



O.F.O. Partners



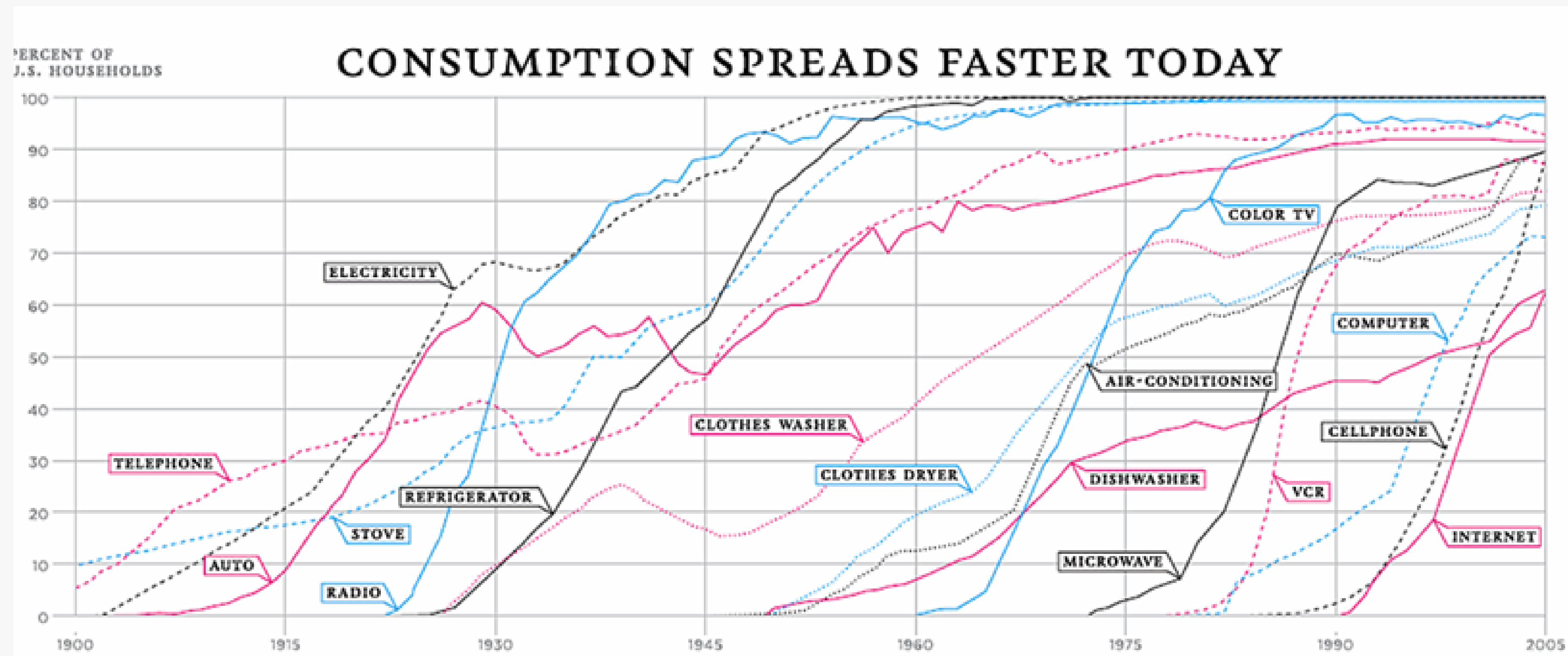
Markets on the Move:

The decade behind us
and
the decade ahead of us

A Lifetime in Ten Years

O.F.O. Partners presents a tour of the 2010's from an investor's perspective. This was the decade when innovation and upheaval proliferated more swiftly than ever. At the same time, investors enjoyed a ten-year period of above-average returns, with relatively few dips along the way.

Our retrospective highlights events whose influence spread quickly, as well as events which will continue to reverberate across business models and financial markets in the coming decade.



Information Explosion

In 2018, it was reported that 90 percent of the world's data had appeared in the last 24 months.



