dotcom bust

Are you really diversified?



Are you really diversified?



Are you really diversified?

Explaining Correlation

A perfect positive correlation means that the correlation coefficient is exactly 1. This implies that as one security moves, either up or down, the other security moves in lockstep, in the same direction. A perfect negative correlation means that two assets move in opposite directions, while a zero correlation implies no relationship at all.

For example, large-cap mutual funds generally have a high positive correlation to the Standard and Poor's (S&P) 500 Index - very close to 1. Small-cap stocks have a positive correlation to that same index, but it is not as high - generally around 0.8.

Are you really diversified?



JUL 25 2019

The correlation conundrum: Why diversification is more than “stocks vs. bonds”

CONTRIBUTOR **JACK MANLEY**

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In brief

- Diversification is a widely adopted risk mitigation strategy and will become more important as the cycle ages. Nonetheless, overly simplistic diversification has not worked well recently.
- Equity investing with a focus on correlation benefits must extend beyond the stock/bond framework. Investors must look to sectors, not just styles or sizes, to better diversify against bonds. Select international markets can also help reduce cross-asset correlations.
- Within fixed income, diversification may be highly impactful on correlations. Investors should moderate exposure to high yield and low quality investment grade debt and instead emphasize Treasuries, mortgages and municipal debt.
- Alternatives, when and where appropriate, can also serve as strong diversifiers against public market performance.
- Portfolio volatility is a function of both cross-asset correlations and the inherent volatility of the individual asset classes. Therefore, lower correlations do not necessarily lead to lower portfolio volatility. That said, certain sectors or regions may be worth adding if their expected return more than justifies in the increase in portfolio volatility.

Diversification has become a widely adopted strategy to mitigate risk. And at this point in the cycle, it has a renewed relevance for investors anxious about weathering the next storm. But at the same time, the benefits of diversification have recently been called into question: during periods of recent market stress, correlations between stocks and bonds were largely positive. Traditional stock/bond diversification, as it turns out, may not have helped performance as much as desired.

This paper does not attempt to challenge diversification as a tool for proper portfolio construction, nor does it make an argument for the best future return potential of any given asset class – indeed, lower correlations do not always help improve returns or dampen volatility. Rather, it seeks to put a finer point on the notion of diversification as a risk-mitigation strategy.

You may want to consider

Global Allocation Fund

With access to the entirety of J.P. Morgan's global investment platform, the Global Allocation Fund searches worldwide to maximize total return, while also managing risk.

[MORE ABOUT THIS FUND >](#)

Are you really diversified?

BARRON'S
Topics Magazine Data Advisor Penta

Know what you pay.

No hidden advisory fees
\$0 online stock, ETF, and options commissions*
3,000+ no-transaction-fee, no-load mutual funds

LEARN MORE

Charles SCHWAB
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Disclosure

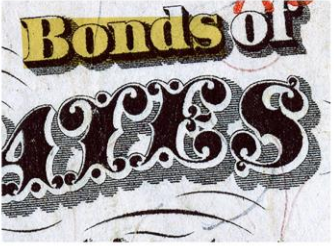
BONDS

It's Time to Rethink the Traditional Retirement Savings Allocation

By Daren Fonda Updated October 17, 2019 / Original October 16, 2019

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Text size



Bonds are poised to cause more trouble than they're worth, and it may be time for investors with a 60/40 mix of stocks and bonds to replace them with other assets, including cyclical dividend stocks, junk bonds, and high-quality munis.


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Forbes


Your Portfolio Has More Risk Than You Think


 Randy Warren Contributor
Markets

POST WRITTEN BY
John O'Toole

 This article is more than 4 years old.

 For many years now investors have been told that a diversified portfolio is responsible for 90% of the long term investor's returns. In structuring a portfolio investors must consider their risk tolerance and goals. Once an investor decides upon the desired risk/reward the investor can construct a portfolio in part based on assets that correlate differently from one another. This idea of assets that are not highly correlated is the fundamental thesis behind the properly diversified portfolio.





Are you really diversified?

The “diversification” strategy actually got worse after the 2008 crisis as shown by the following chart of cross asset correlations. Note the post-crisis correlations are higher than average pre-crisis correlations.

Recommended For You

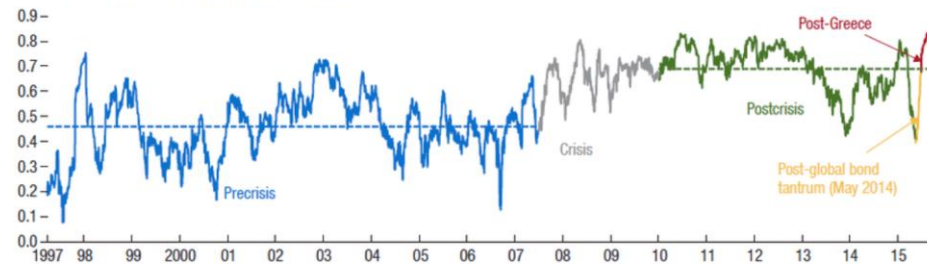
It Begins With An Incredible Team

Cushion Portfolios With Intermediate Bonds, Strategist Says

Positioning Fixed Income For What's To Come

Asset correlations have increased in the postcrisis era, reflecting a rise across most major asset classes.

1. Cross-Asset Correlations (median daily) and Correlation Heat Map



Sources: Goldman Sachs, Bank of America Merrill Lynch;
Bloomberg, L.P.; and IMF staff

Are you really diversified?

The screenshot shows the Investing.com website interface. At the top, there is a search bar and a navigation menu with categories like Markets, Insights, News, Analysis, Charts, Technical, Brokers, and Tools. Below the navigation, there are sub-categories such as Most Popular, Editor's Picks, Market Overview, Stock Markets, Forex, Commodities, Cryptocurrency, and Bonds. An advertisement banner is displayed, featuring icons of a laptop and a smartphone, with the text 'The right tools for right now' and 'Bank with confidence using contactless payments >'. Below the ad, the article title 'Asset Classes Remain Highly Correlated. Will It Last?' is prominently displayed, followed by the author's name 'James Picerno' and the publication date 'Jul 29, 2020 08:21AM ET'. Social media sharing icons for Facebook, Twitter, LinkedIn, and others are visible. A profile card for James Picerno is shown, including a 'Follow' button and a link to his 'My Homepage'. The main text of the article begins with 'The coronavirus crisis reordered many things in economics and finance and you can add asset correlations to the list.' and continues with 'After markets crashed in March, followed by a strong (so far) rebound, asset classes have continued to move with an unusually deep and broad degree of unison. High, or at least higher return correlations aren't unusual around periods of severe market'.

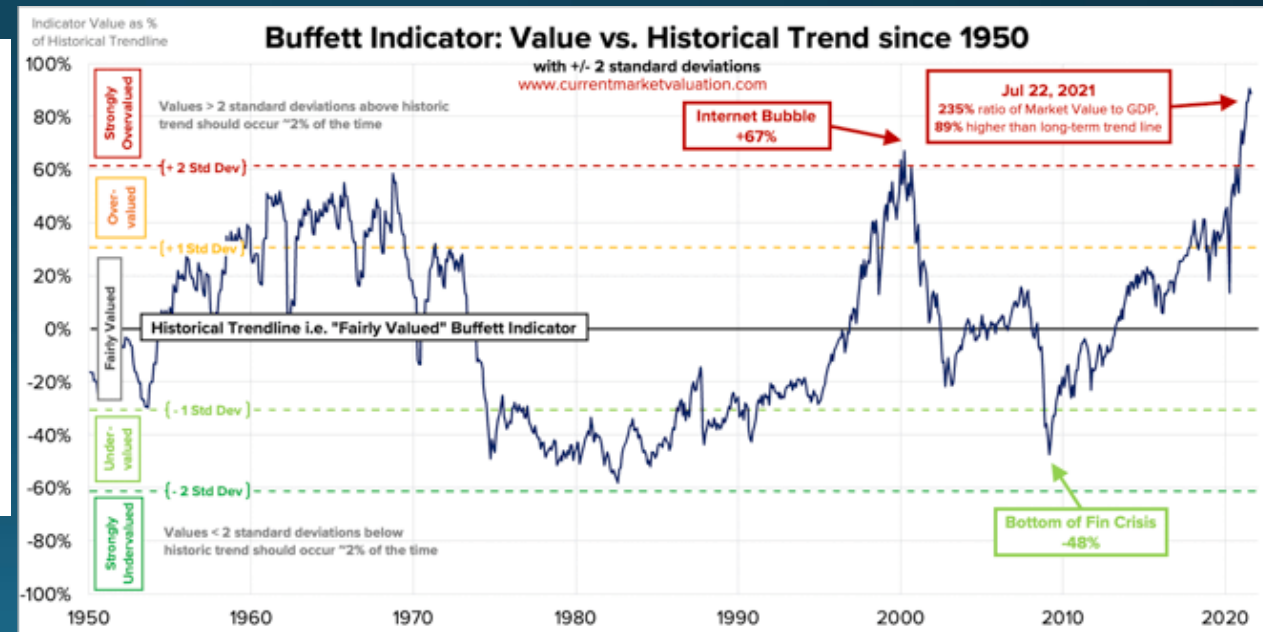
Are you really diversified?

