UNBOUNDED WEALTH

STRATEGIES. INSIGHTS. **BUILT TO WIN.**



The $1.5 Million Math Problem Hiding Behind "Affordability"

Michael Jordan famously refused to endorse political candidates during his playing days, saying: *"Republicans buy sneakers, too."*

He wasn't being cowardly. He was being practical. When you step into partisan politics, you immediately alienate half the room—and worse, you stop looking at objective reality.

I feel the exact same way about investing. My job isn't to tell you how to vote. My job is to look at cold, hard math and protect your wealth from whatever storm is brewing beneath the surface.

And right now, the math in Washington and the stock market is flashing a massive warning sign.

The "Free Lunch" Illusion

Following the midterm elections, the loudest political slogan in the country is **"affordability."**

Politicians are promising to lower your grocery bills, cap childcare costs, subsidize housing down payments, and cut prescription drug prices. On a campaign poster, it sounds wonderful. Everyone wants life to cost less.

I know the exhaustion you feel every time you look at a grocery receipt or an insurance bill. When politicians promise relief, it’s natural to hope they can deliver.

First, let’s get one thing straight: In economics, there is no such thing as a free lunch.

When you strip away the political slogans and look at the actual price tags of some of the more aggressive "affordability" proposals floating around Congress, the projected cost exceeds **$1.5 million per American household** over the coming decade.

That isn't a political opinion—it's basic arithmetic. You cannot print, borrow, or subsidize trillions of dollars into existence to make things "affordable" without triggering an even bigger bill somewhere else.

Where the Bond Market Breaks

And where does that bill show up? **In the U.S. Treasury bond market.**

For decades, America could run massive deficits because foreign central banks and overseas buyers happily lined up to buy our debt. They soaked up trillions in U.S. Treasuries, keeping interest rates low and funding Washington’s wishlists.

Those days are over.

Foreign central bank participation in our bond market has structurally weakened. With tens of trillions in marketable debt already sloshing around the system, overseas buyers are stepping back just as Washington is promising trillions more in new spending.

Much of this campaign talk is pure political pandering—wishlist stuff designed to win headlines, not pass mathematical reality checks.

Because if Washington actually tries to force massive new unfunded spending onto a fragile bond market with weak foreign demand, **the bond market will revolt.** Interest rates will spike, borrowing costs will spiral, and a debt market implosion won't stay contained—it will drag stocks, real estate, and everything else down with it.

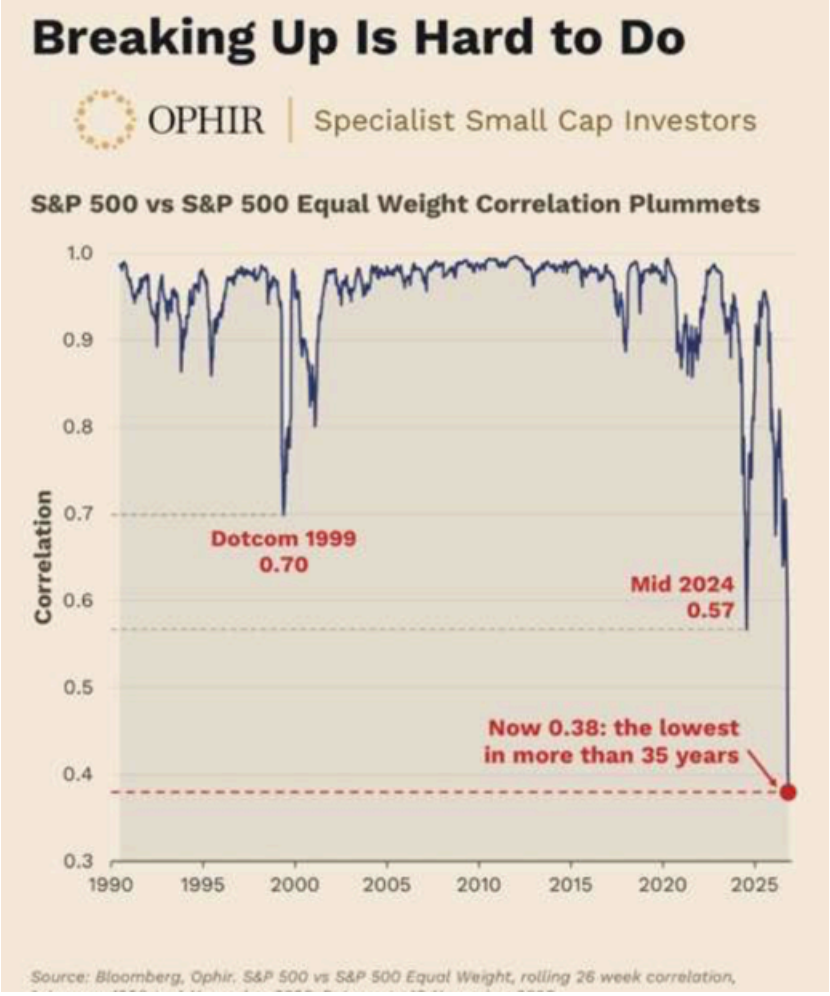
The Chart Wall Street Doesn't Want You to See

