

The Story of Perpetual Wealth

Creating and Maintaining Generational Wealth for Tribal Nations

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A Story of Redemption



In 1626 the island of Manhattan was sold by a group of Native people to Dutch traders for 60 guilders or about \$24.

To Native people this is a cautionary tale.

A reminder to guard our precious assets from those who would seek to take advantage of us.

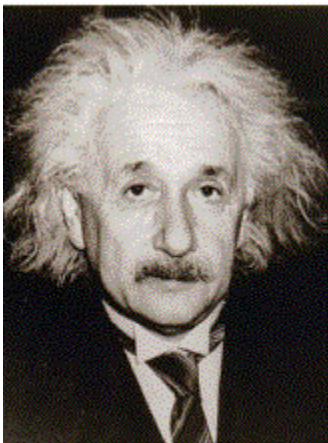
Perhaps though we in this era can learn a more positive lesson.

If that \$24 had been invested over the last 397 years at a rate of return of 7%. (as of 2023)

It today would be a sum of over: \$11,106,340,467,472.57. (\$11.1 trillion)

What you're seeing here is money compounding over time.

What Albert Einstein called "The most powerful force in the universe."



**“The most powerful
force in the universe
is compound
interest.”**

Albert Einstein

Maybe you've heard the story of a "Penny doubled every day" where you are asked.

What would you rather have - \$10,000 a day for 30 days or a penny doubled every day for 30 days?

The penny goes from 1 cent to 2 cents, to 4 cents, doubling every day.



And the \$10,000 adds \$10,000 to itself daily...\$10,000, \$20,000, \$30,000 etc.

By day 10 the penny doubles to \$5.12 versus now \$100,000 for the \$10,000 (10 days * \$10,000).

After 20 days the penny would equal \$5,242.88 versus \$200,000 (20 days * \$10,000).

But here's the pay off after 30 days the penny doubles to over \$5 million versus only \$300,000 (30 days * \$10,000).

Day 30: \$5,368,709 vs \$300,000

How Much Would You Earn If You Could Double A Penny Everyday For A Month?

Day 1: \$.01	Day 11: \$10.24	Day 21: \$10,485.76
Day 2: \$.02	Day 12: \$20.48	Day 22: \$20,971.52
Day 3: \$.04	Day 13: \$40.96	Day 23: \$41,943.04
Day 4: \$.08	Day 14: \$81.92	Day 24: \$83,886.08
Day 5: \$.16	Day 15: \$163.84	Day 25: \$167,772.16
Day 6: \$.32	Day 16: \$327.68	Day 26: \$335,544.32
Day 7: \$.64	Day 17: \$655.36	Day 27: \$671,088.64
Day 8: \$1.28	Day 18: \$1,310.72	Day 28: \$1,342,177.28
Day 9: \$2.56	Day 19: \$2,621.44	Day 29: \$2,684,354.56
Day 10: \$5.12	Day 20: \$5,242.88	Day 30: \$5,368,709.12



The difference between the two examples highlights the difference between **Simple Interest** and **Compound Interest**.

Simple Interest is earned on things such as bonds, loans, and bank certificates of deposit (CDs).

An example would be a \$100 investment in a bond that returned 10% annually.

At the end of the 1st year you would have earned \$10.

$$\text{Year 1: } \$100 * 10\% = \$10$$

$$\text{TOTAL} = \$110 (\$100 + \$10)$$

At the end of the second year you would have earned another \$10.

$$\text{Year 2: } \$100 * 10\% = \$10$$

$$\text{TOTAL} = \$120 (\$100 + \$10 + \$10)$$

If you continued this for 50 years you would end up with a total of \$600.

$$\$100 + (50 \text{ years} * \$10 = \$500) = \$600$$

The \$100 you initially invested and the \$500 you earned in \$10 interest payments over 50 years.

Compound Interest is similar to Simple Interest except for one major difference.

With Compound Interest you are able to earn interest not only on the principal invested but also on the interest earned.



An example of this would have us use the same \$100 but this time invested in an investment that compounds at 10% annually.

In this scenario we would still earn \$10 at the end of the 1st year.

$$\text{Year 1: } \$100 * 10\% = \$10$$

$$\text{New Principal} = \$110 (\$100 + \$10)$$

But here's the difference.

At the beginning of the 2nd year we would add that \$10 of interest earned to the principal and now earn interest on the combined amount.

With our new principal of \$110 we would earn at the end of the second year \$11.

$$\text{Year 2: } \$110 * 10\% = \$11$$

$$\text{New Principal} = \$121 (\$110 + \$11)$$

Taking it one step further at the beginning of the 3rd year we would now have \$121 in principal and at the end of the year earn \$12.1.

$$\text{Year 3: } \$121 * 10\% = \$12.10$$

$$\text{New Principal} = \$133.10 (\$121 + \$12.10)$$

If we take this out 50 years we can see that these incrementally small changes in the growth of our principal can grow into large sums similar to our Manhattan Indian example.

$$\text{Year 4: } \$133.10 * 10\% = \$13.31$$

$$\text{New Principal} = \$146.41 (\$133.10 + \$13.31)$$

$$\text{Year 5: } \$146.41 * 10\% = \$14.64$$

$$\text{New Principal} = \$161.05 (\$146.41 + \$14.64)$$

$$\text{Year 10: } \$235.80 * 10\% = \$23.58$$

$$\text{New Principal} = \$259.38 (\$235.80 + \$23.58)$$

$$\text{Year 20: } \$611.59 * 10\% = \$61.16$$

$$\text{New Principal} = \$672.75 (\$611.59 + \$61.16)$$

$$\text{Year 30: } \$1,586.31 * 10\% = \$158.63$$

$$\text{New Principal} = \$1,744.94 (\$1,586.31 + \$158.63)$$

$$\text{Year 40: } \$4,114.48 * 10\% = \$411.45$$

$$\text{New Principal} = \$4,525.93 (\$4,114.48 + \$411.45)$$

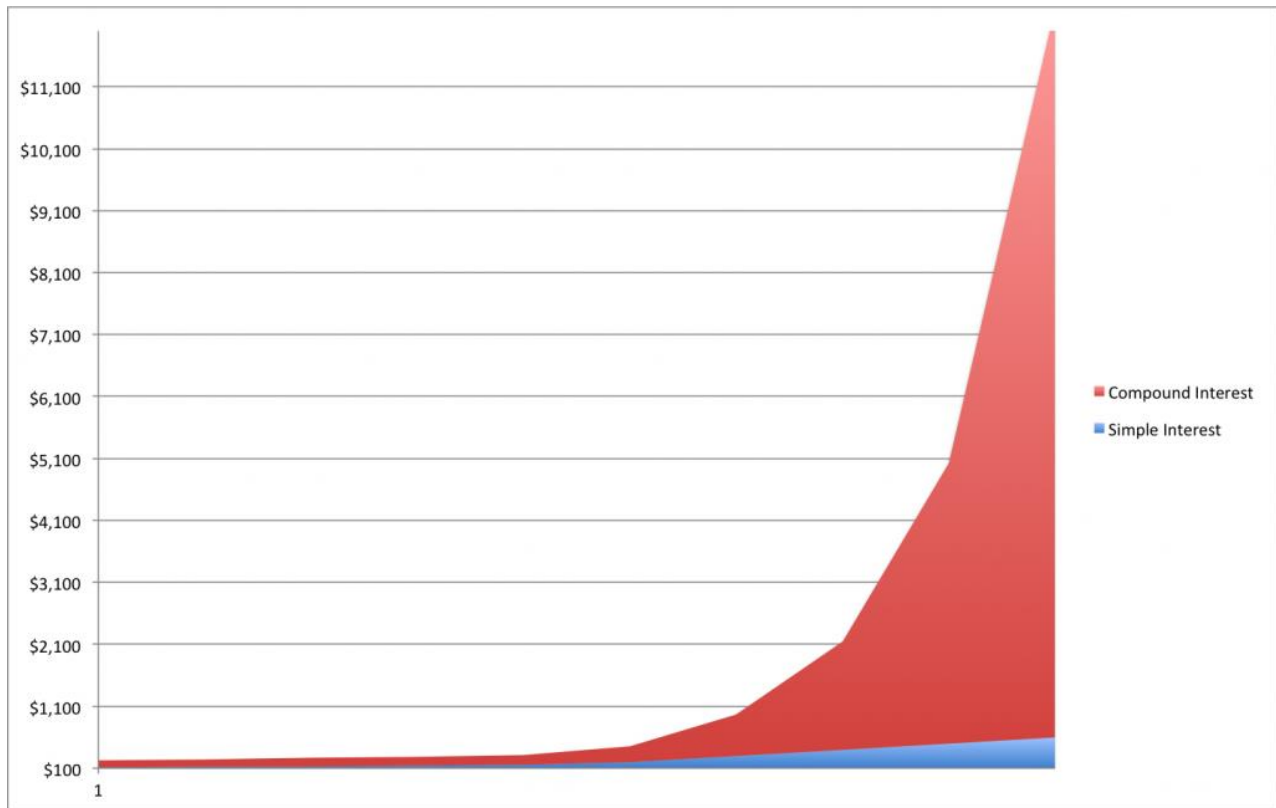
$$\text{Year 50: } \$10,671.90 * 10\% = \$1,067.19$$

$$\text{New Principal} = \$11,739.09 (\$10,671.90 + \$1,067.19)$$

We can see the difference between Simple Interest and Compound Interest if we put the totals side by side.

