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For me, the discipline of economics was clarified and crystallized not when I took economics classes in college but a year or two later when in 1980 I read "Free to Choose" by Milton Friedman. The very accessible arguments in that book kicked off the beginning of a great intellectual struggle between Monetarists and Keynesians. In the political world, the beginnings of Paul Volker's Fed and the Reagan revolution sent me on a life long journey of wondering why we do what we do with money.

Monetarism and Keynesianism have been over-simplified in the popular press and to an extent have become short-hand for different takes on monetary and fiscal policy. The theories behind both terms remain in use even though world markets are of a size and complexity today that would make them unrecognizable to their authors.

In the '80s, Michael Howell was a British economist working with the legendary Henry Kauffman at Solomon Brothers, perhaps the most dominant player in the burgeoning fixed income markets of those days. Howell developed a theory I find makes practical sense and should be useful in navigating contemporary capital markets. His thesis is that rather than watching the money supply, as was so popular in the '80s, we should now be most concerned with the international credit markets and the amount of liquidity the world's central banks are either expanding or contracting. The developed world is so heavily in debt that if those debts are not able to be rolled from one maturity to the next then nothing else really matters. Virtually every period of economic contraction has been preceded by a reduction in liquidity.

A quick search reveals the following from The 10 Countries With the Most Debt | Best Countries | U.S. News (usnews.com):

**The 10 Developed Countries With the Highest Debt Burdens**

1. Japan Debt-to-GDP ratio: 256% Total debt: $10.1 trillion...
2. Greece Debt-to-GDP ratio: 191.5% Total debt: $415.35 billion...
3. Italy Debt-to-GDP ratio: 172.5% Total debt: $2.94 trillion...
4. United States Debt-to-GDP ratio: 144.4% Total debt: $36.8 trillion*...
5. Spain Debt-to-GDP ratio: 142.7% Total debt: $1.74 trillion...

If we find ourselves in a credit contraction and the wheels begin to come off of the economy, there is only so much the Fed can do. The interest cost of our debt is nearly as high as the defense budget. Let that sink in.

According to Howell we are back in a credit expansion and have been since October of 2022 when the Gilt crisis hit the City of London's financial markets. In that crisis, the UK pension system was wracked by a sudden rise in long term interest rates. The US Fed and the Bank of England came to the rescue by supplying liquidity to the system. At that moment S&P 500 which was down over 20% from its highs turned around and asset prices began to rise. The Fed did not signal anything remotely like easing, and we still had the Silicon Valley bank

debacle to deal with a few months later. Behind the scenes liquidity was rising, and a so-called “risk on” attitude was returning in the stock market. History shows election years are usually positive for stock prices, and the Relative Strength Index has shown a remarkable surge which is not the sort of thing that happens at market tops.

People of every political persuasion are worried, and many are very unhappy with the choices we’re likely to be given in November. For now the bull market has shown no signs of needing to discount this potential uncertainty. The economy appears very resilient despite the substantial rate hikes, and all of the various ways of measuring inflation have come down substantially. Consumption remains robust. Our government is heavily in debt but individuals, by and large, used the recent record low interest rates and Covid stimulus to strengthen their balance sheets.

I believe that asset prices, especially stocks, will continue to benefit from the injection of liquidity into the economy. In markets such as this expectations for stocks often get out of hand. The current interest in artificial intelligence is certainly a catalyst for euphoria among those companies that benefit. In my opinion, the best performing equity strategies during markets such as these where liquidity is bountiful are those which take liquidity out of the system. Usually these methods are based on earnings momentum and relative strength. When the situation reverses, which it inevitably will do, value strategies that add liquidity when the Fed is extracting it are more likely to outperform. I remain committed to a bottom up investment style that seeks to own great companies in every sort of market, however, this focus on global liquidity informs my view of markets in general and should continue to prove a useful tool in the portfolio management process.

## About Our Team

The Good & Hopper Private Client Group brings extensive expertise in Wealth Management Services together with Portfolio Management and institutional capabilities of Oppenheimer & Co. Inc. Our office is located in the Stony Point section of the City of Richmond with close proximity to Henrico, Chesterfield and surrounding counties.

## Our Wealth Planning Process

Our process starts with a comprehensive understanding of our client’s unique financial situation. We gather all relevant information regarding your goals, concerns, assets, and estate plans. Next, we conduct a thorough analysis into your current financial condition and then provide a detailed wealth plan of action to help you address your goals. Our plan covers areas such as strategic asset allocation, savings rates, debt repayment, retirement income, charitable giving, and wealth transfer. Once a plan of action has been agreed upon we work with you and your other professional advisors every step.

## Ward Good, CFA® CIMA®

Senior Director – Investments
Portfolio Manager, OMEGA Portfolio Management

Ward has advised wealthy individuals, endowments and trusts in Virginia for the past 35 years. The cornerstone of his process consists of valuation using discounted cash flow modeling: nevertheless, he believes that models are, at best, only representations of future events. As a result, he also emphasizes judgment based on qualitative factors. Ward manages individual portfolios using a combination of quantitative and qualitative measurement techniques. He is a firm believer that the value of any asset is the discounted present value of its future cash flows. He also believes in the creative destruction process whereby individual entrepreneurs can find ways to make money regardless, sometimes at the expense of entrenched interest. Risk management also plays a vital role in the investment process.

Ward consults each client regularly and continuously seeks to properly match each client's risk tolerance with his or her goals. He monitors all portfolios in an effort to find the proper balance among asset classes and within equity portfolios. His clients' all-equity portfolios contain a mix of stocks selected across capitalization ranges and growth rates, but always with an eye toward the companies' management and their ability to sustain their growth and replace their productive assets.