Each day, the people of earth generate 2.5 quintillion bytes of data. If each byte were a footstep, then we would produce enough footsteps in a year to walk the Earth's orbit around the sun 970 million times – or, enough footsteps to walk all the way across the Milky Way Galaxy.

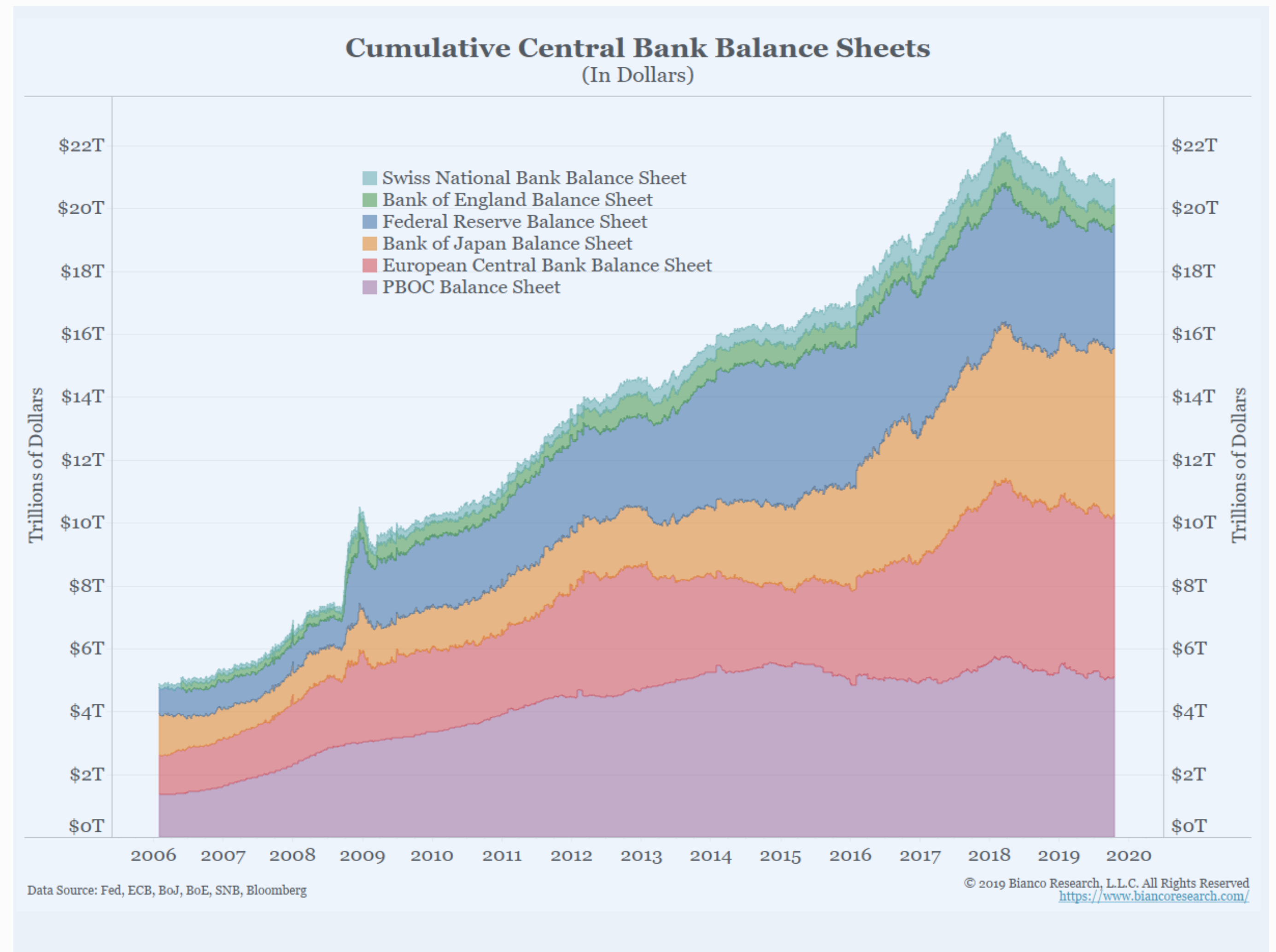
Data have become a global currency, even as an estimated 70 percent of our bytes remain unanalyzed. Unlike the boom of the 1990's, many of the companies extracting and selling data are highly profitable.