A stunning 84% of Fortune 500 CFOs say the US **stock market is overvalued**, according to a survey released Thursday by Deloitte. That's up from the 55% who felt that way a quarter ago. Just 2% of finance chiefs say US **stocks** are undervalued. Aug 27, 2020

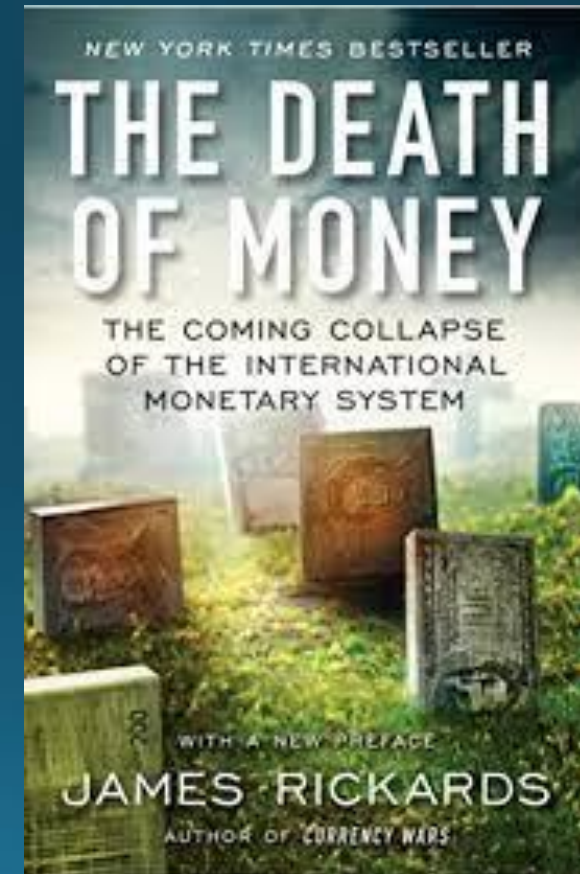
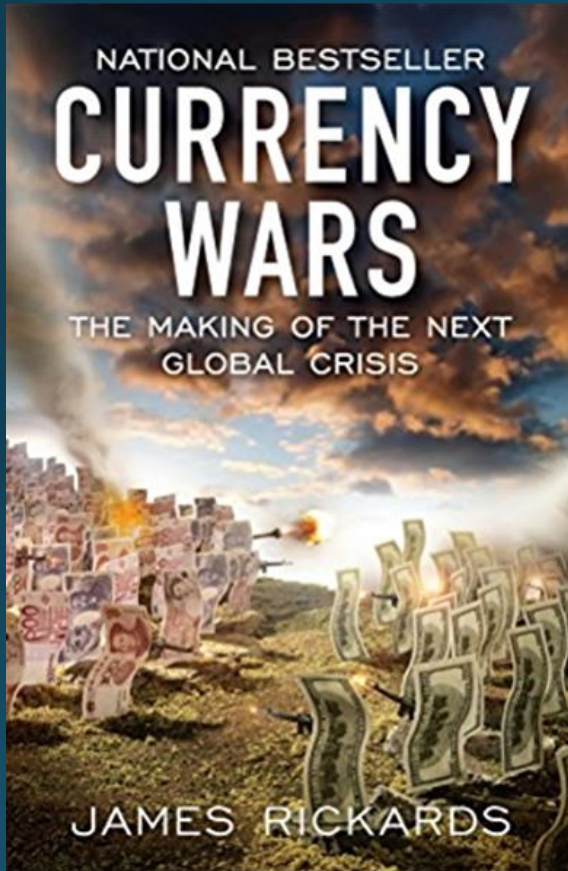


www.cnn.com > 2020/08/27 > investing > stock-market-o...

Even Corporate America thinks the stock market is overvalued



Are you really diversified?



Are you really diversified?

- So how over-weighted to the public markets is your portfolio?
 - 401K
 - IRA
 - Taxable Brokerage Account
 - Individual Stocks and Bonds

- What is your plan to fix this?

Where we're going

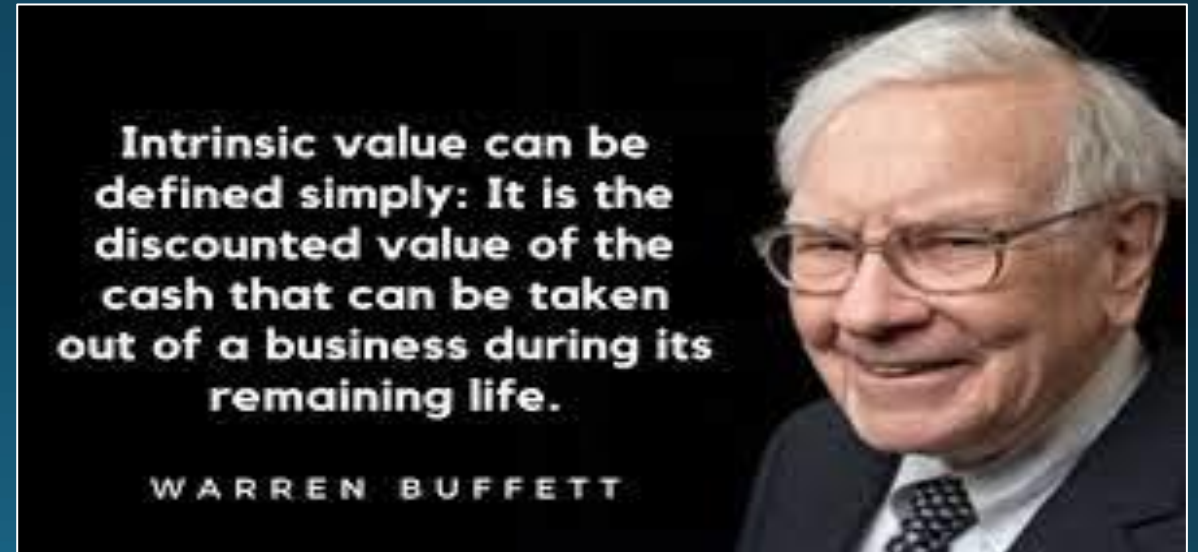
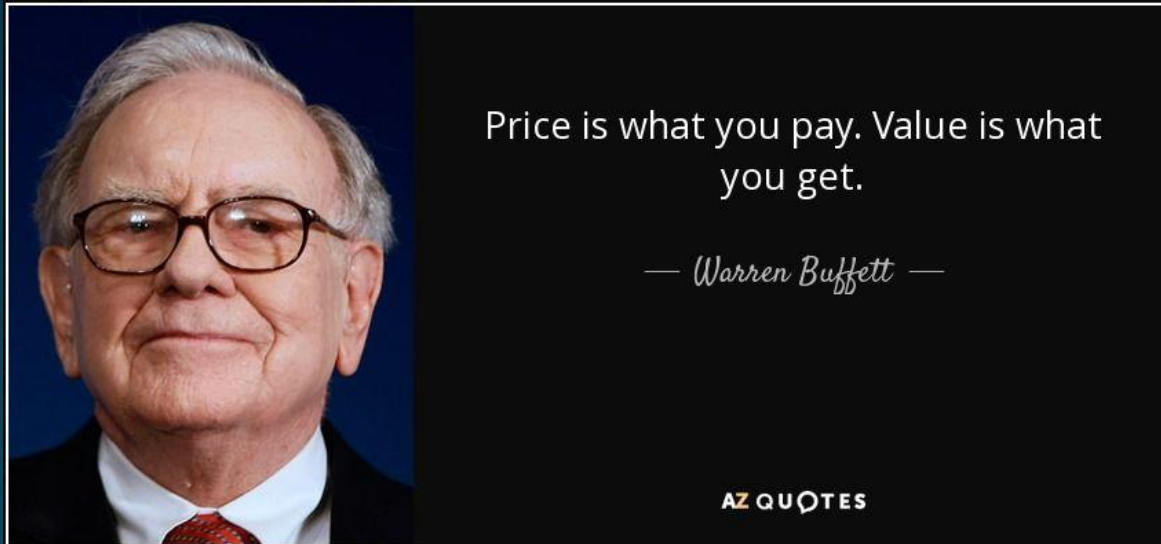
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Inflation

- Inflation vs. Appreciation
 - Appreciation – the increase in the intrinsic value of an asset
 - Intrinsic Value – usually determined by cash flow (DCF analysis)