	Simple Interest	Compound Interest
Year 1	\$110	\$110
Year 2	\$120	\$121
Year 3	\$130	\$133
Year 4	\$140	\$146
Year 5	\$150	\$161
Year 10	\$200	\$259
Year 20	\$300	\$672
Year 30	\$400	\$1,744
Year 40	\$500	\$4,525
Year 50	\$600	\$11,739

Or graphed with the bottom static blue line representing Simple Interest and the top more dynamic red line representing Compound Interest as it grows exponentially.



Exponential growth and extraordinary sums over time such as in our Manhattan Indian example are the hallmark of Compound Interest.

Compound Interest is the fundamental bedrock of Warren Buffett's investment philosophy. Buffett considered the greatest investor of all time, started out in the 1950s with \$10,000 and has grown his net worth into \$112.9 billion. (as of 2023)



Recently quoted he said, “My wealth has come from a combination of living in America, some lucky genes, and Compound Interest.”

An early Buffett investor Dr. Carol Angle noted that he would have them “calculate how money would grow, using a slide rule”, stating “he brainwashed us to truly believe in our heart of hearts in the miracle of Compound Interest.”

Fundamentally, Compound Interest is the first and most important rule to investing and creating perpetual wealth.

An easy way to figure out long term compounding is to go to moneychimp.com and use their compound interest calculator.

Compound Interest Calculator

Inputs	
Current Principal:	\$ <input type="text"/>
Annual Addition:	\$ <input type="text"/>
Years to grow:	<input type="text"/>
Interest Rate:	<input type="text"/> %
Compound interest	<input type="text"/> time(s) annually
Make additions at	<input checked="" type="radio"/> start <input type="radio"/> end of each compounding period
<input type="button" value="Calculate"/>	
Results	
Future Value:	\$ <input type="text"/>

By using the variables of \$100,000 invested and \$100,000 added yearly and the average rate of return of the market which has historically been approximately 10% we can see that we earn over \$1 billion dollars in 71 years.

Compound Interest Calculator

Inputs	
Current Principal:	\$ <input type="text" value="100,000.00"/>
Annual Addition:	\$ <input type="text" value="100,000.00"/>
Years to grow:	<input type="text" value="71"/>
Interest Rate:	<input type="text" value="10"/> %
Compound interest	<input type="text" value="1"/> time(s) annually
Make additions at	<input checked="" type="radio"/> start <input type="radio"/> end of each compounding period
<input type="button" value="Calculate"/>	
Results	
Future Value:	\$ <input type="text" value="1,041,365,982.9"/>

If we use \$1,000,000 invested and \$1,000,000 added yearly we can see that we earn over \$1 billion dollars in 47 years.

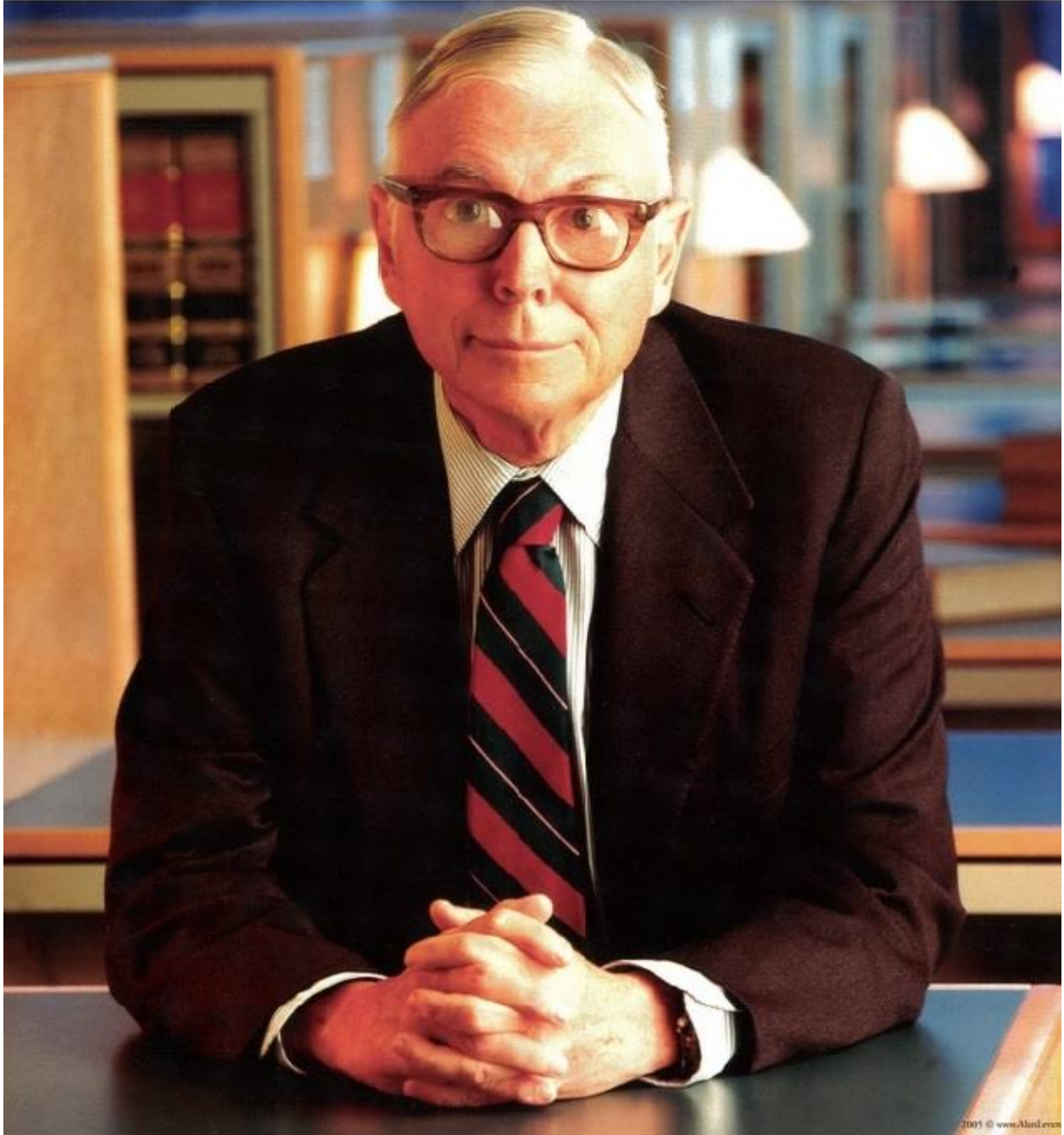
Compound Interest Calculator

Inputs	
Current Principal:	\$ 1,000,000.00
Annual Addition:	\$ 1,000,000.00
Years to grow:	47
Interest Rate:	10 %
Compound interest	1 time(s) annually
Make additions at	<input checked="" type="radio"/> start <input type="radio"/> end of each compounding period
<input type="button" value="Calculate"/>	
Results	
Future Value:	\$ 1,047,369,823.1

And with \$10,000,000 invested and \$10,000,000 added yearly we earn over \$1 billion dollars in 24 years.

Compound Interest Calculator

Inputs	
Current Principal:	\$ 10,000,000.00
Annual Addition:	\$ 10,000,000.00
Years to grow:	24
Interest Rate:	10 %
Compound interest	1 time(s) annually
Make additions at	<input checked="" type="radio"/> start <input type="radio"/> end of each compounding period
<input type="button" value="Calculate"/>	
Results	
Future Value:	\$ 1,071,967,921.1



Understanding Compound Interest and how to earn it is, as Charlie Munger, Buffett's business partner for over 50 years, says, "the heart and soul of understanding a lot of things."