Possible results: *The challenge of the coming decade is to identify continual winners at reasonable valuations.*

Free Money

Central Bank balance sheets balloon (2010 - 2019)

In countering the deflationary danger of the Great Financial Crisis, central banks around the world used unconventional monetary tools. As a result, the balance sheets of central banks across the United States, Europe, China, and Japan rose from \$5 trillion, in 2007, to about \$20 trillion today.



The full cost of these policies is unknown. Short-term benefits have included higher stock markets, low borrower distress, and sluggish, but positive, economic growth.

Possible results: The next decade will likely reveal the hidden costs for savers and governments. Adjustments may include pension plan and budget stress. Bond and stock markets may be vulnerable to speculative bubbles.

A Trillion-Dollar Firm

Apple releases the iPad (2010)



Arriving a mere two and a half years after the appearance of the I-Phone, the iPad cemented Apple's grip on personal communications and mobile productivity.

Apple's elegant interface launched a massive wave of consumer information services and the creation of a new economy of user data. The company's unrivaled profitability made it one of the first trillion-dollar companies on earth.

Possible results: Among many byproducts of this new ecosystem, look for the ranks of self-employed workers in the United States to double to more than 20 percent in the next decade.

A Giant Awakens

China passes Japan as the world's second largest economy (2010)

In 2010, China's economic output reached \$5.8 trillion. This year, China's GDP will exceed \$14 trillion.

The intervening decade of growth saw insatiable Chinese demand for commodities, capital, and technological know-how from around the world.

Possible results: *In the coming decade, we may see China overtake the United States (current GDP of the United States: \$21 trillion) as the world's largest economy. China's capital markets are still risky, but its growing military, geopolitical, and technological strength will be worth watching closely.*



