# Quarterly Booklet

## **FALL 2018**

"The time has come," the Walrus said, "to talk of many things."

The Walrus & the Carpenter, Lewis Carroll

> ONE DAY In July

#### A Note from our Founder

The Bennington Battle Monument graces our cover this month. It is the 6th tallest monument in the United States, and growing up near it in southern Vermont, I always was proud of it.

Until one day in high school, a friend of mine and I were staring at it and he said "Imagine what that looks like to the Soviet Union."

Did the Soviets believe we had an intercontinental ballistic missile mounted in our village?

The point: don't get too glossy-eye when something looks good. Consider all angles.

~ Dan Cunnnigham

# Getting investors close to the assets.

Fundamentally, One Day In July connects investors with the assets that produce value, in the most efficient way possible. The assets that produce value are businesses, bonds, and real estate, though one could make the argument that bonds and to a lesser degree real estate store value more than they produce it.

The financial industry loves to create intermediary layers between the assets and the investor. By sitting between, repackaging those assets and cash flows, and collecting fees that seem low on a percentage basis, they have created an extraordinary business for themselves.

We believe almost all of that repackaging is worth less than nothing relative to index funds.



#### 1% (and more)

A standard that has emerged for investment advice is a 1% fee.

#### It's too high. By a lot.

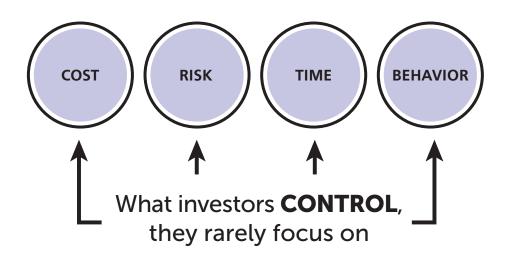
If you pay it, and many people do, you are transferring almost 40% of your wealth to the financial industry over an investing lifetime, just in this one fee. Think about that.

To make matters worse, there are many more fees investors often pay, and those fees can double or triple the 1%. We'll dive into that list in the next issue.

Source: Statistic assumptions: 1% fee subtracted from a baseline return, compounded over 50 years.



#### Know what is controllable.



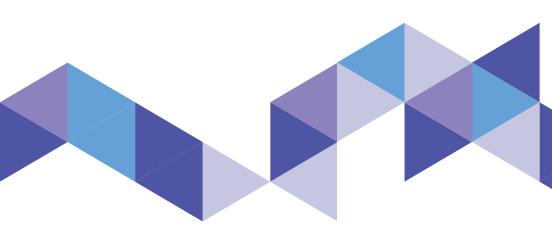


What investors **DON'T CONTROL**, they focus on

#### **Recency Bias.**

"We're fooled by immediacy and quantity and think it's quality," says Eric Kessler, a management expert at Pace University's Lubin School of Business. "What starts driving decisions is the urgent rather than the important."

Here at One Day In July, we spend a lot of time trying to downplay recency bias. We view it as a dominant factor, and a dominant error, in how investment decisions traditionally are made.

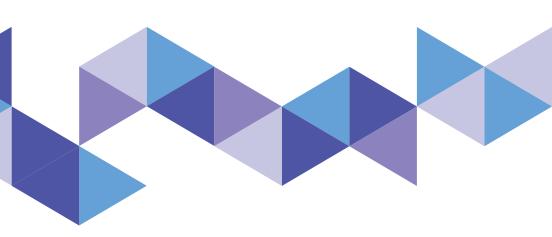


## Cash. Flowing.

So far in 2018, United States small capitalization stocks, both capitalization-weighted and value-weighted, are among the leading indexes in which we invest as of the end of the third quarter.

At the end of September the small cap value index paid a dividend that was 35.8% higher than the same quarter one year ago. The underlying businesses are producing more cash and it is flowing through to shareholders in the form of dividends.

Source: stockcharts.com Vanguard small cap value index 1/1/18 - 9/30/18, Dividend amounts: Vanguard.com 9/30/18



"When you get your retirement plan statement every month, don't open it. Don't peek. When you retire, open the statement and believe me if you've been putting money in there for 40 or 50 years, you'll need a cardiologist standing by you when you open it."

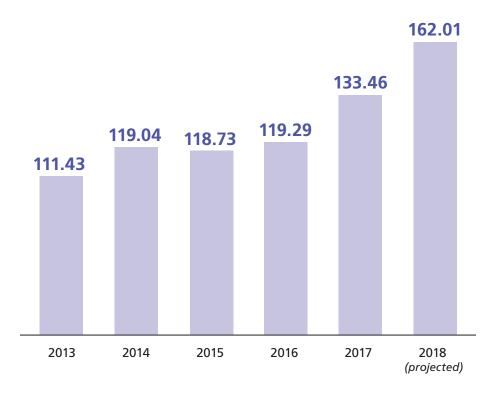
John Bogle, founder of Vanguard

## Corporate profits are booming.

2018 estimated per-share earnings for the S&P 500 are at \$162.01. In 2017 they came in at \$133.46. This is 21.4% year-to-year increase, should the estimate hold.

Because markets are forward-looking, this information likely is "baked in" to securities prices already.

Source: Factset Earnings Insight, 9/21/18



#### What is a fiduciary?

A fiduciary must manage assets first and foremost with the needs of the client in mind. This means that care is taken to avoid conflicts of interest and only the client pays the fiduciary.

We are fiduciaries at One Day In July, and we try to advance the standard. Many people give investment managers permission to profit, even as fiduciaries, by signing documents or agreeing to terms that are confusing and lengthy.

We believe that an important part of fiduciary responsibility is simplifying contracts and payment policies so they are easy for clients to understand.





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