Inflation

- Price vs. Value -



Inflation

- Inflation vs. Appreciation

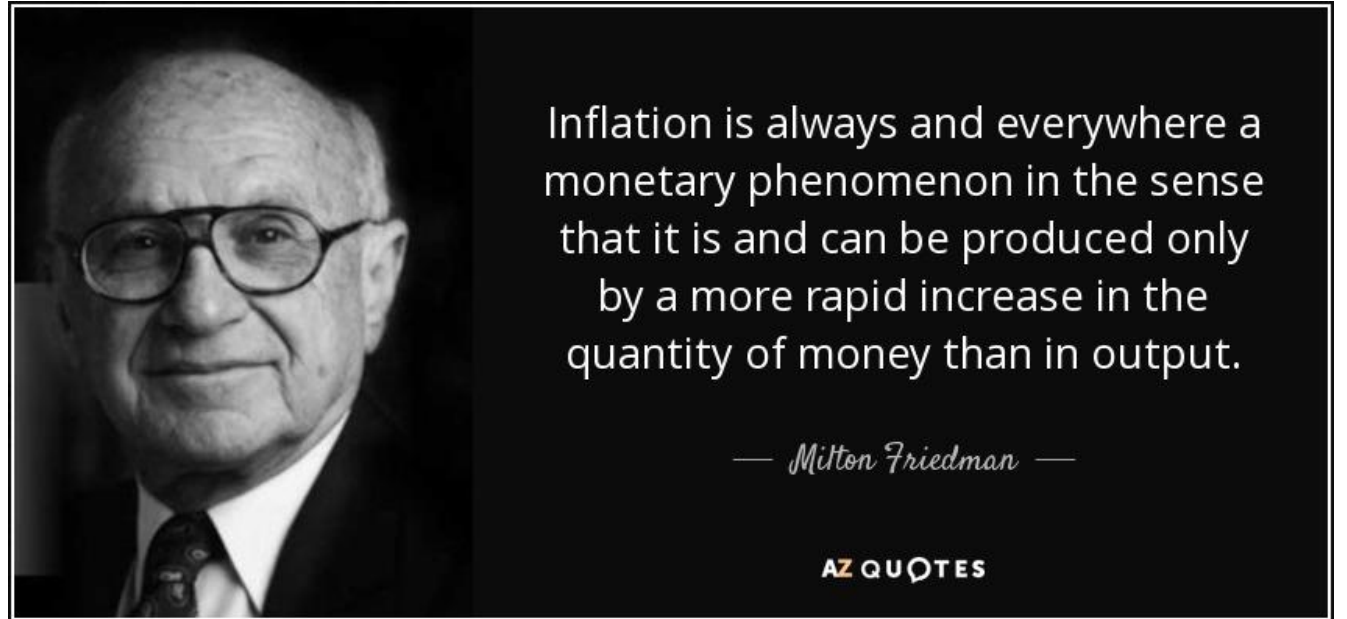
- Inflation:

The decline in purchasing power of a currency (US dollars)

Inflation increases prices, but doesn't increase value

Inflation

- Inflation vs. Appreciation



Inflation

Economy – \$100,000



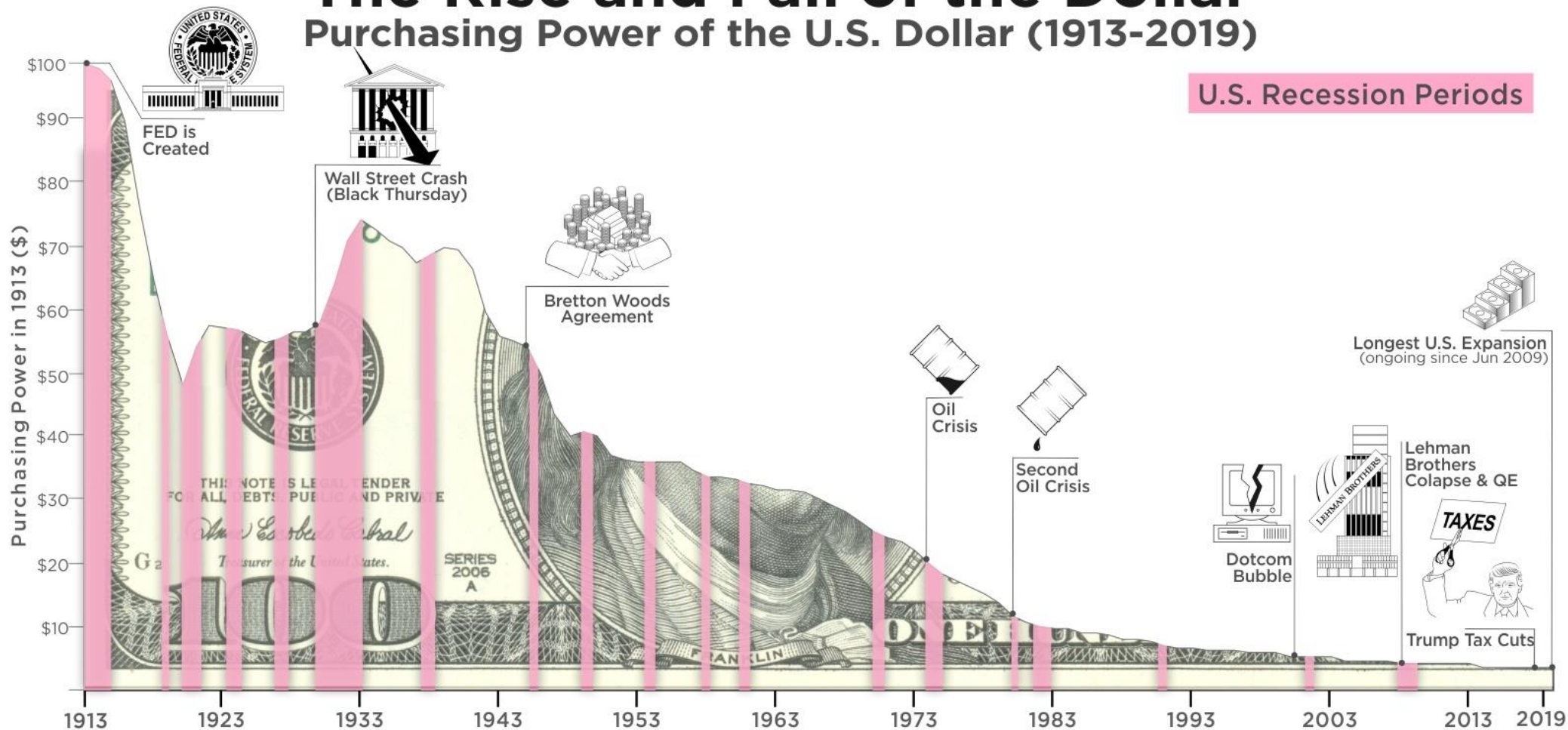
Economy - \$1,000,000



Inflation increases prices, but doesn't increase value

Inflation

The Rise and Fall of the Dollar Purchasing Power of the U.S. Dollar (1913-2019)



Article & Sources:

<https://howmuch.net/articles/rise-and-fall-dollar>

<https://howmuch.net/sources/rise-and-fall-dollar>

howmuch.net

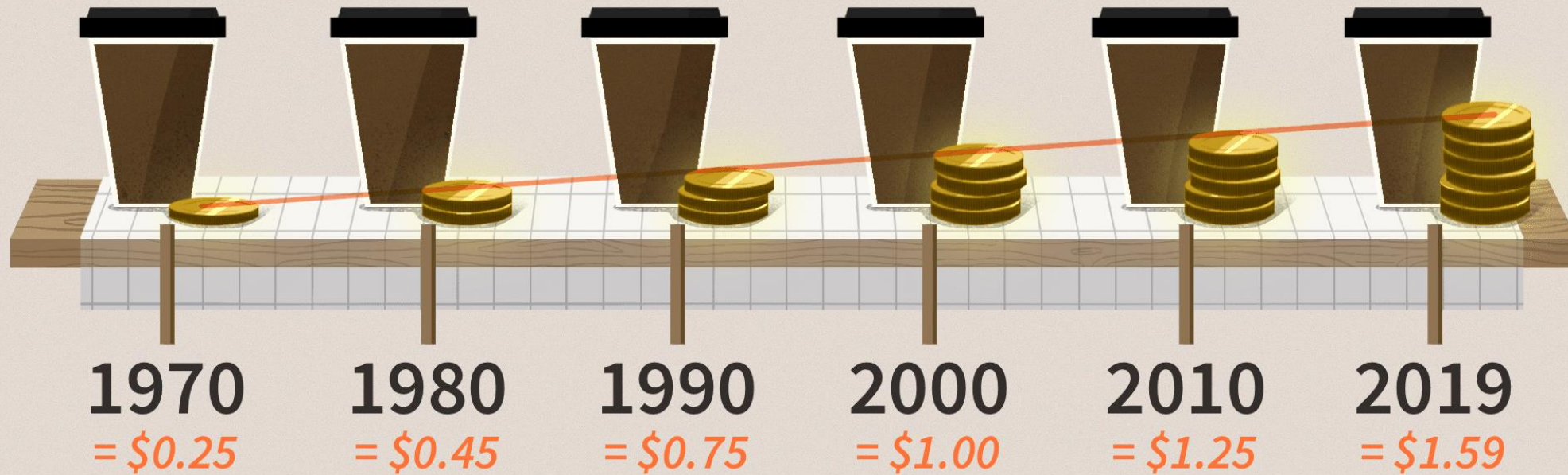
SCOS 2021 Annual Conference featuring

ASCO Direct™

Highlights ▶▶▶▶▶

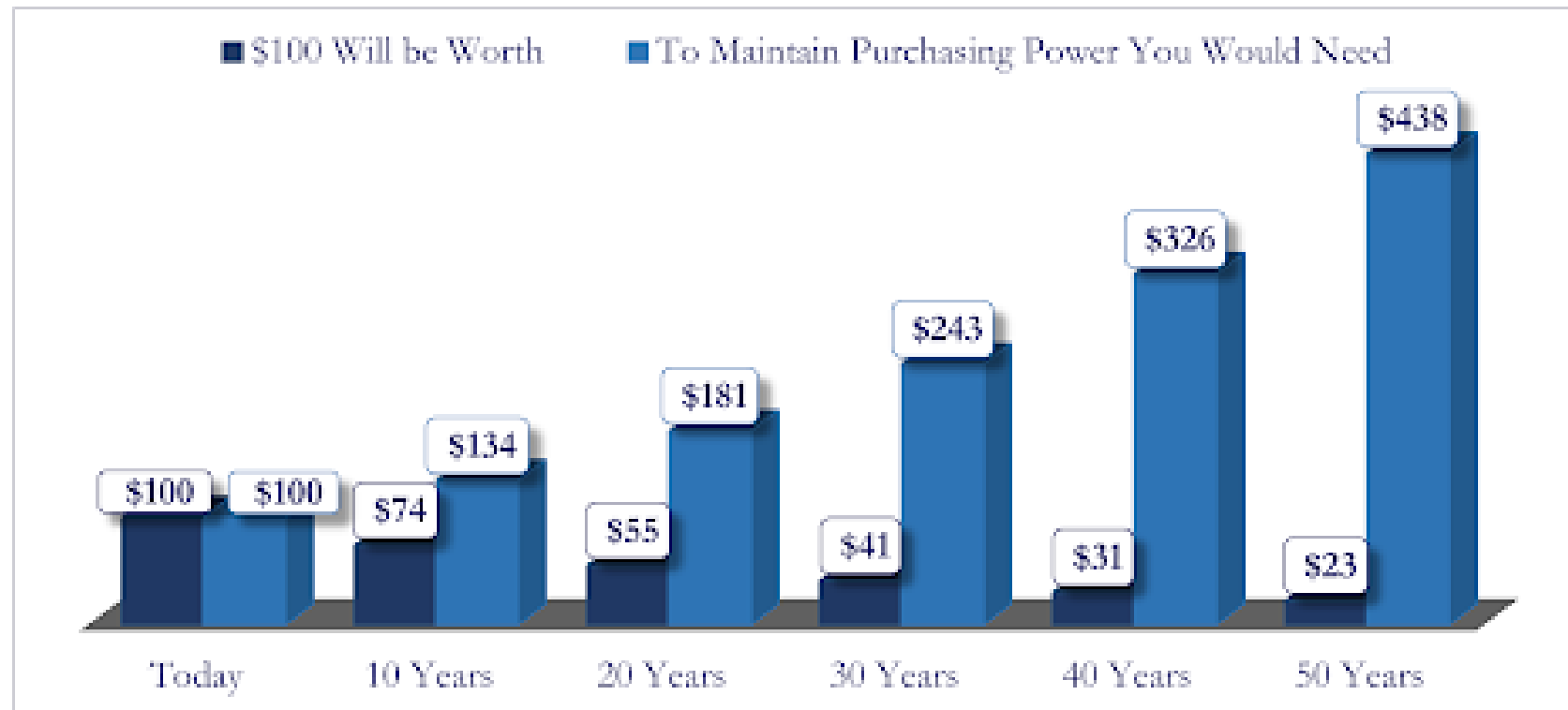
Inflation

How *Inflation* Has Changed the Price of a Cup of Coffee Over Time



Inflation

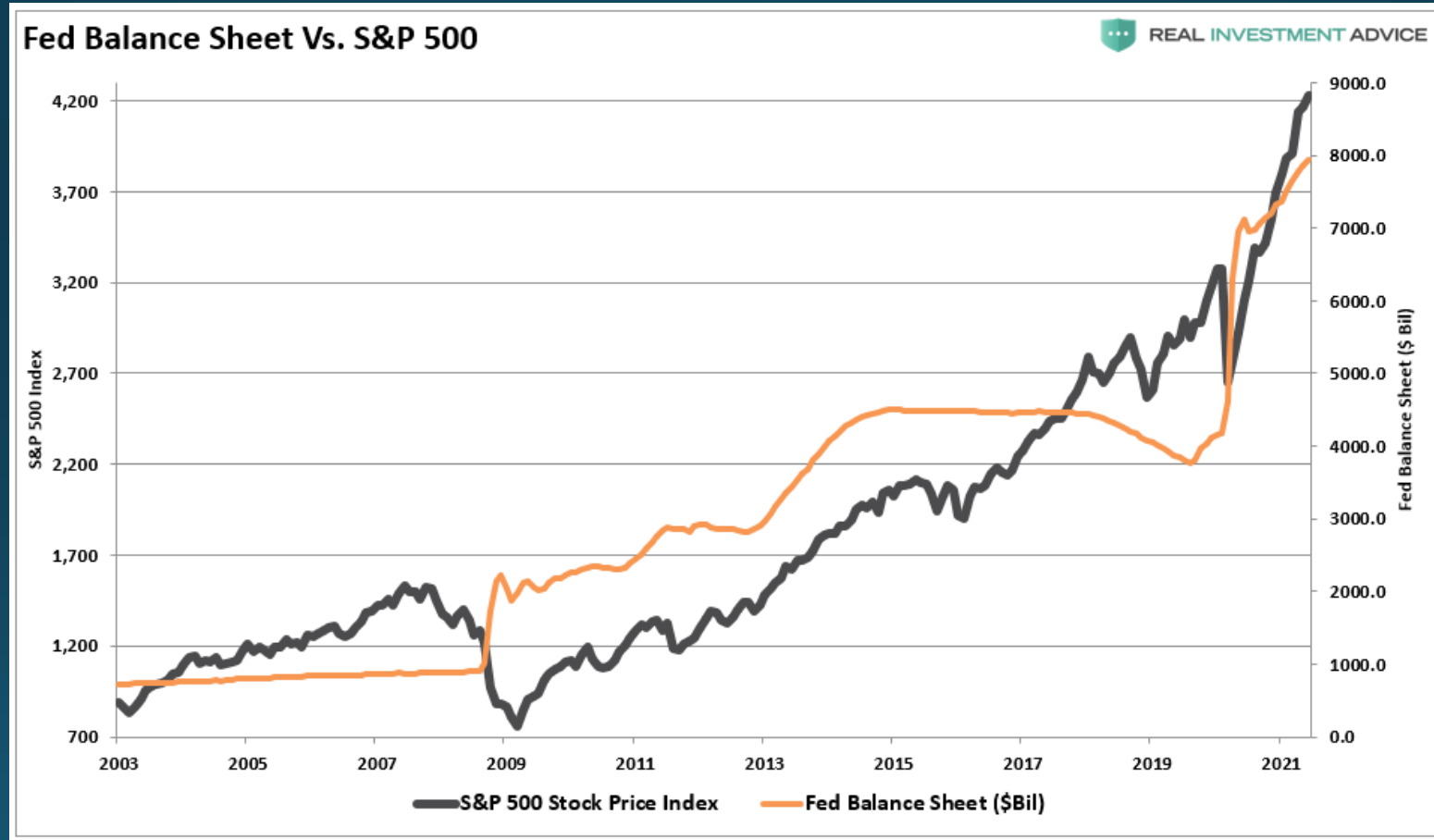
The Effects of Inflation (at 3% annual)



PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. INVESTMENTS INVOLVE RISK AND UNLESS OTHERWISE STATED, ARE NOT GUARANTEED.


COLBURN
WEALTH MANAGEMENT

Inflation



Inflation

- Inflation vs. Appreciation



Inflation is always and everywhere a monetary phenomenon in the sense that it is and can be produced only by a more rapid increase in the quantity of money than in output.

