GNH CAPITAL GROUP
of Wells Fargo Advisors

INVESTING AT A DEFICIT – THE CASE FOR "BOOST"-ed RETURNS

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A sobering chart [1] from 2019 is making the rounds again—and it still hits hard. It tracks price changes across key goods and services over the 20 years from **1998 to 2018.** And the results are jarring:

- **Hospital Services** surged roughly **+225%**
- **College Costs** climbed about **+180%**
- **Childcare & Medical Services** averaged around **+125%**

Meanwhile, **average hourly earnings rose only ~75%**—barely keeping pace with **Housing, Food, and overall inflation (as measured by the Consumer Price Index/CPI).** The only categories that stayed relatively flat were New Cars, Household Furnishings, and Apparel. And for a rare bright spot, Wireless Phone Services, Computer Software, Toys, and TVs actually got cheaper—for a change.

Ouch!

For most households, the math hasn't worked for a long time. Income growth simply hasn't matched the cost of what matters most—education, healthcare, and family essentials.

The message is clear: Earning, saving, and planning without acknowledging that reality is itself a *deficit strategy*.

But how about the offsetting power of *investing*?

For most people, the largest share of lifetime savings is invested during the final 20 years of their careers—roughly from the early 40s to early 60s—when portfolio outcomes matter most.

Over that period (1998–2018), both a traditional 60/40 portfolio and even a 100% S&P 500 allocation produced cumulative gains of roughly +200% to +220% with reinvestment—returns that only mattered to the extent they were realized **net of fees and after taxes.**

Still, while that kept pace with healthcare inflation and exceeded CPI, it delivered limited excess return relative to core living expenses. And as our Lifeflation research shows [2], merely maintaining a static standard of living isn't enough. To actually keep up with the innovations of modern life across essential goods and services, net after-tax investor returns needed to be closer to +280%—well beyond what conventional portfolios delivered. Anything less is *investing at a deficit*.

That imperative—delivering net after-tax returns that grow savings faster than the rising cost of lifeflation—drives our constant innovation, including *BOOST*, our newest trading engine now deployed across all of our strategies. BOOST seeks to enhance performance by tapping into the rotation of market frontrunners through an innovative fractal pattern-recognition framework.

If your goal is to cultivate wealth at a robust and sustainable pace that keeps up with the demands of modern life, we invite you to take a closer look at our offering.

[1] https://howmuch.net/articles/price-changes-in-usa-in-past-20-years

[2] https://fa.wellsfargoadvisors.com/gnh-capital-group/mediahandler/media/645387/GNH%20Capital%20Group%20-%20Lifeflation.pdf

Data: YCharts, FactSet