Before coming to Oppenheimer, Ward served as First Vice President at Scott & Stringfellow as well as at UBS Wealth Management.

He has been active in the Richmond financial community, serving on various not for profit boards. He is currently a Board Member of the Saint Michael's Episcopal School.

A graduate of Hampden-Sydney College, Ward earned a B.A. in English literature. He holds the Chartered Financial Analyst (CFA) designation from the CFA Institute and received the Certified Investment Management Analyst (CIMA)® designation from the Investment Management Consulting Association through coursework at the Wharton School of Business, the University of Pennsylvania.

He has four children and, in his spare time, exercise and reading historical fiction.

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## John Hopper

Financial Advisor

John Hopper is a Financial Advisor at Oppenheimer & Co. Inc. (Oppenheimer) in the Richmond, Virginia office. John's clients include high-net-worth individuals, families, and their closely-held businesses. With over twenty years of experience, he works closely with CPAs, estate attorneys, business brokers, and others to address each client's unique needs, and prides himself on consistently delivering exceptional service.

He provides a comprehensive approach, which begins with listening to his clients 'needs and goals, and he aligns strategies with their objectives and risk tolerance. John's holistic, goals-based method is essential to the client-advisor relationship, which he deems essential for trust and success. He strongly believes in investing with a purpose to provide practical results. Additionally, John's team approach combines collaboration, knowledge, and adaptable investment strategies.

John graduated from Hampden-Sydney College with degrees in Economics and History. He holds FINRA Series 7 and 66 registrations, and he is licensed for life and health insurance in the state of Virginia. John is also a graduate of Lead Virginia, a renowned leadership program.

Drawing on his previous career as a banker, John is passionate about his service as a Board Member for Peter Paul, a non-profit, after-school enrichment program focused on Richmond's East End families. John is a past president of his college's national alumni association and is also a certified Virginia High School League lacrosse referee. In his spare time, John enjoys golfing, snow skiing, and all things lacrosse. John grew up in the rural Tidewater area of Virginia and resides in Richmond with his wife and three children.

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Risk Factors: Special Risks of Foreign Securities - Investments in foreign securities are affected by risk factors generally not thought to be present in the US. The factors include, but are not limited to,the following: less public information about issuers of foreign securities and less governmental regulation and supervision over the issuance and trading of securities.

Special Risks of Small and Mid Capitalization Companies may include being: 1) more recently formed than larger companies and may have limited product lines, distribution channels and financial and managerial resources. 2) may not be well known to the investing public 3)may not have significant institutional ownership and 4) may have cyclical, static or moderate growth prospects. 5) often less publicly available information, making it more difficult for the Portfolio Manager to analyze the value of the company.The equity securities of small and mid capitalization companies may be subject to liquidity risk, or narrow trading consequently, the Portfolio Manager may be required to sell these securities over a longer period of time (and potentially at less favorable prices and under volatile conditions)

Special Risks of Fixed Income Securities include risk that the price of these securities will go down as interest rates rise,and credit risk, which is the risk that an issuer of a bond will not be able to make principal and interest payments on time.

Exchange Traded Funds: Exchange Traded Funds (ETFs) are baskets of securities that are traded like a stock on an exchange, and may come concentrated in various styles or sectors, subject to similar risks that the underlying securities would normally face as individual stocks. . Returns may fluctuate and are subject to volatility Foreign investments have unique and greater risks than domestic investments. All ETFs are passively managed and generally have lower management fees and operating expenses than actively managed funds. ETF returns are adjusted to reflect all actual ongoing ETF fund expenses and assume reinvestment of dividends and capital gains.

**INVESTORS SHOULD CAREFULLY CONSIDER THE INVESTMENT OBJECTIVES, RISKS AND CHARGES AND EXPENSES OF A FUND OR ETF BEFORE INVESTING; THE PROSPECTUS FOR A FUND OR ETF, WHICH MAY BE OBTAINED FROM YOUR FINANCIAL ADVISOR, CONTAINS THIS AND OTHER INFORMATION. PLEASE READ THE PROSPECTUS CAREFULLY BEFORE INVESTING.**

High Yield Funds: Generally, investments offering potential for higher returns are accompanied by a higher degree of risk. High yield, lower-rated (junk) bonds generally have greater price swings and higher default risks.

The Omega Group is a program through Oppenheimer & Co.Inc. It offers a managed money program in which experienced Financial Advisors act as portfolio managers for their clients. Clients will pay an advisory fee on a quarterly basis and will pay no commissions or additional charges for transactions. Adopting a fee based account program may not be suitable for all investors; anticipated commission costs should be compared with anticipated annual fees. Please refer to the Oppenheimer ADV Part II for information about the advisory program described herein, including program fee schedules and other fees that may apply. The Oppenheimer ADV Part II is available from your Oppenheimer Financial Advisor. Oppenheimer & Co. Inc. and its affiliates does not provide legal or tax advice.

The success of an investment program may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of a portfolio's investments.Unexpected volatility or illiquidity could result in losses. Investing in securities is speculative and entails risk. There can be no assurance that the investment objectives will be achieved or that an investment strategy will be successful.

The Standard and Poor's (S&P) 500 Index is an unmanaged index that tracks the performance of 500 widely held, large-capitalization U.S. stocks. Individuals cannot invest directly in an index.

The Relative Strength Index (RSI), developed by J. Welles Wilder, is a momentum oscillator that measures the speed and change of price movements. The RSI oscillates between zero and 100. Traditionally the RSI is considered overbought when above 70 and oversold when below 30. Signals can be generated by looking for divergences and failure swings. RSI can also be used to identify the general trend.

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