— Milton Friedman —

AZ QUOTES

Inflation – Appreciation

Single Family Home - 3 bed 2 bath
Long Term Rental



Monthly Rental - \$1500
Yearly Revenue - \$18,000
Taxes - \$4500
Insurance - \$1800
Net Income - \$11,700

Single Family Home - 3 bed 2 bath
Short Term Rental



Nightly Rental (\$200) - \$4,400 (75% occupancy)
Yearly Revenue - \$52,800
Taxes - \$4500
Insurance - \$1800
Net Income - \$46,500

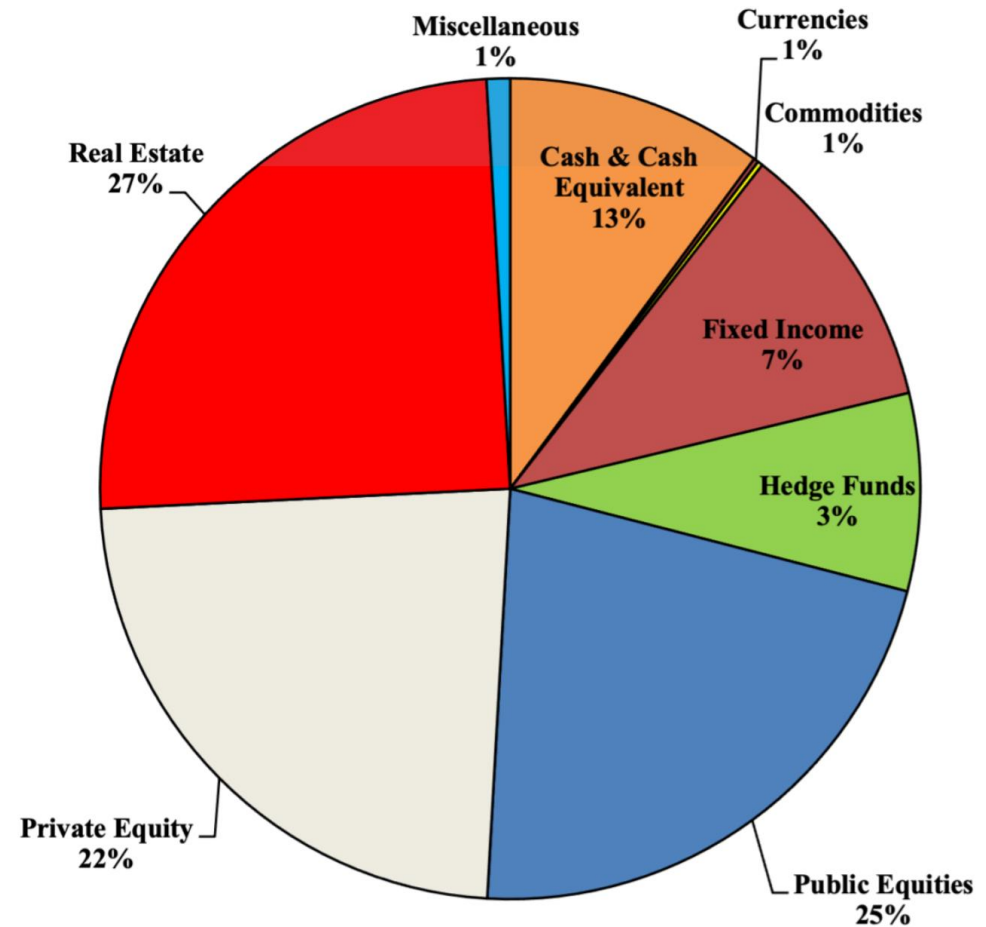
Where we're going

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What the very Wealthy do

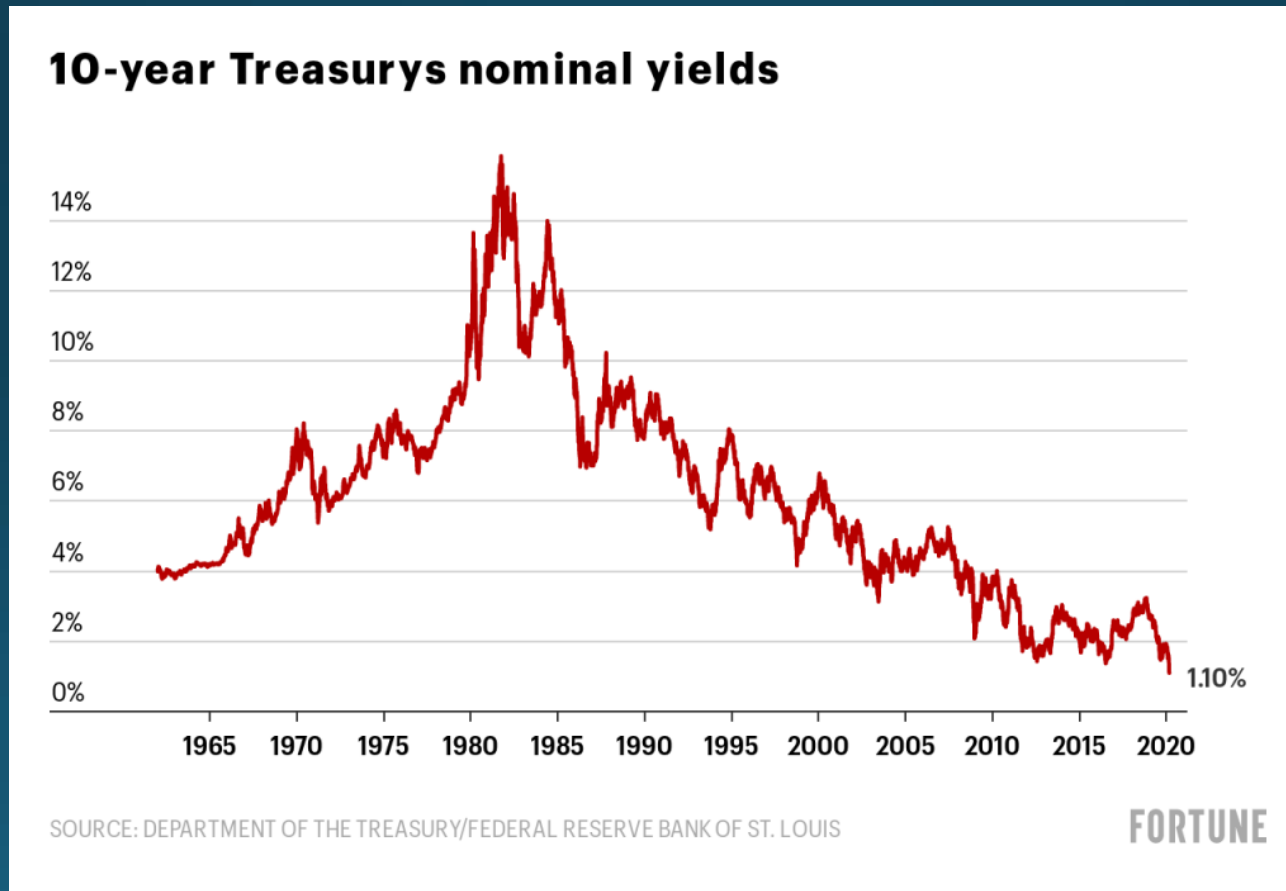
- 10 million investable assets
- How closely does your portfolio approximate the very wealthy?

Chart 1: TIGER 21 Member Allocation
(Time Period Q2 2020 - Q1 2021)



What the very Wealthy do

- Bond Yields -



What the very Wealthy do

\$35,503,373.1 million

The total **market capitalization** of **U.S. stock market** is \$35,503,373.1 million (6/30/2020). The **market** value is the total **market cap** of all **U.S.** based public companies listed in New York **Stock Exchange**, Nasdaq **Stock Market** and OTCQX **U.S. Market** (read more about OTC markets from here.) Jul 3, 2020



siblisresearch.com > ... > Global Equity Valuations

Total Market Value of U.S. Stock Market | Siblis Research

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\$33.3 trillion

In 2018, the **total value** of the **U.S. housing market** increased \$1.9 trillion, propelling its **value** to a whopping \$33.3 trillion, according to new data from Zillow. Zillow highlights that this 6.2% increase is up \$10.9 trillion from 2012, when the **housing market** crashed.

Jan 4, 2019

www.housingwire.com > articles > 47847-us-housing-mar...

U.S. housing market value climbs to \$33.3 trillion in 2018 ...

[About Featured Snippets](#) [Feedback](#)

Estimating the Size of the **Commercial Real Estate Market** in the **U.S.** Nareit estimates that the 2018 **total dollar value** of **commercial real estate** was between \$14 and \$17 trillion, with a mid-point of \$16 trillion. This study was conducted primarily using data from CoStar and other sources.