For the last fifteen years, retail investors were conditioned to believe investing was effortless: *Just blindly pump money into market-cap-weighted index funds every paycheck, close your eyes, and watch it go up.*

That era is coming to an end.

Look at the correlation between the standard S&P 500 (which is dominated by a handful of giant stocks) and the Equal-Weight S&P 500 (which measures the *average* stock in the market). For most of the past 35 years, those two moved almost in lockstep—a correlation sitting near **0.95**.

Today, that correlation has completely collapsed to **0.38—the lowest reading in more than 35 years**, blowing right past the **0.70** level seen during the 1999 Dot-Com bubble.



What does that mean in plain English? **The headline index no longer represents the average stock.**

Market-cap-weighted index funds are built for calm, low-rate environments where everything rises together. When correlation falls off a cliff like this, stocks stop moving as a herd and start separating violently into winners and losers.

Passive index funds have **zero defense mechanisms** when bond yields spike, volatility surges, and crowded mega-cap stocks roll over.

The era of blind indexing is ending—and the era for disciplined, fundamental stock pickers and active risk management is just beginning.

How We Navigate What's Coming

You don't need to panic, and you don't need to guess which political promises will actually become law.

Instead, you need to stop relying on autopilot strategies built for yesterday's market. Expect significantly higher volatility ahead, and prepare to be tactical.

Our multi-asset trend-following models don't care about political speeches or campaign wishlists. They watch price action, interest rate trends, and volatility across asset classes in real time—telling us objectively when to take risk and when to step aside into safety.

Wall Street wants you to keep mindlessly feeding the passive index machine so their fees keep rolling in. **Don't be their exit liquidity.**

Keep an eye on your inbox every Thursday morning, where we keep pulling back the curtain on the real numbers driving these markets.

DISCLAIMER:

THIS COMMUNICATION IS FOR EDUCATIONAL AND INFORMATIONAL PURPOSES AND DOES NOT CONSTITUTE INVESTMENT ADVICE. *Any Publishing Service offered by HSD Publishing is for educational and informational purposes only and* ***should NOT be construed as a securities-related offer of solicitation or be relied upon as personalized investment advice.*** *HSD Publishing strongly recommends that you consult a licensed or registered professional before making any investment decision.*

THE RESULTS PRESENTED ARE NOT TYPICAL OR VERIFIED. *HSD Publishing has not verified information regarding the historical trading performance presented. Subscribers' trading results have* ***NOT been tracked or verified,*** *past performance is not necessarily indicative of future results,* ***and the results presented in this communication are NOT TYPICAL.*** *Actual results will vary significantly due to factors such as experience, skill, risk mitigation practices, market dynamics, and the amount of capital deployed. Investing in securities is speculative and carries a high risk; you may lose some, all, or possibly more than your original investment.*

HS DENT IS NOT AN INVESTMENT ADVISOR NOR A REGISTERED BROKER. *Neither HSD Publishing nor its owners or employees is registered as a securities broker-dealer, broker, investment advisor (IA), or I.A. representative with the U.S. Securities and Exchange Commission, state securities or regulatory authority, or self-regulatory organization.*

WE MAY HOLD THE SECURITIES DISCUSSED. *HSD Publishing has not been paid directly or indirectly by the issuer of any security mentioned in the Services. However, HS Dent, its owners, and its employees may purchase, sell, or hold long or short positions in securities of the companies mentioned in this and future communications.*

John Del Vecchio is not an employee or partner of HSD Publishing. HSD Publishing serves solely as the marketing arm for John Del Vecchio – who provides research to HSD Publishing via Parabolix Research, Inc.-- and Unbounded Wealth.

© 2026 HSD PUBLISHING. ALL RIGHTS RESERVED. 15016 Mountain Creek Trail, Frisco, TX 77573.