The Law of Compound Interest has three key components:

The first component is **Principal** or the amount invested which in our Manhattan Indian example was \$24.

The second component is **Time** which in our example was 394 years.

And last, is the **Rate of Return** on our investment which was 7%.

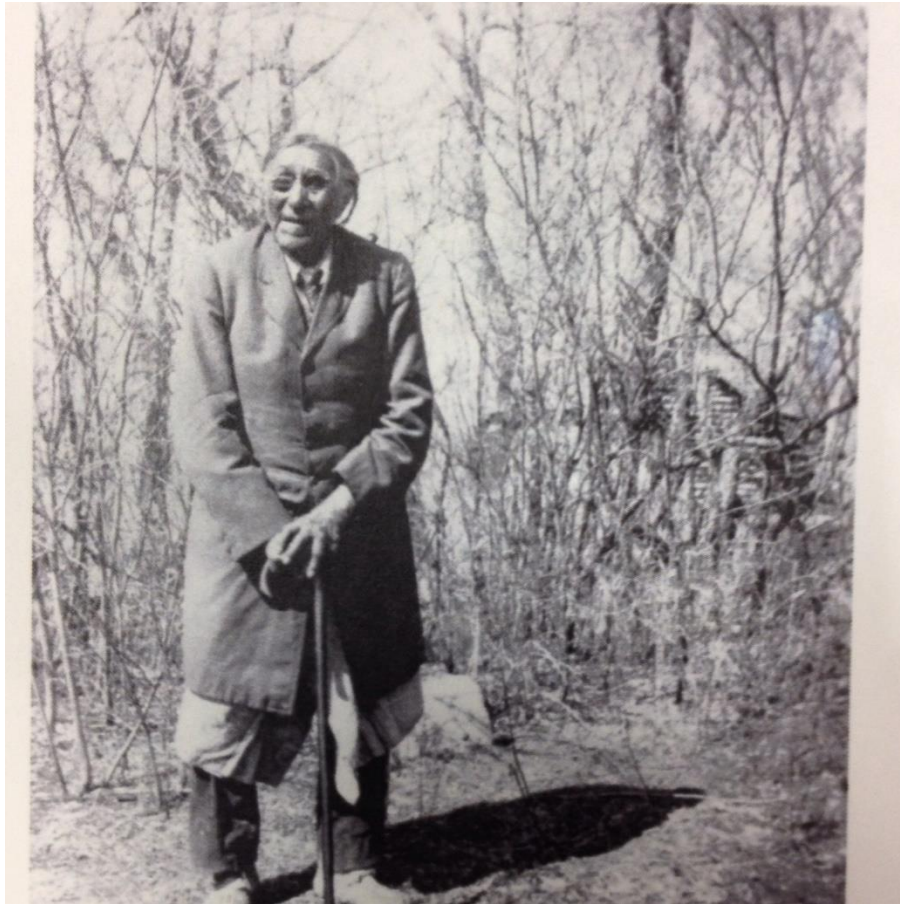
Let's first look at **Time**: Tribes are generational and seek to exist in perpetuity...or forever.



Perpetual entities have the greatest ability to benefit from The Law of Compound Interest as Time is on their side.

It was the Iroquois Nation and their Great Law that stated..."In our every deliberation, we must consider the impact of our decisions on the next seven generations."

Let's take a look at 7 generations of my family the Bear Don't Walks - and what would have happened if my people, the Apsáalooke (Crow) Nation had invested \$1,000 in 1850 the birth year of my great-great-grandfather Bull-All-The-Time and then invested an additional \$1,000 annually after that.



Bull All The Time – 1850

\$1000 Initial Investment

Using a 7% compounded rate of return over the course of the investment we can see that in 1872 the birth year of my great-grandfather, the original Bear Don't Walk, the investment would have grown to \$56,866.



Bear Don't Walk – 1872

\$56,866

In 1909 the birth year of my grandfather Ray Bear Don't Walk the investment would have grown to \$866,676.



Ray Bear Don't Walk – 1909

\$866,676

In 1941 the birth year of my father Urban Bear Don't Walk Sr. the investment would have grown to \$7,671,249.



Urban J. Bear Don't Walk – 1941

\$7,671,249

In 1968 when I was born the sum would have increased to \$47,747,822.



Urban T. Bear Don't Walk – 1968

\$47,747,822

And when my niece Mitchell Rose Bear Don't Walk was born in 1994 the sum would have grown to \$277,361,939.



Mitchell Rose Bear Don't Walk – 1994

\$277,361,939

When one more Bear Don't Walk generation enters the picture they will be the 7th generation.

If that baby would have been born in 2020 the investment would have grown to be \$1,610,812,149



Baby Bear Don't Walk – 2020

\$1,610,812,149

All from a \$1,000 investment in 1850 and a \$1,000 added yearly.

Our total investment over 170 years would have been \$170,000 and would have grown to over \$1.6 billion.

If we were to allow that sum to ride for another 30 years it would grow into \$12,262,013,981 (\$12.2 billion) by 2050.

\$12,262,013,981

Year: 2050

A sum that would have given the Apsáalooke Nation self-sufficiency.

Who are your 7 generations?

1st Great-grandparents: _____

2nd Grandparents: _____

3rd Parents: _____

4th You: _____

5th Children: _____

6th Grandchildren: _____

7th Great-grandchildren: _____

We are a generational people and by harnessing the effects of this one law.

The Law of Compound Interest we can create long-term prosperity for our future generations.

There is an old Greek proverb that states “A society grows great when old men and women plant trees whose shade they know they shall never sit in.”

We are not alone in the quest for perpetual wealth. There are others such as Universities that are generational investors and similarly to Tribes have current day to day obligations but also must plan for future success.

One of the most successful is Yale University and their endowment.



An **Endowment** seeks to maintain and grow principal while giving a portion of the investment return earned yearly to the university for current needs and obligations.

In 1985 Yale's endowment had grown to approximately \$1 billion. Since then it has been under the stewardship of David Swensen and has grown to \$42.2 billion. (as of 2021)

Let's look at the recent decade between 2010 – 2019 where 10 the endowment accomplished both goals of increasing assets from \$16.6 billion in 2010 to \$30.3 billion in 2019 and at the same time giving the university annually approximately \$1 billion to its operating budget for infrastructure and day to day needs.

Year	Assets (billions)	Rate of Return on investments	Operating budget annual contribution
2010	\$16,652.1	8.9%	\$1,108.4
2011	\$19,374.4	21.9%	\$ 986.8
2012	\$19,344.6	4.7%	\$ 994.2
2013	\$20,780.0	12.5%	\$ 1,024.0
2014	\$23,894.8	20.2%	\$1,041.5
2015	\$25,572.1	11.5%	\$ 1,082.5
2016	\$25,408.6	3.4%	\$ 1,152.8
2017	\$27,176.1	11.3%	\$ 1,225.8
2018	\$29,351.1	12.3%	\$ 1,281.0
2019	\$30,314.8	5.7%	<u>\$ 1,354.7</u>
Total			\$11,251.7

What would it be like - if over the last 10 years an endowment that you're Tribe created put \$11 billion into your reservation economy to run the government, buy back land and create a higher standard of living for your community and its members. An endowment - that gave you \$1 billion this year and even more next year.

Universities are not the only ones following this model. Countries also seek to create long-term prosperity for their people creating what they call **Sovereign Wealth Funds** - that in similar fashion to an endowment invests principal and looks to live off a portion of the annual returns of their investments.

A few examples are:

Australia's The Future Fund: \$205.2 billion

Kuwait's Future Generations Fund: \$700 billion

Norway's Government Pension Fund Global which is a gigantic \$1.47 trillion.

The last component of The Law of Compound Interest is **Rate of Return**.

Rate of Return is a profit on an investment over a period of time that is commonly represented as a percentage.

We are all pretty familiar with rates of return on simple interest instruments such as loans or bank certificates of deposit (CDs).

But what constitutes an investment that pays out compounded interest?

To explain this we are going to set up a little business.

I live in Western Montana and in the summertime cherries grow around Flathead Lake.



What if instead of starting the proverbial lemonade stand we started a cherry stand.

And with \$100 of initial investment capital we went to one of the local orchards and bought cherries.

Now if we were to mark them up 10% - at the end of the first day we would have earned a profit of \$10.

$$\text{Day 1: } \$100 * 10\% = \$10 \text{ Profit}$$

$$\text{Investment Capital/New Principal} = \$110 (\$100 + \$10)$$

Noticing that we had to turn away business due to more demand than we had supply the next day we used our new amount of \$110 to buy even more cherries.