Table 1
Estimates of Commercial Property Value: 2019Q4

Sector	Square Footage (Millions)	Price per Square Foot (\$)	Value (\$ Trillion)
Multifamily	17,541	\$105	\$2.0
Office	11,208	\$218	\$2.5
Retail	13,645	\$179	\$2.4
Health Care	2,705	\$464	\$2.3
Specialty, Sports and Other	N/A	N/A	\$2.2
Hospitality	2,429	\$617	\$1.6
Industrial	20,749	\$73	\$1.5
Flex	2,402	\$145	\$0.3
Self Storage	N/A	N/A	\$0.2
Towers	N/A	N/A	\$0.1
Total	70,833		\$16.0
High Estimate			\$17.0
Low Estimate			\$14.5

Source: Nareit calculations using the CoStar All Properties database 2018 Q4 and CoStar's Commercial Real Estate Market Size Estimates 2019Q4.

www.reit.com > data-research > research > nareit-research

Estimating the Size of the Commercial Real Estate Market in ...

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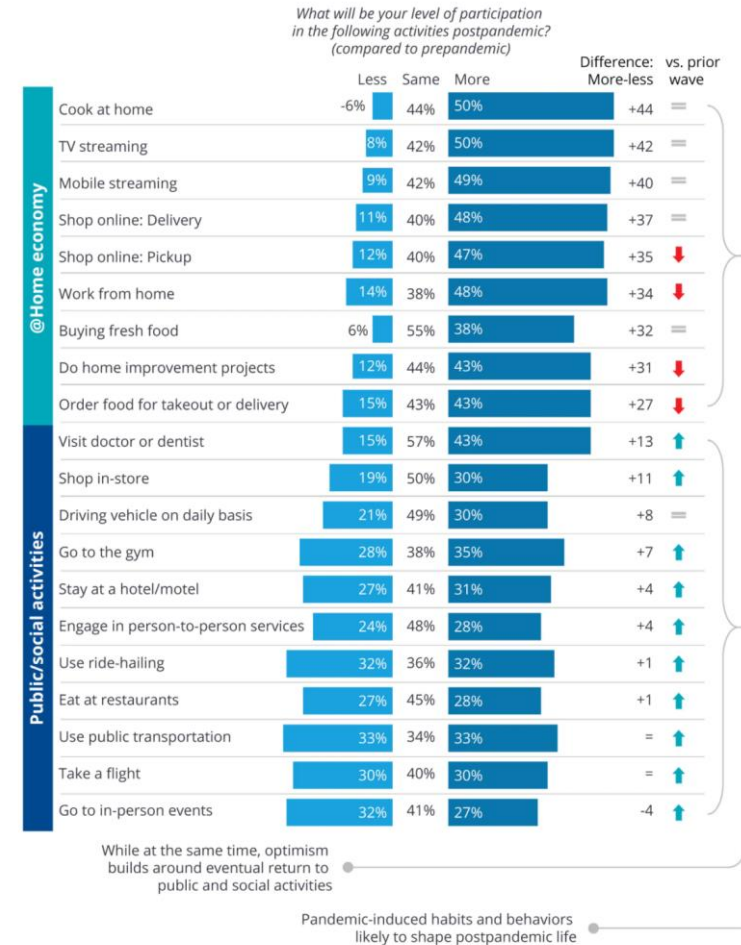
Highlights ▶▶▶▶▶

What the very Wealthy Do

- Consumer Spending Trends

FIGURE 7

Certain spending avenues and methods are set to change even after the pandemic ends

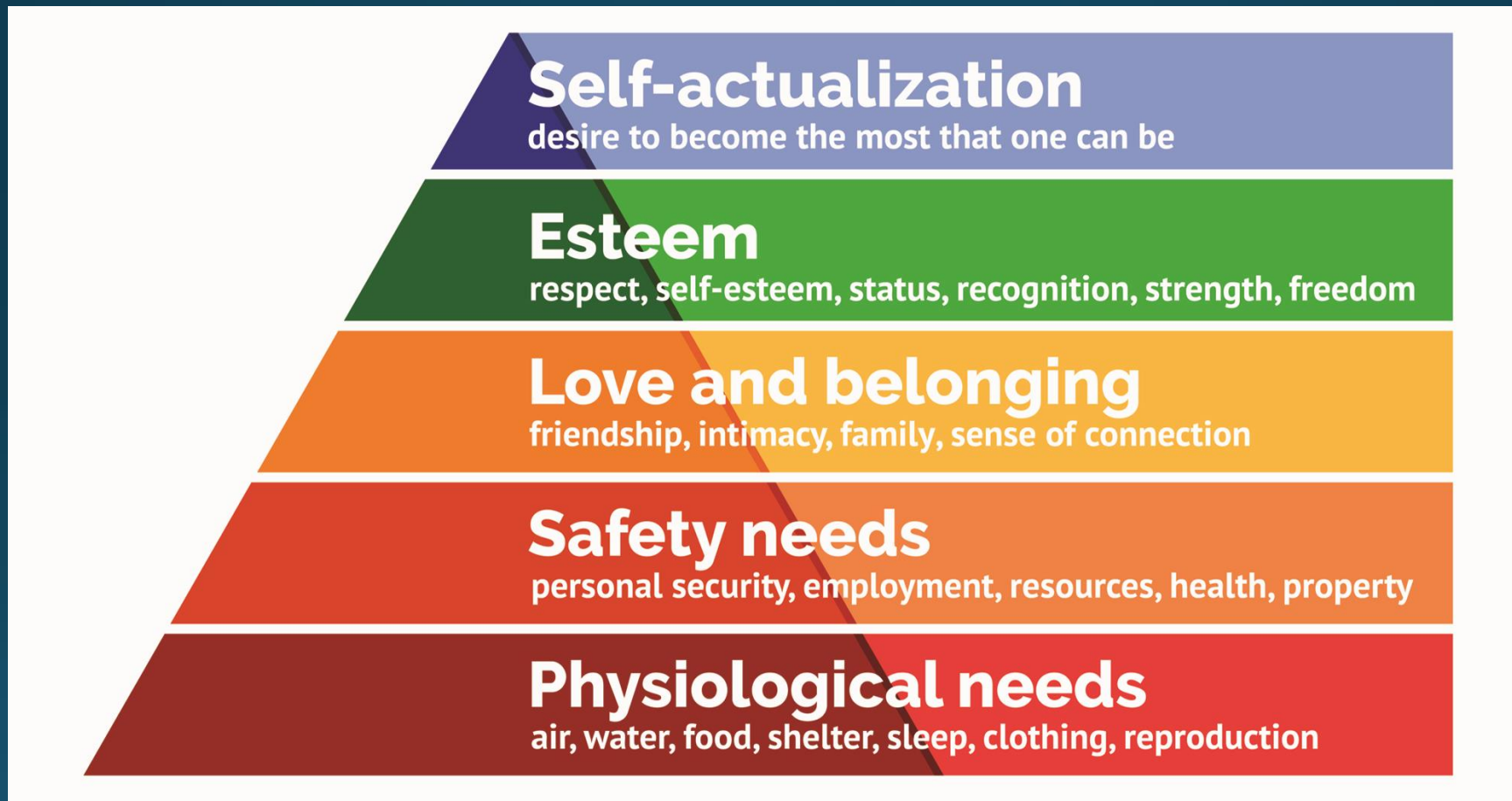


Notes: Wave 18.2: May 7-12, wave 18.3: May 14-19, wave 19: May 20-26; "Difference" refers to the percentage of respondents indicating more minus less activity postpandemic compared to prepandemic activity, N=3,000.
Sources: Deloitte Global State of the Consumer Tracker; Deloitte Services LP analysis.

