

TOUCHSTONE STRATEGY

Richmond | Goodman Wealth Management

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This paragraph will be the only one you see on the page. Why? It's because we expect that most people have so many other priorities in their lives that rank ahead of reading newsletters, blogs, letters, recaps, or opinions that you get each and every day of the year. Today, life is incredibly fast paced with a "side order" of information overload. Perhaps this explains the popularity of things like Netflix - platforms that are designed to simplify your choices via curated lists. So, in the spirit of saving you time, consider this newsletter a "curated" bullet point list of random thoughts from us that we are happy to discuss further in person or via phone...or maybe we will make our own Netflix Original Series!

- Crypto-currencies = Libertarian Tulip Bulbs. Financial insanity. Avoid at all costs. Our personal favourite? "Potcoin" – you guessed it, a crypto-currency that any *dude* can use to buy cannabis.



- Blockchain: we have no idea what it "really" is but suspect it has a role...but not now.
- 2017 Investment recap: rising markets with unnerving regularity.
- 2017 "Everything Else" recap: In a word, unsettling (Trump, climate, North Korea, #MeToo revelations, lone gunmen, Terrorism on tourists, Opioids, Charlottesville).
- 2017 Good News: there are always heroes in every threat or disaster.
- 2018 Forecast: "unnerving" remains the theme – especially in relation to global issues.
- 2018 Investment Strategy: continue to participate but with have one eye on the "exit".
- Media? The "stable genius" (his words...not ours) in the White House is right about one thing (only) – there is indeed a problem with what we are all hearing and reading...and as a result no one knows what is real or fake any more. Our New Year's resolution is to continue to be critical thinkers and understand divergent viewpoints.
- What we want for investors in 2018: Goldilocks economy ("not too hot...not too cold").



- Why? Because the markets are certainly not undervalued and, as such, they can be displaced easily by things like inflation, war, oil prices, Mueller, the end of coordinated global monetary policy etc.
- Some concerns: (1) if global central banks stop their policy of monetary coordination (see 1987) (2) Inflation somewhere which leads to (1) and: (3) the troika of Saudi Arabia/Iran/Russia geopolitics.

- If we get inflation, it will be met with higher interest rates to slow down the economy. This would not be a good omen for an already indebted consumer, short term bonds, or the stock market.
- Energy stocks – might see the light of day (finally) as a hedge against the above. We are assessing, but being patient after several false starts in this sector over the few years.
- Lower US corporate taxes: should be a good thing for spending, mergers, dividend increases and share buybacks.
- Unintended consequence of those same tax cuts...if it accelerates spending, it may lead to an overheated economy... causing interest rates to rise sharply. High fiscal spending and rising rates is not a good combination.

First Law of Economics: For every economist, there exists an equal and opposite economist.

Second Law of Economics: They're both wrong.

- Like any economist, we reserve the right - and expectation- to be wrong!
- If there is a time NOT to be a passive investor it is now, when markets are overvalued and there are stress points in the global economy or geopolitical quilt. Be nimble.
- Shameless plug...we continue to be ranked near the very top in risk-adjusted returns in Canada over the past 5+ years.
- Book Suggestions: *Empire of the Summer Moon* by Gwynne (Doug); *Deep Survival* by Gonzales (Phil); *The Hundred Year Old Man who Climbed Out The Window and Disappeared* by Jonas Jonasson (Tina).
- If you travel but don't have Nexus...get it...you won't regret it.



(...and Tina of course is already on the plane)

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