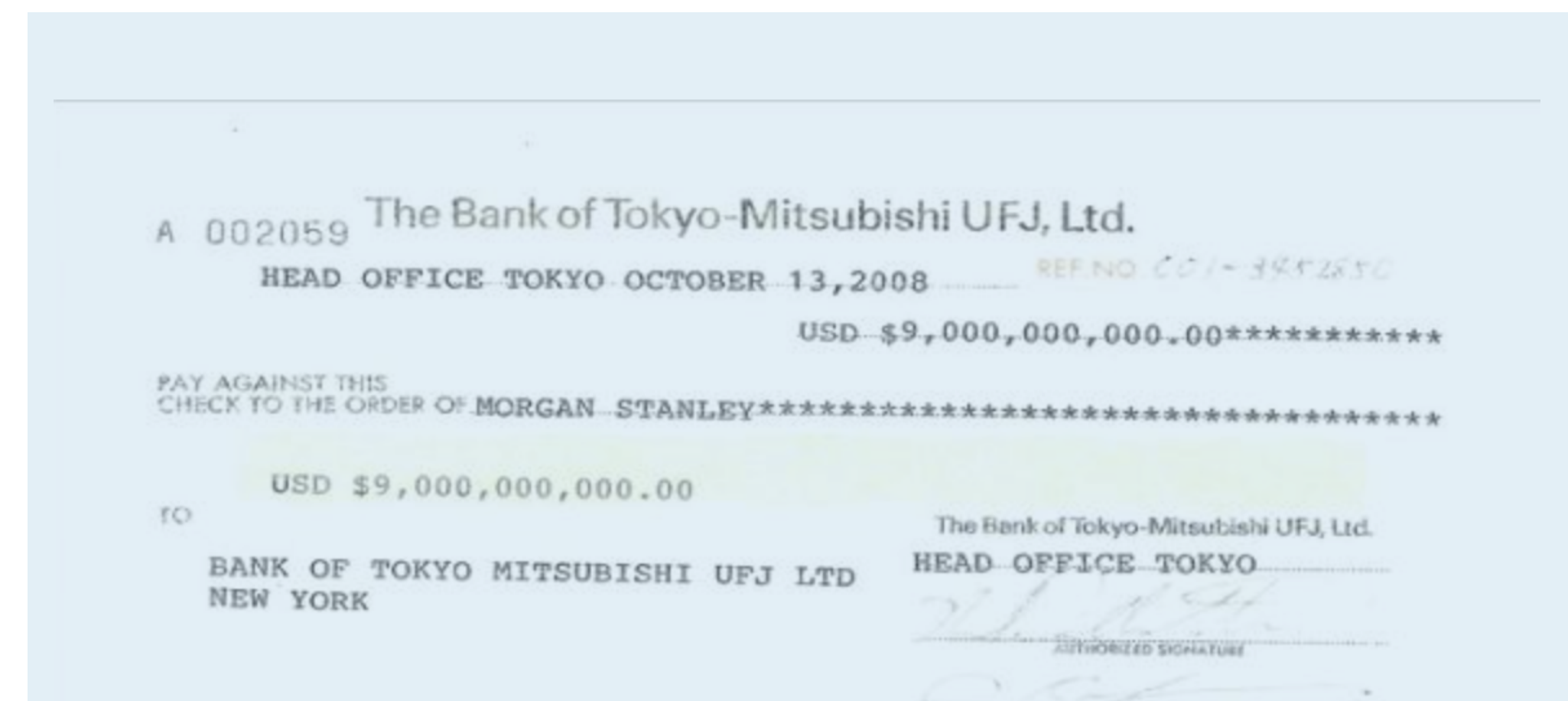
Hashtag Money

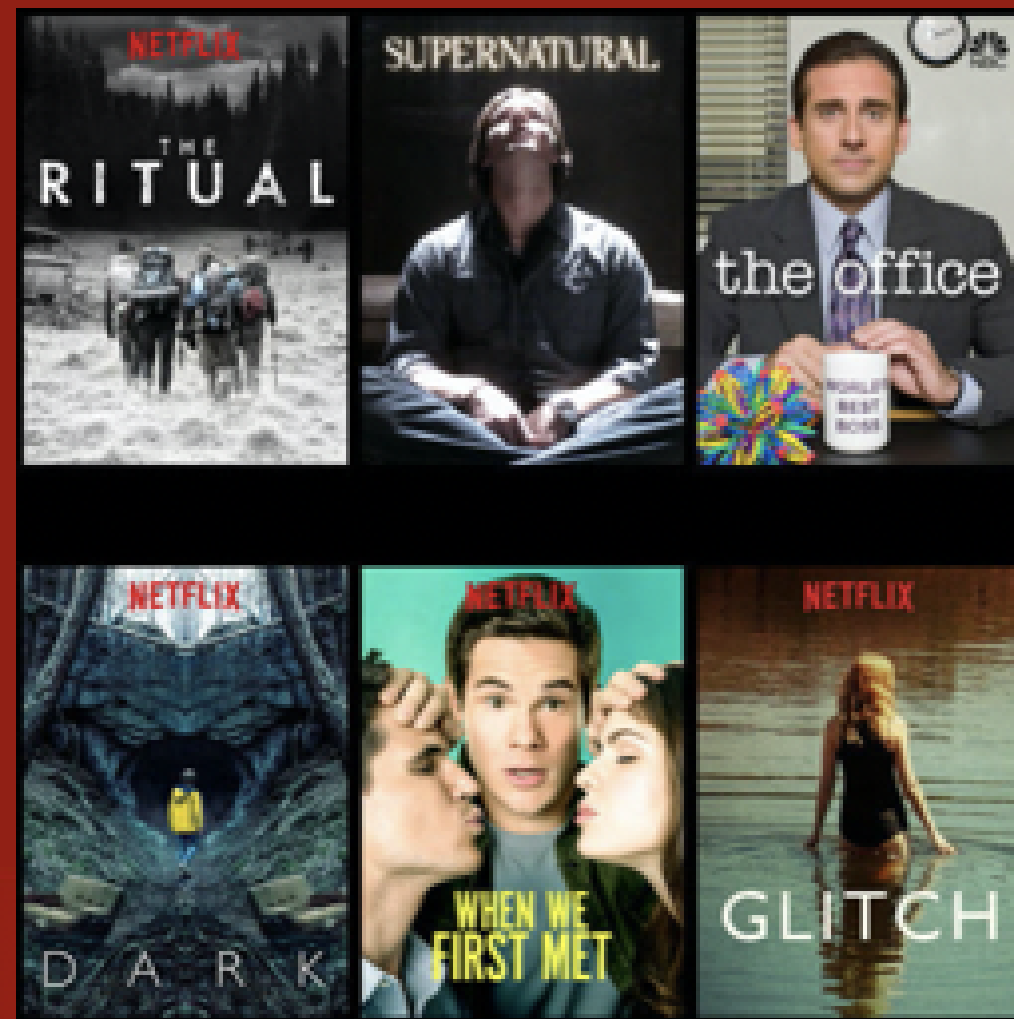
The rise of Cryptocurrency & Blockchain (2010)