Deloitte Insights | deloitte.com/insights

What the very Wealthy do

Stay low on Maslow's



What the very Wealthy do

- My Story –
 - Started with a 2-bedroom 1 bath condo in medical school
 - Rented for the 1st year, bought after that
 - Rented it to a medical student while I was in residency



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Eric S. Tait M.D., MBA
President

Domestic Projects

2 Dozen SFR
(2 dozen)



Apartments (10-97 unit projects)
(sold)



Domestic Projects – NNN Commercial

Post Oak Square

97,954 sq. ft. (10 acres total)

POST OAK SQUARE – College Station, Texas



Northwood Plaza

136,747 sq. ft. (11.4 acres total)

NORTHWOOD PLAZA – HOUSTON, TEXAS



Domestic Projects – NNN Commercial

116,819 sq. ft. (7.6 acres total)

Fairmont Junction, Pasadena TX, Houston MSA



102,508 sq. ft. (9.69 acres total)

Fairmont Plaza, Pasadena Tx (H



Domestic Projects – NNN Light Industrial

Hollister Business Park

243,964 sq.ft. (14 acres total)



Harwin/Point West

145,915 sq.ft. (10 acres total)

Sold 15% return in 15 months



Domestic Projects – NNN Hybrid Retail/Light Industrial

Bay Area Plaza

75,569 sq. ft. (5.29 acres total)





Flex Industrial Portfolio

~380,000 sq. ft – 3 locations

Domestic Projects – NNN Commercial

- Silverlake Shopping Center
 - 24,205 sq. ft. (2.71 acres total)

Silverlake Shopping Center

9811-9821 Broadway Street, Pearland, TX 77584



Domestic Projects – NNN Commercial

- Park Row Tech Center
- 42,070 sq. ft. (3.31 acres total)



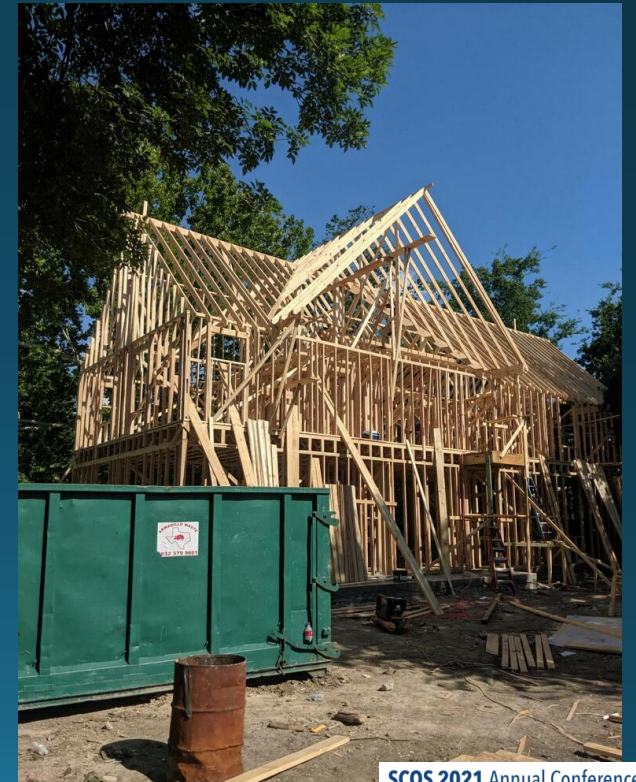
OFFERING MEMORANDUM

**PARK ROW TECH CENTER
16670 - 16700 PARK ROW TECH DRIVE
HOUSTON TEXAS 77084**



Domestic Projects

Student Housing (Houston)



International Projects

The screenshot shows a TripAdvisor page for the Mahogany Bay Resort & Beach Club, Curio Collection by Hilton. The page includes a navigation bar with 'Ambergris Caye' selected, a search bar, and a main header with the hotel name and location. A large image shows the resort's exterior with a canal. Below the image are booking options from Travelocity, Orbitz, and Trip.com, all priced at \$188. The 'About' section features a 4.5-star rating, 309 reviews, and a list of property amenities such as a pool, restaurant, spa, and fitness center. A JW Marriott Hotel Quito advertisement is also visible.



Operating Businesses



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Private Debt Notes

- Fintech Physician/Dentist Finance Company
 - Private Notes – Paid Quarterly
 - 3 Year – 5.5%
 - 4 Year – 6.5%
 - 5 Year – 7.0%



Angel/Venture Investing

- Data Gumbo

- SaaS Model Blockchain Technology solution in the Oil and Gas Space



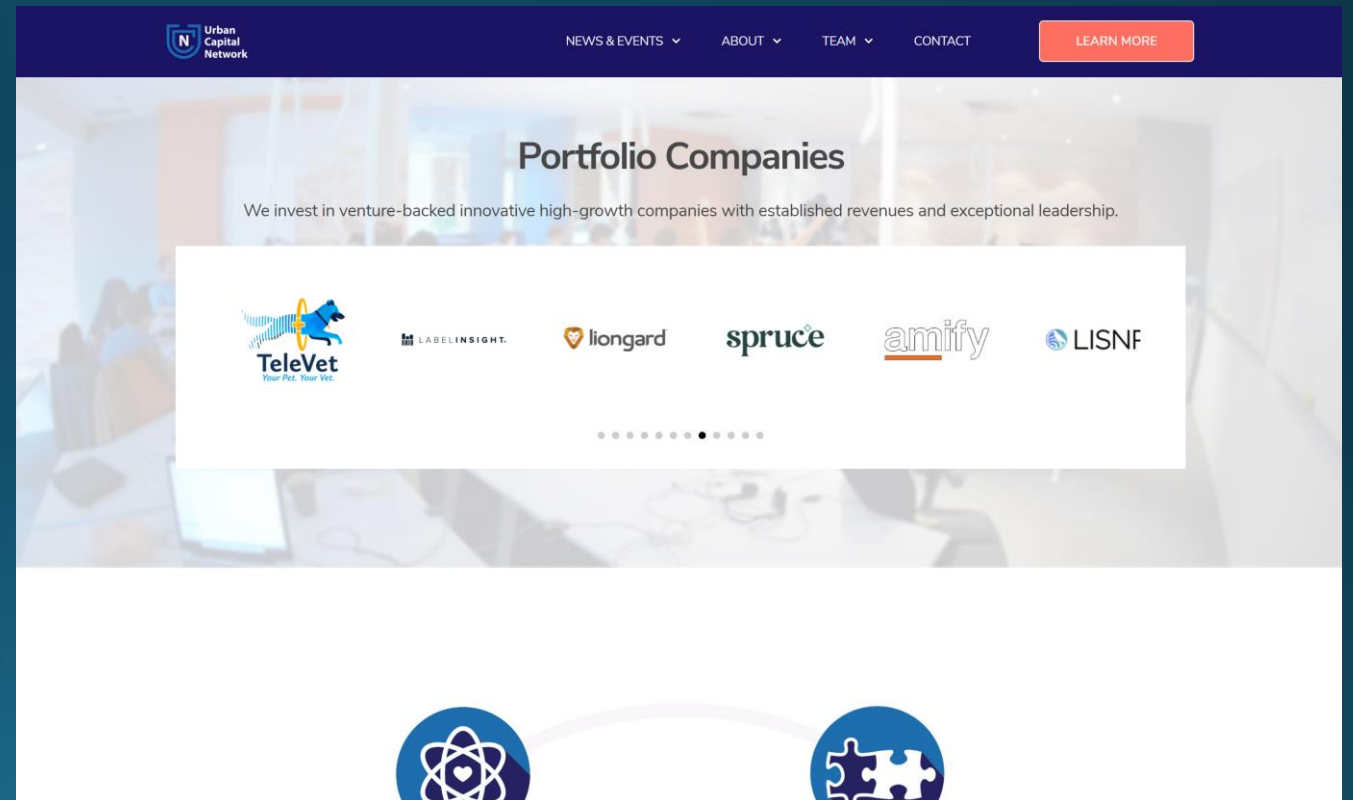
- Myaderm

- The Only FDA compliant topical CBD cream in wide distribution
 - Dick's Sporting Goods, Golf Galaxy, GNC, MLS soccer sponsor, 7/11, Love's



Angel/Venture Investing

www.urbancapitalnetwork.com



What the very Wealthy do

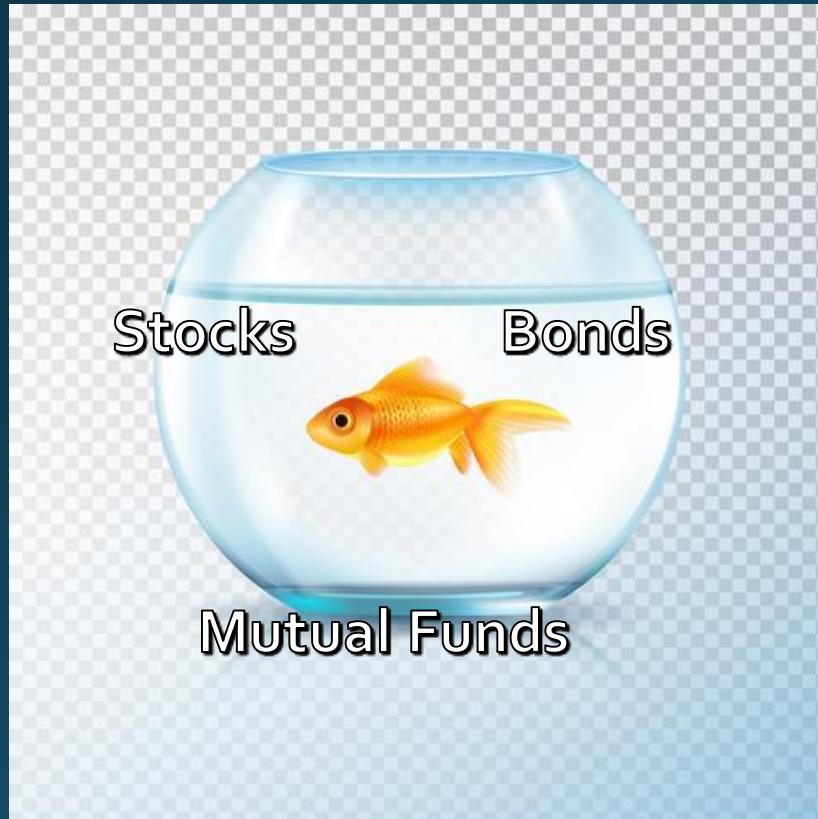
- What does your portfolio directly produce?
 - Food
 - Shelter
 - Clothing
 - Employment

What the very Wealthy do

- How many units of production do you have in your portfolio?
- How does your portfolio directly serve others?

