To: **Valued Clients**

From: Mike Sullivan

Date: December 17, 2025

Re: **Holiday Homework! Fiat, Fourth Turnings & Flags**

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Family, friends and holiday cheer are of the first order! ***Second*** in line is New Year's resolution (and strategies for making this year better than last)! With that in mind … prioritized viewing for all investors should be Ray Dalio's 44-minute video, released a few years ago (110m views), that discusses monetary systems and the 'Changing World Order'.

https://www.youtube.com/watch?v=xguam0TKMw8

You likely noticed … the 'world order' is in great flux. It is worth any investor's time to view it, as it may prove very expensive to ignore Dalio's lesson. Very often, major players that move 'markets' go on the record prior to major turns ... they tell us what is coming. Add in the recent move by JP Morgan to move precious metals operations to Asia, the surging demand for silver (by industry, not by speculators), and the demand for gold by sovereign countries, and there are many signs the world order we know is indeed changing.

In the past, we published the Red Flags noted below … in real time. Let's revisit them:

Red Flag #1 – 2018 Q4 – 'markets' proved the monetary system was broken when the 10 Year UST yield could not get much over 3% without the stock markets falling apart. Major indices dropped 20%+ in 2 ½ months. (The Fed resumed printing money, lowering yields.)

Red Flag #2 – 2022 – 'Balanced' funds got slammed. Nasdaq -34%, S&P 500 -18%, Bonds -18%. There was no place to hide.

Red Flag #3 – 2025 Q1 – Hand in hand with equities dropping sharply, bond prices also went **down**. Many investors know bond prices move opposite interest rates. So … if bond prices are going ***down***, it is because bond interest rates are going UP.

For your entire investing life (until 2022 that is), 'Balanced' was the strategy for investors. A combination of stocks and bonds was prudent: when stocks went down, bonds went UP. You were forsaking some returns, but it avoided undue risk. **'Balanced.'**

NOW, stocks and bonds can go down at the same time. They increasingly do so.

Several respected investors (and some not-worthy-of-any-respect big banks) have declared the 60/40 benchmark to now be insufficient. Several advocate a new formula: 60/20/20. 60 refers to equities, while the '20's' are the allocations to fixed income and ***precious metals***.

All can clearly see there is an escalating ideological divide across the world, now joined by religious divides, gender divides, cultural divides, and increasingly wide economic divides. What most miss is the ***monetary aspect*** of all of the above. Every side of every divide is ***funded***. And funding corruption is becoming increasingly visible to we unwashed masses.

Either corruption must be reduced (it will never be eliminated, of course), or eruption of some sort should be expected. Regardless of which 'team' you may think is corrupt, it is the ***corruption itself*** that is at issue … or rather, the ***funding*** of the corruption, which has distorted most historic market metrics and led us to this 60/20/20 paradigm. Any investor who neglects to take Dalio's lesson (video *and book*) will be operating at a disadvantage.

Enjoy the holidays with friends and family! Then tackle Dalio's message (ignore at own risk), and call us if we can help you with your strategy and allocation into 2026. Cheers!