In the heart of the financial crisis, Morgan Stanley needed lots of money – and quickly. Due to a bank holiday, Mitsubishi's \$9 billion rescue was hand-delivered by paper check.

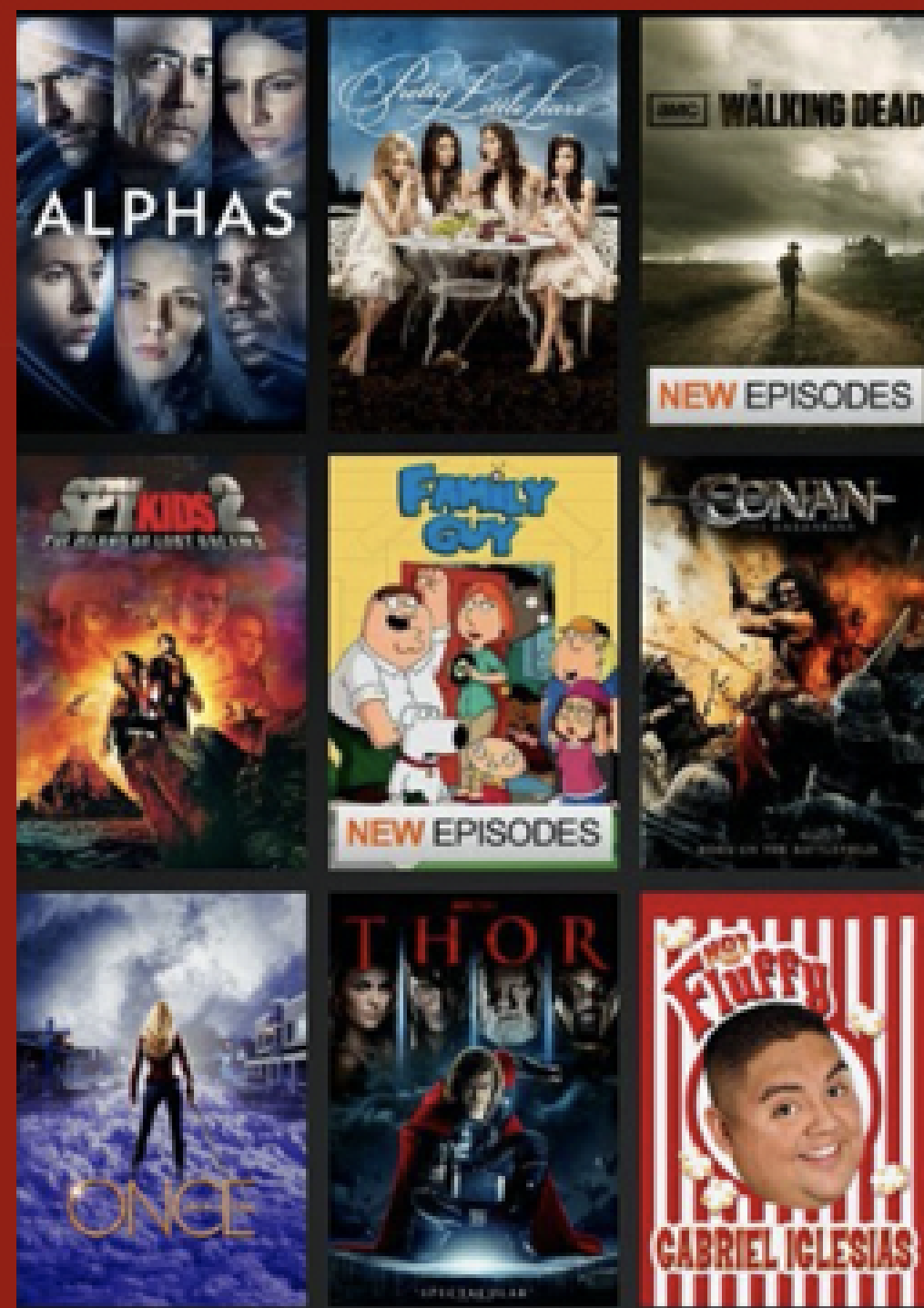
Fast-forward to 2019, when there was a \$1 billion transfer, using a digital cryptocurrency based on blockchain technology. The transaction was completed while traditional banks were closed. It was settled in less than 10 minutes.