Conclusion

- Are you "diversified"?



Conclusion - Correlation



JUL 25 2019

The correlation conundrum: Why diversification is more than “stocks vs.

Alternative asset correlations with Barclays U.S. Aggregate			
Sector	20 years	First 15 years	Last 5 years
Equity long/short HF	0.01	-0.07	0.38
Event driven HF	0.05	-0.03	0.34
Macro HF	0.11	0.06	0.24
Relative value HF	0.18	0.12	0.36
Private equity	-0.40	-0.43	-0.31
Venture capital	-0.27	-0.30	-0.20
Direct lending	-0.07	-0.32	-0.07
Global core infrastructure	0.00	0.00	0.10
U.S. core real estate	-0.15	-0.15	-0.18

be worth adding if their expected return more than justifies in the increase in portfolio volatility.

Diversification has become a widely adopted strategy to mitigate risk. And at this point in the cycle, it has a renewed relevance for investors anxious about weathering the next storm. But at the same time, the benefits of diversification have recently been called into question: during periods of recent market stress, correlations between stocks and bonds were largely positive. Traditional stock/bond diversification, as it turns out, may not have helped performance as much as desired.

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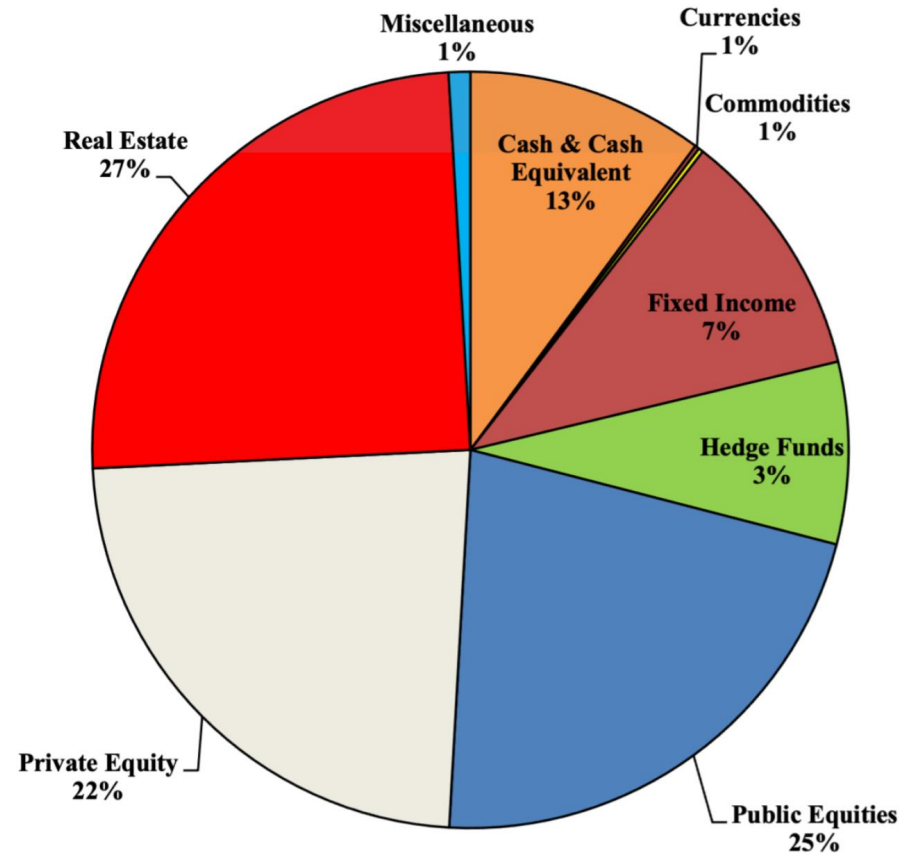
[MORE ABOUT THIS FUND >](#)

Conclusion

- True Diversification

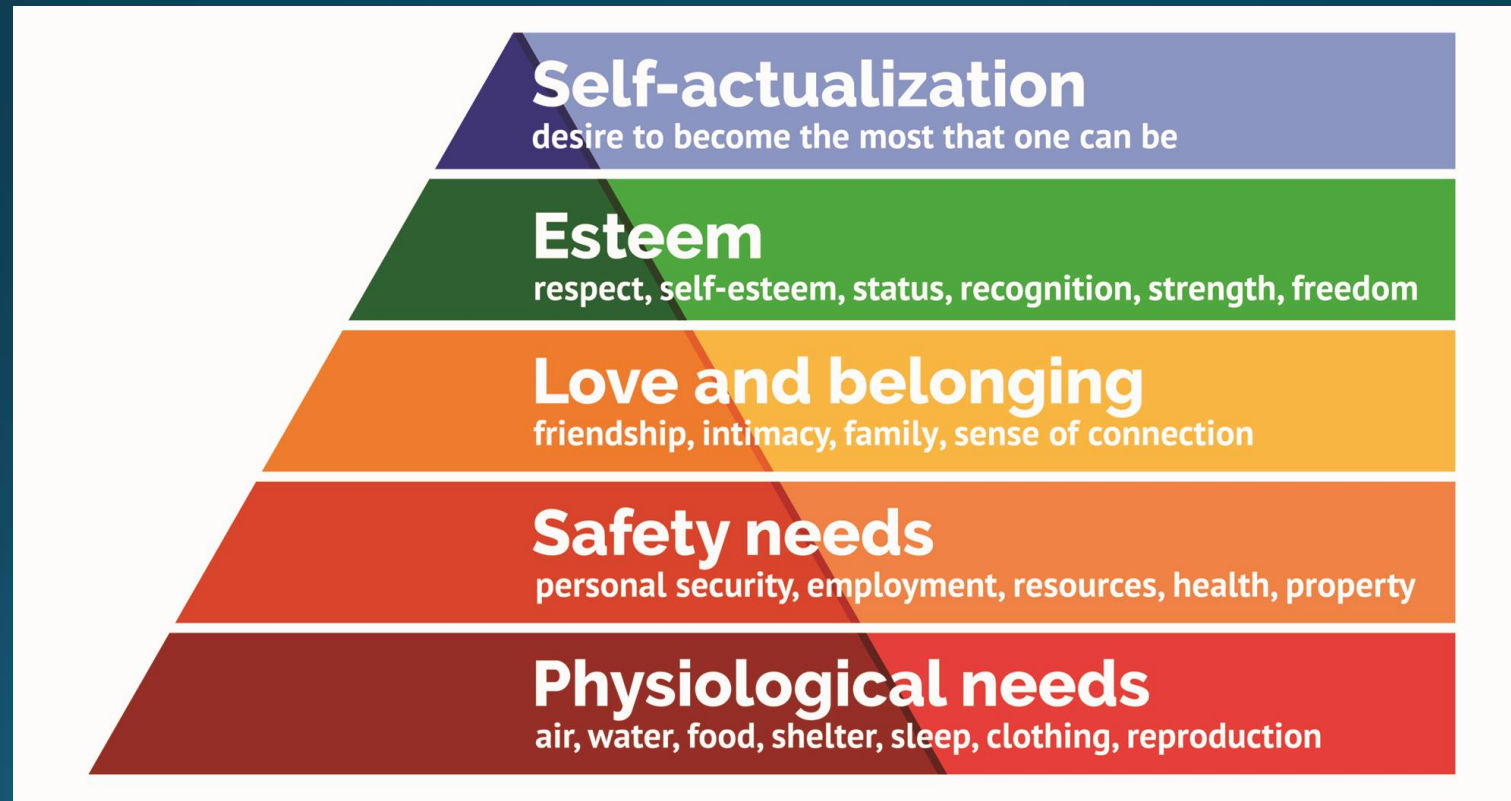
- How closely does your portfolio match theirs?

Chart 1: TIGER 21 Member Allocation
(Time Period Q2 2020 - Q1 2021)



Conclusion

- Stay low on Maslow's



Conclusion

- Stay low on Maslow's
 - How many units of production do you have in your portfolio?
 - How does your portfolio directly serve others?



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Post Covid Investment Trends & The New Economy

by Eric S. Tait M.D., MBA
eric@vernonville.com



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Investment Strategies for Medical Professionals

Tuesday August 17, 2021

7 P.M. EST

Text

“Master Class”

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Highlights ▶▶▶▶▶