Again marking them up 10% this time earning \$11 on our \$110 of investment capital now giving us now a kitty of \$121.

$$\text{Day 2: } \$110 * 10\% = \$11 \text{ Profit}$$

$$\text{New Principal} = \$121 (\$110 + \$11)$$

And again running out of cherries before we were able to satisfy demand.

Heading out the next day with our new total to buy even more.

$$\text{Day 3: } \$121 * 10\% = \$12.10 \text{ Profit}$$

$$\text{New Principal} = \$133.10 (\$121 + \$12.10)$$

If we continue to do this for the next 50 days:

Day 4: $\$133.10 * 10\% = \13.31 Profit

New Principal = $\$146.41$ ($\$133.10 + \13.31)

Day 5: $\$146.41 * 10\% = \14.64 Profit

New Principal = $\$161.05$ ($\$146.41 + \14.64)

Day 10: $\$235.80 * 10\% = \23.58 Profit

New Principal = $\$259.38$ ($\$235.80 + \23.58)

Day 20: $\$611.59 * 10\% = \61.16 Profit

New Principal = $\$672.75$ ($\$611.59 + \61.16)

Day 30: $\$1,586.31 * 10\% = \158.63 Profit

New Principal = $\$1,744.94$ ($\$1,586.31 + \158.63)

Day 40: $\$4,114.48 * 10\% = \411.45 Profit

New Principal = $\$4,525.93$ ($\$4,114.48 + \411.45)

Day 50: $\$10,671.90 * 10\% = \$1,067.19$ Profit

New Principal = $\$11,739.09$ ($\$10,671.90 + \$1,067.19$)

We can see that our initial \$100 equity investment is compounding at a rate of 10% in similar fashion to the compounding example we used earlier.

Compound Interest
\$110
\$121
\$133
\$146
\$161
\$259
\$672
\$1,744
\$4,526
\$11,739

Businesses that can retain their earnings and reinvest them for future growth can create compounded returns for their investors.

When a company earns money it can do 3 things with its profits:

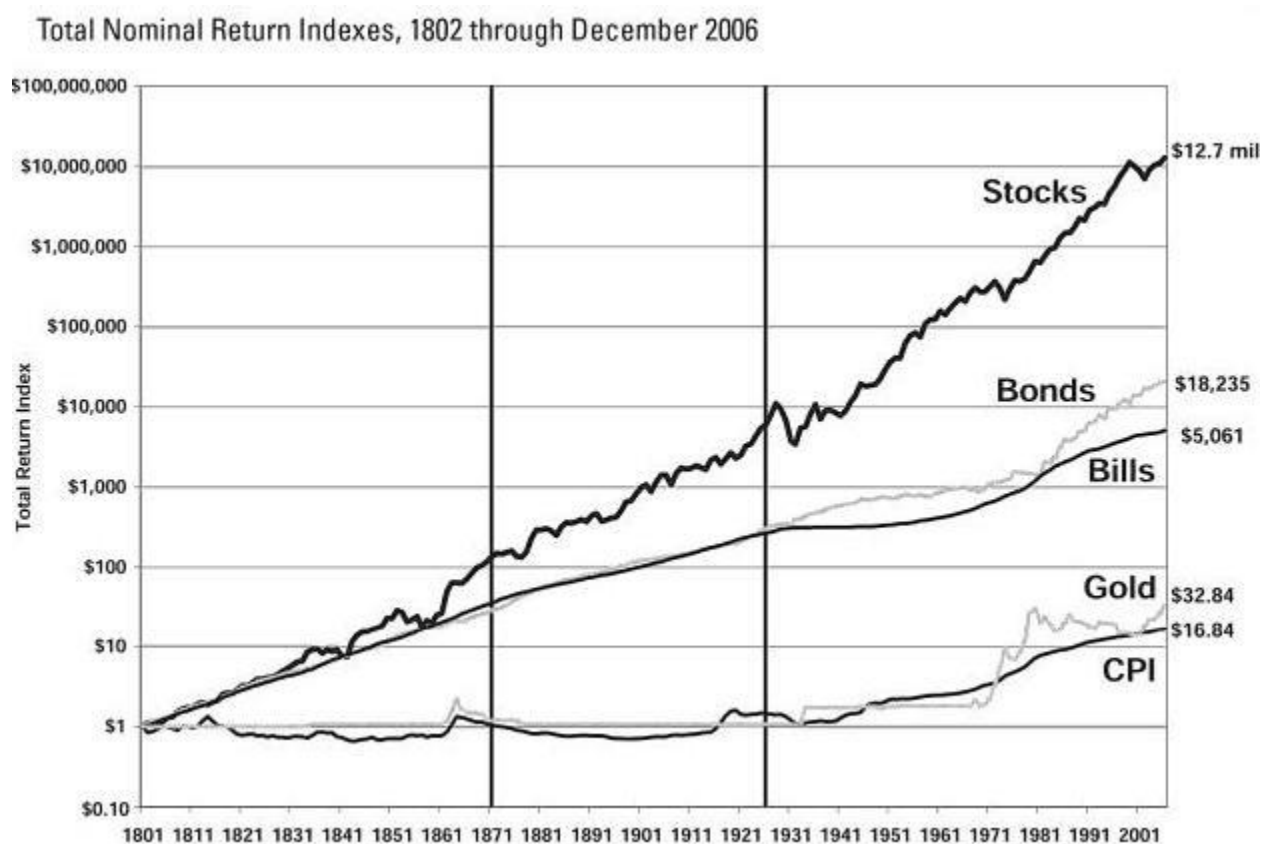
First, They can **retain 100% of their earnings** for future growth like we did with our cherry stand example.

Second, They can **pay out 100% of their earnings** in the form of a dividend to the shareholders if they have limited growth opportunities.

Or Third, They can **strike a balance and pay out a portion of their earnings in the form of a dividend and retain the rest for growth.**

The path most companies take.

It is this ability for companies to retain a portion or all of their earnings for future growth that leads us to this graph.



What it shows is the growth of \$1 invested in 1801 in each of the four major asset classes: stocks, bonds, T-bills, and gold. It also shows the consumer price index as a measure for inflation.

The tallies as of December 31, 2006:

Consumer Price Index: \$16.48

Gold: \$32.84

T-Bills: \$5,061

Bonds: \$18,235

Stocks: \$12,700,000

Research compiled by Dr. Jeremy Siegel, professor of finance at the Wharton School of Business, shows that among the major asset classes only stocks, - that represent equity ownership in companies - benefit from the compounding effect as a portion of the company's earnings are retained and added to principal to fuel future growth.

Other asset classes only have the ability as in the case of bonds and T-bills to pay simple interest.

And in the case of gold marginally increasing - barely beating out inflation.

Taking a look at the two asset classes with the highest returns: Stocks and Bonds.

If we were to have invested \$1000 in 1801 using Dr. Siegel's historical data.

We can see that the stocks would equal \$12,700,000,000 (\$12.7 billion).

And bonds would equal \$18,235,000 (\$18.2 million).

A difference of over \$12.6 billion dollars. (\$12,681,765,000)

$$\$12,681,765,000 = (12,700,000,000 - \$18,235,000)$$

This is something to consider if at this moment a large portion of your investment portfolio is in instruments that pay simple interest such as bonds and CDs.

Most folk assume that these are the safest of investments but for perpetual entities with a time horizon of forever that is a false sense of security that comes at a very high price.

The common assumption is that the stock market is one giant casino. Day to day it can sure seem like that due to price speculation but to understand the long-term nature of the market let's look at two different automobiles – the 1963 Split-window Corvette and the Lincoln Town Car Limo.



The 1963 Split-window Corvette is an iconic car sought out by collectors who look to purchase them as they come up for sale.

But what are they worth?

Well that is hard to know as in good times when folks are flush with cash they tend to be worth more than in hard economic times when people have less cash to spend on such things.

The idea of purchasing something with the hope that it will become more valuable at a future date is known as **Speculation**.

More formally: speculation is the practice of engaging in risky financial transactions in an attempt to profit from fluctuations in the market value of a tradable good such as a financial instrument, rather than attempting to profit from the underlying financial attributes embodied in the instrument such as capital gains, interest, or dividends.

Most speculators pay little attention to the fundamental value of an “investment” and instead focus purely on price movements. Speculation can in principle involve any tradable good or financial instrument. Speculators are particularly common in the markets for stocks, bonds, commodity futures, currencies, fine art, collectibles, real estate, and derivatives.



