

# ECONOMY

Analyzing the Stages of Life

## THINK STRATEGICALLY: The 3 Thirds of a Person’s Life

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My fascination with leadership began early in life, specifically with those key individuals who have changed how our lives are conducted. As we view these leaders, who often mesmerize us, we note their magnetic personalities, outsize brainpower, unique skills or creations. It is safe to say that the whole world shares this fascination, as leadership comes in many shapes or forms and is executed in many ways.

Looking at figures ranging from Steve Jobs to George W. Bush, all have a series of key features.

As we analyze leaders, we find there are fundamental similarities in their behaviors and certain key attributes that include some luck, a desire to succeed, hard work and a sharp focus, mixed with some failures, integrity and humility, among other traits.

However, there is something that is not often discussed or analyzed and it is the fact that our lives are segmented in three thirds.

- First Third, Education and Training: Getting the proper education or training for developing a future career is key in this first stage of life.
- Second Third: Focuses on building your chosen career, honing your skills, and climbing the ladder to a higher position or one with greater

responsibility and leadership.

- Final third: Involves realizing the fruit of your efforts, such as financial, recognition, and respect for achievements during the second phase.

I have often realized that those who excel during the first third of life do not become the leaders others might have expected from those early wins.

When we have the opportunity to review our lives, we learn during which of the thirds we have done better. From my own experience, I can safely say that I had an enormous amount of luck in most of my jobs; great mentors who allowed me to improve my skills and gave me outsize opportunities.

Two key opportunities stand out. The first was joining my mentor and friend Tony Faria at the Economic Development Bank to transform it and help it become an engine of growth and entrepreneurial development during the first decade of the 21st century. I eventually became president and CEO of the bank. This opportunity changed my life. It provided me with a national platform to implement change, grow and transform an institution that means so much for Puerto Rico. I had an incredible amount of fun leading it, and to this day, it ranks as one of the best jobs I have had. The second opportunity was joining the team at UBS, then the top wealth management firm

globally, with an exceptional group of people. Exposure to the wealth management business, investment banking and corporate advisory allowed me to develop a set of skills that have been critical since I launched my firm, Birling Capital.

Before I founded Birling six years ago, I read that most business founders do so before being 35. Well, there I was, 50 years old, and just about to launch a new firm, and according to the experts, the odds were against me.

Sometimes, luck strikes for those who take chances, and we now have not one but two thriving businesses, Birling Capital and LeadPivot Technologies.

As I reach the final third of my life, it is safe to say that it is becoming one of the most fun periods as I continue to expand and develop my business and mentor those around me to become better leaders.

**Week in Markets: Evergrande, Global Equity Funds See \$52.8 billion in outflows; Sentiment is Negative**

The markets have been hit with headlines riddled with uncertainty, rising volatility and the probability of a systemic risk failure originating from China. When we mix these headlines with the Federal Reserve tapering process and rising interest rates, it creates the

basis for a market shakeup.

The biggest concern is that Evergrande Group, China's largest and the world's most prominent developer, which has a debt load of \$330 billion, is facing several loan repayments that it may not be unable to meet. However, the company announced later that it had paid a domestic bond payment that had sparked the fears of a Lehman type systemic risk.

While there are a series of banks involved—most notably Credit Suisse, the lead investment bank of most Evergrande bonds—they have said their exposure to Evergrande is limited.

While this plays out, the market is becoming more pessimistic, which has affected investor sentiment.

A good measurement of investor confidence is the inflows and outflows from the global equity funds. Notably, in the seven days ending Sept. 22, investors had pulled \$24.2 billion, the first weekly outflow of 2021. Also, U.S. stock funds experienced outflows of \$28.6 billion during the same time frame, for a total \$52.8 billion. On the flip side, the U.S. 10-year Treasury note yield, a key benchmark for global borrowing costs, rose again to 1.46 percent.

The much-expected budget reconciliation bill is the main priority for Congress. The House of Representatives passed a bill to extend government funding beyond Oct. 1; however, it added natural disaster relief and aid for Afghan refugees.

While the funding extension will avert the government default and shutdown on Oct. 1, it will leave the debt ceiling matter unresolved. Much more to come.

**The Final Word: Thinking Locally, Executing Globally; Looking at the Birling Puerto Rico Stock Index**

With so much turmoil, we thought it critical to look at the most recent performance of the Birling Capital Puerto Rico Stock Index. We take a look at each component versus the three main indexes covering the period from Jan. 1 to Sept. 24. The Birling index's return of 38.52 percent is 181.37

percent higher than the Dow Jones', 106.8 percent higher than the S&P 500's and 129.9 percent higher than the Nasdaq Composite.

Birling Capital Puerto Rico Stock Index: Individual returns and prices per share:

1. Triple S Management (GTS) has yielded 62.9 percent, surpassing the Birling PRSI, Dow Jones, S&P 500 and Nasdaq, with a price per share at the close of Sept. 24 of \$34.78, rising \$13.43 per share. The stock price rise is due mainly because of the recent acquisition announcement by GuideWell.
2. First Bancorp. (FBP) has achieved a return of 38.94 percent, exceeding the Birling PRSI, the Dow Jones, S&P 500 and Nasdaq, with a price per share at the close of Sept. 24 of \$12.81, rising \$3.59 per share.
3. Popular Inc. (BPPO) has achieved a return of 35.24 percent, exceeding the Birling PRSI, the Dow Jones, S&P 500 and Nasdaq, with a price per share as of Sept. 24 of \$76.17, rising \$19.85 per share.
4. OFG Bancorp (OFG) has achieved a yield of 30.1 percent, exceeding the Birling PRSI, Dow Jones, S&P 500 and Nasdaq, with a price per share as of Sept. 24 of \$24.12, rising \$5.58 per share.
5. Evertec Inc. (EVTC) achieved a yield of 19.23 percent, below the Birling PRSI but higher than the Dow Jones, S&P 500 and Nasdaq, with a price per share at the close of Sept. 24 of \$46.88 rising, \$7.16 per share.

These returns and the resiliency shown during this uncertainty period merits that investors consider adding some local stocks to their portfolios.

*Francisco Rodríguez-Castro is president and CEO of Birling Capital LLC. Think Strategically® is a publication by Birling Capital LLC that summarizes recent geopolitical, economic, market and other developments. This report is intended for general information purposes only and does not represent investment, legal, regulatory, or tax advice. Recipients are cautioned to seek appropriate professional counsel regarding any of the matters discussed.*

Weekly Market Close Comparison	9/24/21	9/17/21	Return	YTD
Dow Jones Industrial Average	34,798.00	34,584.88	0.62%	13.69%
Standard & Poor's 500	4,455.48	4,432.99	0.51%	18.62%
Nasdaq Composite	15,047.70	15,043.97	0.02%	16.75%
Birling Puerto Rico Stock Index	2,832.82	2,768.90	2.31%	38.52%
U.S. Treasury 10-Year Note	1.47%	1.37%	7.30%	0.50%
U.S. Treasury 2-Year Note	0.29%	0.23%	26.09%	0.63%