THOUGHTS FOR THE WEEK

THAT'S RICH

November 01, 2024

Did anyone have Halloween candy for breakfast this morning? Perhaps you snuck an 8AM *Kit-Kat* from a colleague's desk? Maybe you pilfered a *$100 Grand* from your child's pile of goodies?

There's no shame in that game. 'Tis the season of unusually high sugar consumption. And what better candy to write about this week than the chocolate bar named after a fat stack of Benjamins? That's right, the milk chocolatey, caramelly, puffed-ricey, get all-stuck-your-teethy *$100 Grand*.

Nestle introduced the *$100,000 Candy Bar* to the world in 1967. At the time it was actually called the "One Hundred Thousand Dollar Candy Bar", and its slogan was *Tastes so good, it's almost illegal!* In the 1990's, the Swiss chocolatier shortened the sweet treat's name and slogan to *$100 Grand*, *That's Rich!*

The *$100 Grand* never became America's favorite candy bar, coming in at #20 on an LA Times 2019 Candy Power Ranking. But it did manage to weasel its way into the plotlines of *Seinfeld*, *The Office*, and *The Colbert Report,* and its tenured history in candy aisles makes it a good teaching tool.

A *$100,0000 Candy Bar* wrapper from 1976 quotes the price of a 1.25 oz bar at $0.20. Today, a 1.5 oz *$100 Grand* changes hands at our local grocery for $1.79.

The price per ounce increased ~4.27% per annum over 48 years from the beginning of 1976 to the end of 2023 ($0.16/oz to $1.193/oz). That compares to an inflation rate of 3.63%, which means that if you socked away your net worth in candy bars (and managed to preserve them), your purchasing power increased by a respectable margin over the past half century or so.

$100,000 increasing at the rate of inflation would be worth ~$555k today, while a portfolio of *$100 Grand's* would be worth ~$746k.

Diversification is a core tenant of our investment strategy, but we won't be adding cocoa futures to portfolios any time soon. Others find more value investing in commodities, of which gold is a long-time favorite. The price of the precious metal increased at an annual rate of 5.77% over the aforementioned 48-year time period, growing a hypothetical $100,000 investment to ~$1.478M.

Those who opted to lend money to the US Government would have yet more success than the gold bugs and chocolate lovers, as the US 10 Year Treasury Note compounded at a 6.27% annualized rate from 1976 to 2023, turning $100,000 into ~$1.848M.

And those who rode the ups and downs of the US Stock Market for an uninterrupted 48 years were rewarded most handsomely with a compound annual growth rate of 11.55%. At that clip, $100,000 grew to over $19M.

US stocks seem like an obvious and safe investment when framed in this context. But that's because the long-term trend of stock prices tracking earnings growth masks the near-term volatility that drives so many investors batty, and often induces investors to interrupt the compounding process.

While stocks' rate of return almost double that of bonds from 1976 to 2023, stocks' worst one-year return over that time period was -36.55%, more than twice the worst year for bonds, -17.83% in 2022.

But annual drawdowns are not synonymous with permanent losses of capital. Said another way, if you feel the candy bar melting in the wrapper, it's only a mess if you open the wrapper. Long-term investors and savvy sweet-tooths know that time, temperament, and maybe a little temperature control can prevent turning a temporary bout of volatility into a permanent, messy loss.

This requires – among many things – paying close attention to your liquidity needs, understanding what you own and why you own it, taking a long-term view, and having – at times – an iron stomach.

It's sounds simple over time, but it's not always easy in the moment.

Our response to anyone who says otherwise?

That's rich!

Enjoy your reading and your weekend.

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Source:
The $100,000 Bar – A 100 Grand History. | CollectingCandy.com
100 Grand Caramel & Crispy Milk Chocolate Candy Bar - 1.5 oz bar | Giant (giantfood.com)
https://pages.stern.nyu.edu/~adamodar/New_Home_Page/data.html

Awards:
2024 Barron's Top 250 Private Wealth Management Teams
Source: barrons.com (Awarded May 2024) Data compiled by Barron's for the period Jan 2023-Dec 2023.

2024 Forbes Best-In-State Wealth Management Teams
Source: Forbes.com (Awarded Jan 2024) Data compiled by SHOOK Research LLC based on time period from 3/31/22-3/31/23.

Mike Burbank | **2019-2020 & 2022-2024 Forbes Best-In-State Wealth Advisors**
Source: Forbes.com (Awarded 2019-2020 & 2022-2024). Data compiled by SHOOK Research LLC based 12-month time period concluding in June of year prior to the issuance of the award.

Mike Burbank | **2017-2024 Barron's Top 1,200 Financial Advisors: State-by-State** (formerly referred to as Barron's Top 1,000 Financial Advisors: State-by-State)
Source: Barrons.com (Awarded 2017-2024). Data compiled by Barron's based on 12-month period concluding in Sept of the year prior to the issuance of the award.

Mike Burbank | **2013-2020 Financial Times 400 Top Financial Advisors**
Source: ft.com. Data compiled by the Financial Times based the following time periods:
Awarded 2013-2020; data 12/31/12 - 6/30/19
Awards Disclosures

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