The Lincoln Town Car Limo less iconic is purchased to be part of a working business. Depending on the market and the initiative of its owner it can produce cash flow and if all liabilities are met anything extra is profit. This profit can in similar fashion to our cherry stand example be used to expand the business through marketing and other activities or even to purchase more limos creating more cash flow and the potential for more profit.

What's it worth?

Well within the confines of a working business we now move into the realm of **Fundamental Analysis** which is the cornerstone of investing.

Fundamental Analysis is a technique that attempts to determine an investment's value by focusing on underlying factors that affect a company's actual business and its future prospects. The term simply refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements (Speculation).

Fundamental Analysis serves to answer questions, such as:

Is the company growing? (sales, revenues, etc.)

Is it actually making a profit?

Is it in a strong-enough position to beat out its competitors in the future?
Can it expand into other markets?

Is it able to repay its debts?

Is management trying to "cook the books" and make the company look healthier than it really is?

Understanding the strength and predictability of the cash flows of a business is the first step to determining a fair value for the business.

It is critical to understand that there is separation between the productiveness of the underlying companies within the stock market and the daily price gyrations as highlighted on the financial news.

It was Warren Buffett's mentor Benjamin Graham who said: "In the short run, the stock market is a voting machine but in the long run, it is a weighing machine."

The "short run" Ben Graham was referring to is the volatility of the market as prices swing up and down sometimes greatly so on a day to day basis due to the human emotions of fear and greed.

The "long run" on the other hand is the underlying long-term return of the companies with in the market based on their ability to create profits and value for their shareholders.

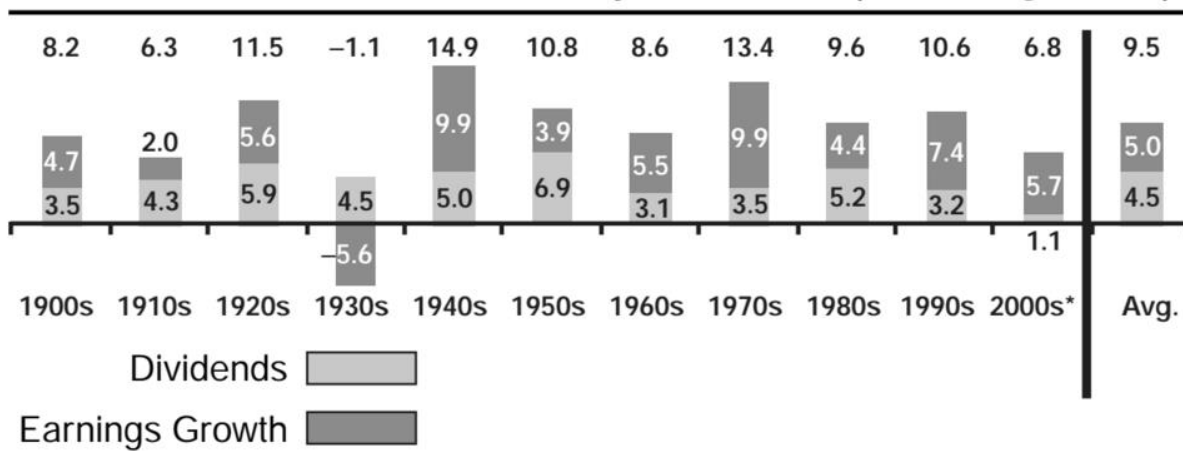
Over the next 3 graphs we show the difference between these dual natures (short run versus long run) of the overall market and their true long-term impact on investment returns.

(*Note:It should be noted that the conversation and research are not highlighting any one individual company's stock which has the potential for Risk and loss of capital but the composite returns of all of the United States public companies in aggregate during the specific time frame shown.)

This first graph shows the **Investment Return** by decade from 1900 through 2005 of the overall market.

Investment Return is defined as the combination of earnings paid out to the shareholders in the form of **Dividends** and earnings retained for future growth called **Earnings Growth**.

EXHIBIT 2.2 Investment Return by the Decade (Percentage/Year)

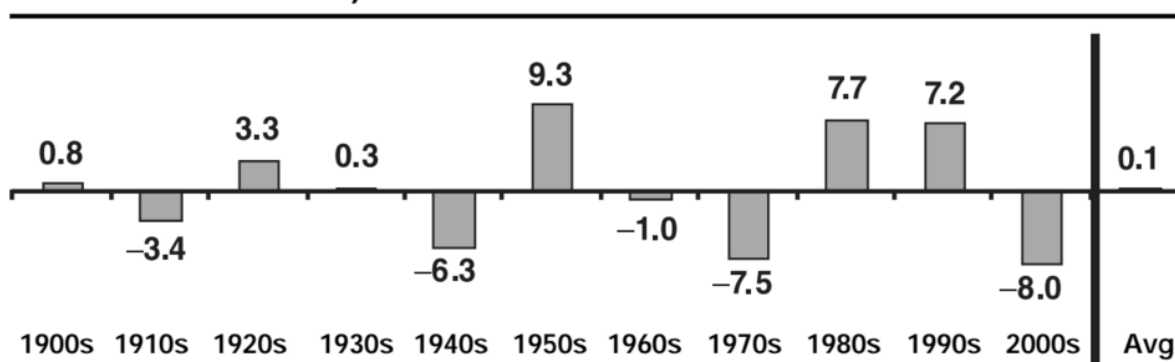


Example: In the 1980s, the P/E multiple rose from 7.3 to 15.2 times, a 110 percent increase, equal to 7.7 percent per year.

*2000–2005 inclusive.

During the 20th century American business produced on average **Earnings Growth** of 5% (retained earnings for future growth) and **Dividends** of 4.5% (that were paid out to the shareholders of the company) for a total average return of 9.5%

EXHIBIT 2.3 Speculative Return by the Decade (Percentage/Year)



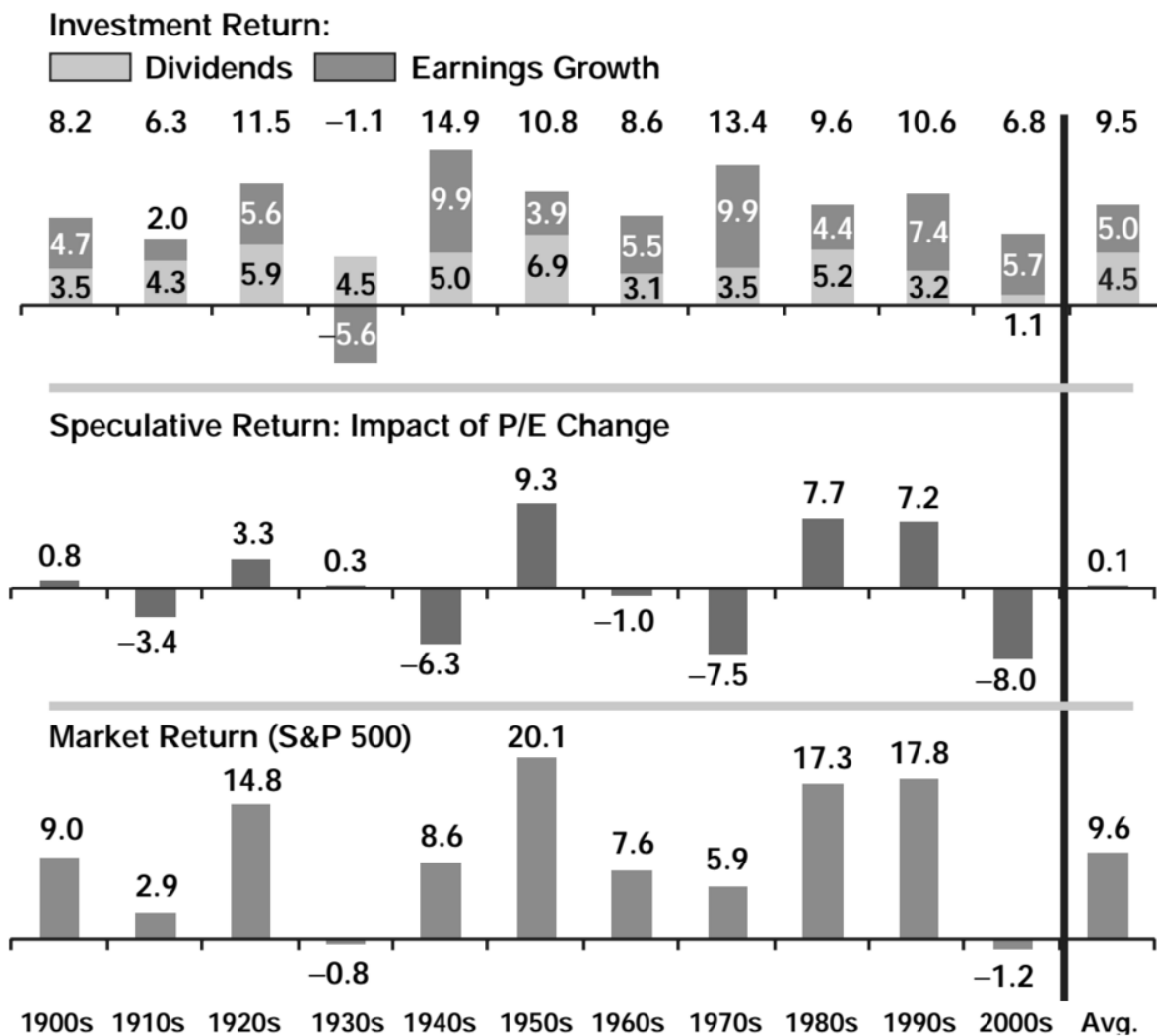
The second graph shows what we're calling **Speculative Return** – what investors were willing to pay for those underlying business earnings and their growth in any given decade.

