Fun Facts for 2017

SYNOPSIS
- Think about how much the world has changed over the last half century.
- In the spirit of the New Year, here are 17 fun facts for 2017.
- Hopefully these facts will make us all feel a little smarter.

FUN FACTS
In the spirit of the New Year, here are 17 fun facts for 2017. Some pertain to investing, some show just how much the world has changed over the last half century, and a few are completely random. My only hope is that anyone who reads these will walk away feeling like they learned something new.

1. Wall Street is named after an actual wall. There was a wooden barrier built in 1653 to protect Dutch colonists who ruled Manhattan from the British and Native Americans.

2. According to the Center for Disease Control and Prevention, the percentage of Americans who smoke cigarettes has fallen from 21% in 2005 to 15% in 2016. Cigarette smoking has dropped precipitously over the last half century, yet the most successful stock in the S&P 500 is Altria, formerly known as Philip Morris Companies, with a 40-year annualized return of over 20%.

3. In New York City, the price of a taxi medallion, which is a special license required to drive a taxi, has fallen from a peak of $1.3 million in 2014 to a low of $250,000 last year. Uber and other ridesharing companies are competing away the value of these medallions in the Big Apple and other cities across the world. Could the days of hailing taxis soon come to an end?

4. The Bank of Japan (BOJ), which operates similarly to our Federal Reserve Bank, is so intent on igniting inflation that they have been buying stocks to create a “wealth effect” in the country. Their logic is that if the value of equities rise, those who own stocks will feel wealthier and spend more money. Whether this will work is still up in the air, but the BOJ’s buying has been so intense that as of November 2016, they were the top shareholder of 81 companies in the Nikkei 225 Stock Average.

5. Apple generated over $136 billion in revenue over the last four quarters on the iPhone alone. For scale, only 10 companies in the S&P 500 generate more revenue than just the iPhone. Meaning, total sales during this period for behemoths like Amazon, Microsoft, Proctor & Gamble, and Verizon was smaller than what Apple made on one product line.

6. A total solar eclipse will take place on August 21, 2017. It will be visible for the first time in the contiguous U.S. in nearly four decades and the first with a path of totality crossing the country’s Pacific and Atlantic coasts since 1918. The eclipse will last 2 minutes and 41.6 seconds.

In fact, despite all the headwinds the cigarette industry has faced, the chart above shows that one dollar invested in Altria in 1968 would be worth $6,638 in February 2015. That same dollar invested in the S&P 500 index would come in at $87, or 98% less.

Source: S&P Capital IQ
7. Amazon is destroying traditional brick-and-mortar retail. Take a look at the graphic below to get a better understanding of their dominance.

8. The U.S. dollar is strong right now, which means it is a great time to travel overseas. For those planning a trip in 2017, take comfort in knowing the circulated air on airplanes is not as bad as we are led to believe for three reasons:
   1. **Filtered:** Most airplanes use hospital-grade HEPA filters, which remove 99.97% of bacteria, as well as air particles that viruses use for transport.
   2. **Refreshed:** Cabin air is completely refreshed 20 times per hour, compared with just 12 times per hour in an office building.
   3. **Compartmentalized:** Cabins are divided into separate ventilation sections about every seven rows of seats, which means that you share air only with those in your immediate environment.

**NOTE:** Coming from someone who traveled over a million miles in less than six years, one of my tricks has been to open the air vent to get clean air directly on my face before takeoff and after landing. The air circulation is greatly reduced when the plane is not in the air.

9. Fear mongers love to tell cautionary tales about China owning most of our government debt, but the fact is that as of October 2016, they only owned about $1.15 trillion of government bills, notes, and bonds\(^2\). This equates to 5.8% of the total debt outstanding.

10. The U.S. government and its citizens own most of its government debt. To be more precise, 68 cents of every dollar of debt is owned by a U.S. government agency, citizen, bank, insurance company, etc. Hence, when the government pays interest to its debt holders, it is paying most of that interest back to itself.

11. Fear mongers tout the benefits to owning gold, yet the returns on gold over the last 36 years have been abysmal. The chart below shows that gold’s real return is even negative after inflation is removed\(^1\).
12. One of the most notable victims from technological progress is Kodak. Once a bastion of innovation and human capital, their inability to recognize and accept change led to their demise just years after digital photography became mainstream.

The irony is that Kodak was the first to invent the digital camera back in 1975, but soon thereafter killed the project for fear that it would cannibalize their high-margin photographic film business. In fact, only 12% of the Fortune 500 companies that existed back in 1955 are still around today due to similar managerial mishaps.

13. Fidel Castro spent his life fighting capitalism, only to die on Black Friday.

14. Warren Buffett has been at the helm of Berkshire Hathaway for over 50 years, and in that time, the stock has outperformed the S&P 500 by over 1.8 million percent. However, the chart below shows that his company’s stock has also underperformed the S&P 500 one out of every three years, and on a month-by-month basis he has been no better than a coin toss.

Two lessons here: First, be careful about taking annual returns too seriously, and second, if the greatest investor of all-time has cannot consistently beat the S&P 500 on a daily, monthly, quarterly, or yearly basis, then nor can you. The only way to win is over the long run.

15. The United States generates more than 20% of the world’s gross domestic product (GDP) with only around 4% of the world’s population.

16. The gas gauge in cars also informs a driver of the location of the gas tank. There is a little triangle next to the tank icon that points to the left or right. This tidbit of information becomes immensely valuable when filling up a rental or borrowing someone else’s car.

17. The current bull market in equities is now the second longest ever, and this fact leads some to believe that the party simply must end soon. However, the longest bull market (at 4,494 days) is 56% longer than this one, so historical precedence exists for this bull market to go another four years.

---

This commentary is not intended as investment advice or an investment recommendation. It is solely the opinion of our investment managers at the time of writing. Nothing in the commentary should be construed as a solicitation to buy or sell securities. Past performance is no indication of future performance. Liquid securities, such as those held within DIAS portfolios, can fall in value.

Global Financial Private Capital, LLC, Securities offered through GF Investment Services, LLC, Member FINRA/SIPC. SEC registration does not imply any level of skill or training.