Possible results: Blockchain-related innovations will accelerate in finance and other sectors. These changes will affect our daily lives by the end of the new decade, spawning an array of investment booms.





NETFLIX AND CHILL



158 Million Bingers

Blockbuster video files for bankruptcy (2010)

The founders of Netflix met with Blockbuster, way back in 2000, to explore selling the company for \$50 million.

The Blockbuster executives nearly laughed. They were happy to rent physical copies of movies to customers, at what would become 9,000 physical storefronts with 83,000 employees.

A decade later, Blockbuster filed for bankruptcy.

Today Netflix is worth \$140 billion, or about 3,000 times the scuttled merger. Netflix services 158 million subscribers with only 7,000 employees - and zero storefronts.

Possible results: At the beginning of the decade, only 10 percent of consumers paid for internet video services, compared to 69 percent today. This trend may present investment opportunities in the decade to come.



Protests Become Global

Arab Spring Commences in Tunisia (2010)

It took barely two months for the political uprising in Tunisia to galvanize protests in Syria. In contrast, the Black Plague spread from Sicily to Frankfurt over the course of four years (1347 – 1351). The distance between Tunisia to Syria is one-and-a-half times farther than the distance between Sicily and Frankfurt. But the transmission happened 24 times faster.

Possible results: *The landscape for governments and interest groups to shape sentiment across boundaries is still unfolding. We anticipate increased political instability in the short term, as well as continued inquiries into the power of private companies running the social networks that connect us.*



O.F.O. Partners

O.F.O. Partners is an independent wealth management firm helping the families of entrepreneurs and private investors to capture the full potential of their financial success.

We integrate investment counsel, financial administration, and planning so that we can deliver superior outcomes and simplify everything for our member families.

O F O P A R T N E R S . C O M

Important Information

The information provided is for educational and informational purposes only and does not constitute investment advice and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell a security. It does not take into account any investor's particular investment objectives, strategies, tax status or investment horizon. You should consult your attorney or tax advisor.

O.F.O. Partners, LLC (“OFO Partners”) is a registered investment advisor. Advisory services are only offered to clients or prospective clients where OFO Partners and its representatives are properly licensed or exempt from licensure.

For additional information, please visit our website at www.ofopartners.com.

For current OFO Partners information, please visit the Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov by searching with OFO Partners’ CRD #297424.