If we look at the 1970s we can see the overall return was reduced by a - 7.5% **Speculative Return** when investors were not interested in investing in the stock market due to factors such as high inflation and an extremely pessimistic world outlook on the future. Conversely in the 1980s and 1990s during a time that was eventually referred to as a “time of irrational exuberance” produced a **Speculative Return** above the productiveness of the underlying companies by 7 plus percent due to the creation of the internet and a much brighter outlook on the future.

What this means as we will see in the next graph is that business in the 1970s earned a 9.9% return in **Earnings Growth** and a 3.5% **Dividend** for an **Investment Return** of 13.4% but the overall return was reduced by a - 7.5% **Speculative Return** for a **Total Stock Return** for the decade of 5.9%. Meaning the market was extremely undervalued and stocks could be bought for far less than the productiveness of their underlying companies and the earnings generated.

Conversely we can see that in the 1980s business earned 4.4% in **Earnings Growth** and paid out 5.2% in **Dividends** for an **Investment Return** of 9.6% and were aided by the tailwind of a 7.7% **Speculative Return** due to the optimism of the decade for a Total Stock Return of 17.3%.

EXHIBIT 2.4 Total Stock Return by the Decade (Percentage/Year)



When we put both charts together we can see that all of the speculation that humans have added to the overall returns of the market both positively and negatively over time virtually account for almost nothing. As the **Total Stock Return** of 9.6% was almost entirely made up of the 9.5% **Investment Return** (a combination of **Earnings Growth** and **Dividends**) with the **Speculative Return** only accounting for .1%.

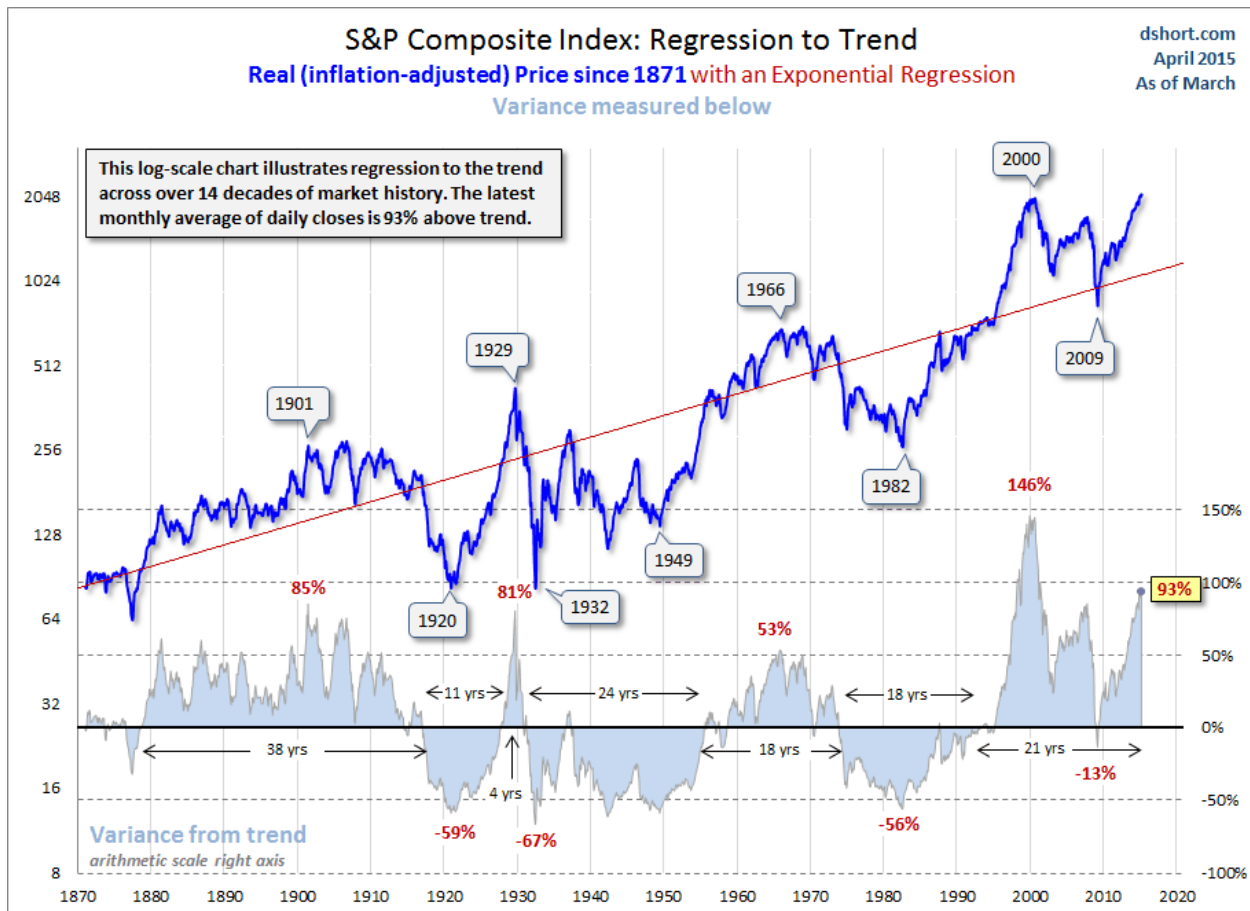
As John Bogle has said “The stock market is a giant distraction”.

His point is that the speculative nature of the market highlighted by the day to day financial news and actions of the participants tend to have an extreme manic/depressiveness about their views on the outlook for American businesses.

Further explained by Roger Martin, dean of the Rotman School of Management of the University of Toronto, when describing the two natures of the market (short run versus long run.)

One is “the real market, where giant publicly held companies compete. Where real companies spend real money to make and sell real products and services, and, if they play with skill, earn real profits and pay real dividends. This game also requires real strategy, determination, and expertise; real innovation and real foresight.”

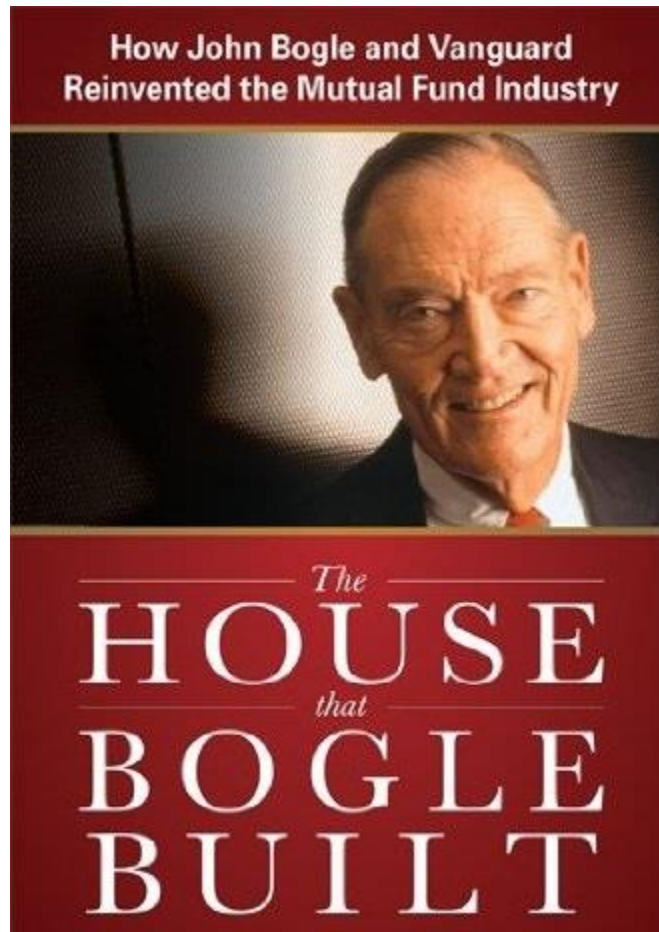
Loosely linked to this game is another game, the expectations market. Here, “prices are not set by real things like sales margins or profits. In the short-term, stock prices go up only when the expectations of investors rise, not necessarily when sales, margins, or profits rise.”



We can see this one more time with this final chart that denotes the long-term trendline for **Investment Return** (a combination of **Earnings Growth** and **Dividends**) denoted by the red line for the Standard and Poor's 500 (a composite of the 500 largest United States companies based on market capitalization) and the price that investors were willing to pay for their earnings denoted by the blue line. The red line is the 9.5% **Investment Return** of our previous charts and the blue line is the daily price gyrations of the **Speculative Return** of .1%

It should be noted that as much as the blue line has bounced up or down during goodtimes and bad it always reverts back to the long-term trendline as earnings are retained and internally compounded for growth.

Following the research of Dr. Siegel Tribal Nations can capture that 9.6% annual compounded rate of return by owning the Standards and Poor (S&P) 500.



1975 John Bogle founder of The Vanguard Group with \$7.2 trillion assets under management (2023) created what is called an **Index Fund** which is a passively managed mutual fund that owns all or portions of the entire stock market.

The most common of all index funds is the Standard's and Poor's 500.

It is a Compounding Machine.

By owning the S&P 500 there is virtually no Risk of losing your principal.

Because by owning the Standard & Poor's 500 you own a portion of the top 500 United States companies based on market capitalization.

Standard and Poor's 500 Top 10 Holdings

- 1 Apple Inc.
- 2 Microsoft Corp.
- 3 Amazon.com Inc.
- 4 NVIDIA
- 5 Alphabet Inc. Class A (Google)
- 6 Tesla
- 7 Alphabet Inc. Class C (Google)
- 8 Berkshire Hathaway Inc.
- 9 Meta (Facebook)
- 10 United Health Group

Volatility within the stock market which is referred as **Variance** is not the same thing as Risk as most would assume.

Volatility is the ups and downs of the market based on the public's outlook of the future ahead. The erratic "blue line" on our last graph.

Risk is the permanent loss of capital if you choose to liquidate your holdings during a momentary down turn. Which **ALL** downturns are momentary due to the long-term uptrend of the overall stock market due to its ability to compound its assets year after year. (the "red" trendline)

As the world economy continues to grow over the next 100 plus years owning parts of the companies that service the world's needs as they internally compound their assets will be the surest and safest way for Tribal Groups to create generational wealth and self-sufficiency.

(*Note: Owning the top 500 companies in the United States stock market using a multi-decade generational approach captures the compounded return of the market over time and is virtually risk free as the 500 top United States public companies are not going to lose their value or ability to create earnings all at once. And even if they did they would just be replaced by other companies that would service the needs of the world economy and become apart of the ever changing dynamic portfolio of the Standard & Poor's 500 as companies grow, mature and decline over time.

On the other hand owning individual stocks has Risk as seen during the internet boom of the late 1990s where many companies had tremendous market values that eventually went to zero and once great companies such as Sears ride off into the sunset.)

And Finally: How good is what we are proposing?

The Standard and Poor's 500 is the benchmark by which all long-term investments and investment advisers are measured.

It is a compounding machine and has over the long-term outperformed all other asset classes and investment managers who spend their days trying to beat the return that this powerhouse creates.

A quote from David Swensen the Chief Investment Officer of the Yale Endowment:

A minuscule 4 percent of funds produce market-beating after-tax results with a scant 0.6 percent (annual) margin of gain. The 96 percent of funds that fail to meet or beat the Standard & Poor's 500 Index Fund lose by a wealth-destroying margin of 4.8 percent per annum.

What Professor Swensen is referring to is the annual Dalbar study that show that the majority of investors who use active versus passive (index) management underperform the market by about half ($9.6\% - 4.8\% = 4.8\%$) due to the losses from the speculative trading of stocks, transactional costs, and high management fees of active advisors.

This is the path that Warren Buffet has placed in his will for the funds that he has left his wife should he die first. As quoted:

“My money, I should add, is where my mouth is: What I advise here is essentially identical to certain instructions I’ve laid out in my will. One bequest provides that cash will be delivered to a trustee for my wife’s benefit. My advice to the trustee could not be more simple: Put 10% of the cash in short-term government bonds and 90% in a very low-cost Standard & Poor’s 500 index fund. (I suggest Vanguard’s.) I believe the trust’s long-term results from this policy will be superior to those attained by most investors – whether pension funds, institutions or individuals – who employ high-fee managers.”

When it comes to long-term investing John Bogle is fond of quoting **Occam’s Razor** – a problem solving principle that states “the simplest most elegant solution is most likely the right one.”

Tribes are already tremendous perpetual assets managers...our natural resources – our land, rivers, mountains and the four-leggeds. These are assets that we look to hold forever acting as good stewards as they are passed down generation to generation.



For Tribal Nations the simplest and most elegant solution to creating and maintaining generational wealth starts with the foundational understanding and implementation of The Law of Compound Interest and its three key components – Time, Principal, and Rate of Return.

If we could just see that our liquid investable assets are just as precious and should be cared for in similar fashion as our natural resources. We could be on the path self-sufficiency for our Tribe and its members.

Summary
&
Our Proposal

About

Our mission is to assist Tribal Groups in their goal of creating and maintaining generational wealth and self-sufficiency.

To do this we seek to assist our clients in the creation of large institutional-sized capital bases which we would place at \$1+ billion.

What is an institutional-sized capital base?

Institutions such as foundations, pension funds, sovereign wealth funds and endowments invest their resources or capital with the goal of creating a large enough capital base to use a portion of the investment return earned to pay for current needs and obligations while retaining the remainder to add to their principal for future generations.

Yale University and their endowment provide an excellent example.

Yale University is a perpetual entity and in similar fashion to Tribes, it has current needs as well as a desire to provide for future generations. To accomplish this Yale created an endowment that receives gifts from alumni and other donors with the aim of investing that money and holding on to the principal forever.

The annual return of the endowment is divided up with part of the return going into the current day-to-day operating budget and the remainder back into the principal for future growth.

The quick facts are that as of 1985 the endowment was approximately \$1 billion and, under the stewardship of David Swensen, had grown to \$30.3 billion as of yearend 2019. In 2018 for example the endowment earned \$3.3 billion on its investments. Of that \$3.3 billion, \$1.2 billion was given to the university to add to its day-to-day operating budget and the remaining \$2.1 billion was retained and added to the principal to allow the endowment to grow for future generations.

The Yale endowment has given the university approximately \$1 billion a year for the last 10 years.

Here is a yearly breakdown of The Yale Endowment's contribution to the university's operating budget during that time period:

2010 – \$1.108 billion

2011 – \$986 million

2012 – \$994 million

2013 – \$1.024 billion

2014 – \$1.041 billion

2015 – \$1.082 billion

2016 – \$1.152 billion

2017 – \$1.225 billion

2018 – \$1.281 billion

2019 – \$1.354 billion

Now go back over those numbers and during each year envision what it would have been like to add that much money into your Tribe's operating budget. How would it have enhanced your government, land base and communities? As a leader you know the needs of your Tribe. You know the deficiencies in healthcare and education, in housing and all of the infrastructural needs of your Tribe to create healthy communities.

Deficiencies that the U.S. and Canadian governments are probably not going to provide for as every year their contribution is less and less. Long-term we must seek to provide for those deficiencies ourselves and seek solutions that create the prosperity that our peoples deserve.

From 2010 through 2019 the Yale Endowment put \$11 billion into the Yale economy through its annual contribution while growing its principal from \$16.6 billion to \$30.3 billion.

The endowment is run by the Yale Corporation, the university's asset management company, and a staff of approximately 25 people - Yale University has through its asset management company and endowment set itself up to serve, at the highest level, current students and those in generations to come.

The question we have then is...

Should a university have a larger capital base for its students than you do for your Tribe?

We don't believe so and it is this path that we help our clients negotiate.

Using the best models and practices available for the creation of long-term wealth we give Tribes the tools and background to create over time large institutional style capital bases with the goal of creating generational wealth and self-sufficiency.

What We Do

The Law of Compound Interest

In 1626 the island of Manhattan was sold by a group of Native people to Dutch traders for 60 guilders or about \$24.

To Native people this is a cautionary tale. A reminder to guard our precious assets from those who would seek to take advantage of us. Perhaps though we in this era can learn a more positive lesson.

If that \$24 had been invested over the last 397 years at a rate of return of 7%.

It today would be a sum of over: \$11,106,340,467,472.57 (\$11.1 trillion).

What you're seeing here is money compounding over time in what is called The Law of Compound Interest. What Albert Einstein called the "the most powerful force in the Universe".

Using this Law and the overall returns of the market:

\$100,000 invested with a \$100,000 added yearly turns into \$1 billion in 71 years.

\$1,000,000 invested with a \$1,000,000 added yearly turns into \$1 billion in 47 years.

And \$10,000,000 invested with \$10,000,000 added yearly turns into \$1 billion in 24 years.

It is the commitment of our firm to assist Tribes in the creation of their own \$1 billion institutional-sized capital base.

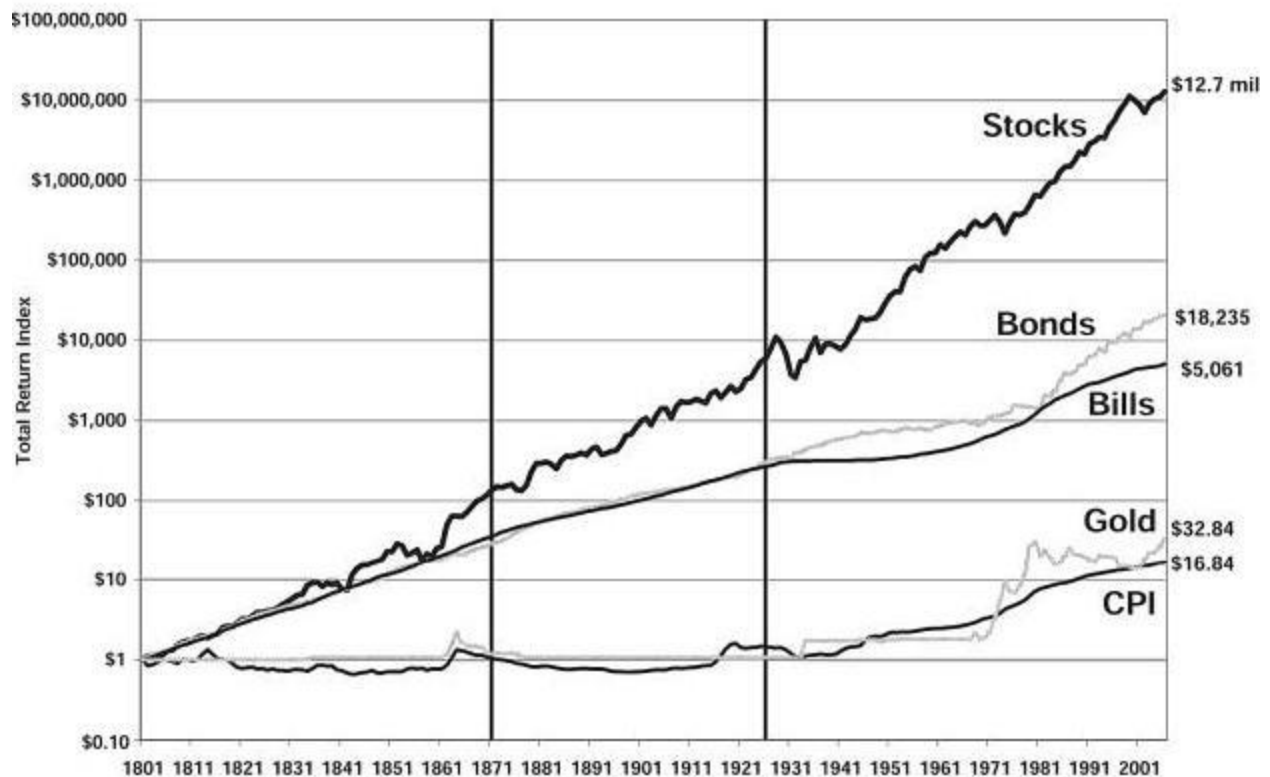
We believe that once Tribes have the knowledge, discipline and thrift to create \$1 billion - they can create \$10 billion and beyond and create true self-sufficiency.

To do this we start by helping our clients implement and model the best practices for long-term wealth creation. As such, we look to help our clients grow their capital base through investments that have the ability to compound at the highest rates of return over the longest periods of time.

As Dr. Jeremy Siegel of the Wharton School of Business has shown in his research, equities/stocks with their ability to retain and reinvest their earnings for future growth, have historically proven to be far and away the best long-term asset class to invest in.

(*Note: we are not advocating owning individual stocks due to the Risk of possible loss of capital but owning the market in aggregate through low cost passively managed index funds earning long-term trend line returns.)

Total Nominal Return Indexes, 1802 through December 2006



Compounding Machines

The above graph created by Dr. Siegel shows the growth of \$1 invested in 1802 through 2006 in all the major asset classes.

The totals are as follows:

Stocks: \$12,700,000

Bonds: \$18,235

T-Bills: \$5,061

Gold: \$32.84

Consumer Price Index (CPI): \$16.84 a measure of inflation

\$1000 invested in 1801 in the overall stock market today would be \$12.7 billion versus \$18 million had it been invested in bonds. The difference is that stocks represent ownership in businesses and have the ability to compound their overall return through the retention and reinvestment of earnings for future growth. Unlike bonds that only pay simple interest.

As John Bogle has shown in his research the overall U.S. stock market (currently consisting of approximately 3700 companies) and selected parts of it, such as the S&P 500 (the top 500 U.S. companies determined by market capitalization), have historically returned a rate of approximately 9.6% acting as long-term compounding machines.

The S&P 500 is the benchmark that all long-term investments and active investment managers are measured by.

We are a generational people by capturing the long-term trend line returns of the market and allowing assets to compound over time Tribes place themselves on the path towards success.

We believe that by following the structural model of the Yale Corporation and its Endowment and the investment model outlined above all Tribal Nations have the ability to achieve financial independence within 2 generations.

Creating Success

For us success starts through a 4 step process:

1. We work with you to create and implement a multi-decade plan of action.
2. We educate leadership through workshops on the creation of long-term wealth giving them a generational investment perspective as well as a benchmark to measure all potential business and investment opportunities brought to them.
3. We give leadership insight and a steady barometer on the overall behavioral psychology of the markets and world economies which can have a huge short-term impact on portfolios when the human emotions of fear and greed are running rampant. Many see the markets as a huge casino: we do not! Instead we focus on the underlying productive nature of the assets as World Gross Domestic Product increases not the minute by minute price quotes of those assets that tends to be the focal point of most investors.
4. We help find matching funds for our clients.

Following these steps we absolutely believe all of our clients will achieve success. To us it is not a matter of “if” it is a matter of “when”. Tribes are a generational people if we compound our assets over long periods of time as the world economy marches forward we will leave future generations with a strong government, secure land base and the highest standard of living.

Who Are We



Urban Bear Don't Walk – Apsáalooke (Crow)

Urban is the founder of Bear Don't Walk Capital Management - the company he created with the sole purpose to assist Tribal Nations in their goal of self-sufficiency. Over the last 30 years, Urban has dedicated his professional life to finding the answer to the question: “How can Tribal Groups create and maintain long-term financial wealth in perpetuity?”

Studying business and investment luminaries such as Benjamin Graham, Warren Buffett, Charlie Munger, Phillip Fisher, David Swensen, John Maynard Keynes, and John Bogle has given Urban tremendous insight into the fundamentals of creating and maintaining generational wealth.

Urban's life work is helping Tribes create and maintain a portfolio of superior businesses and investments that will produce enough long-term capital appreciation and earnings to: maintain and run the Tribal government, protect and increase the Tribe's land base, and create a higher standard of living for Tribal communities and their members.

Mr. Bear Don't Walk is a member of the Apsáalooke (Crow) Nation as well as a descendant of the Confederated Tribes of the Salish and Kootenai. His traditional name is Cha-Da Awa-Xam Da-gush or Mountain Wolf, recognizing both the Wolf Mountains in Montana where his ancestors fasted and prayed, and “the wolves” whose designation was to guide and protect the Tribe and its members.