

# HollisWealth<sup>®</sup>

## "Staying Abreast of Changing Times"

### Welcome to the "Inflammation" Age

*We spend a lot of time attending seminars and listening to Professional Fund Managers, perhaps a little too much, certainly more than we would prefer because often what we harvest is not what we want to hear, -- and yet it's what we need to know in order to work in this industry today and to help our clients grow their portfolios.*

- Robertson Office

How do we say to a client, "**Welcome to The Inflammation Age?**" What is this Inflammation Age? Are you aware of it? Do you think about it?

We've never heard this period in which we live called the *Inflammation Age*, we didn't hear it at a conference, we didn't read it in a newspaper, it wasn't sent to us in an email. Why call it so, because the world is a dizzying array of many problems that are hard to keep up with and by identifying with the problem we can communicate with our clients. The world is not easy and we believe we should break the ice.

When we started writing these issues we gave our Newsletter a name -- "**Staying Abreast of Changing Times,**" and we sent our messages to you; -- on what we see, and what we have heard and learned but just as important on what you were most likely already feeling, seeing and thinking. By writing about these times it would give our readership additional thoughts as to what this world will be facing. Of course we spend a great deal of time weekly getting opinions from many professional investment managers and that study becomes our building blocks and our understanding comes from additional education, listening, and reading a great deal of material.

The simplicity of one main problem in this world today, if there is any simple way to say it, might be understood through this little story; --

"A couple are having this terrible spat, both are barely speaking to each other, and this terrible dispute goes on for longer than a week, and oddly enough one of the two doesn't even know what they are fighting about!

A week goes by and things start to thaw a bit and one says to the other, "Can we get over this? What can I do to make it better?"

And the other says, "Yes, -- it is time, we have to drop this and get on with our lives."

"So what's bothering you?"

I told you, "I didn't like the way you made Corn Chowder."

"What! We've been fighting for a week over my Corn Chowder, -- what!"

"Are you serious? That's my corn chowder, you don't have to eat it."

Well enough of that little dispute, so let's move along to more important matters, but we will come back to this little spat again in the context of Global Inflammation. The simplicity of life is often missing, what is that -- 'communication.'

Let's discuss real life things perhaps something like; "This world has a dizzying array of problems, and how naive we are to think that it will be solved by an elected body any time soon."

Trying to keep things simple in an extremely complex world is not easy. I'm sure, we would just all agree that we start off by agreeing – that the world is tough and we would have to address the families of the hard workers, the way governments spend money, governments balancing various budgets, an ever increasing debt, reducing taxation and on and on. But I believe we would agree these problems are bigger than all of us and that's not your job or mine.

Identification of a problem can be very straightforward when we become aware of it (we have to identify with it). We have to see the change. Something as simple as; "Why have we had near zero interest rates, and why are some countries adopting negative interest rates?" Are these signs of economies limping?

If we don't think we are living in an Inflammation Age we might give some thought to World Headline news; - Oil Prices Have Crushed Every Major Oil Producing Country in the World (think about the cost to Canada and Australia, Saudi Arabia, and Brazil), also (consider) there's more going on everyday than the human mind can manage. Just yesterday's Headline News (April 18th, 2016); – Turkish Streets Turned Into Battlefield, (and another), Russia Denies Wrongdoing After Jet Barrel-Rolls Over U. S. Aircraft Carrier, (another), Japan Earthquakes - Dozens Dead and Aftershocks Slow Rescue Efforts, (Announcement) MSCI Emerging Markets Index jumped 20% from mid-January to mid-March and this kind of jump has happened less than 3% of the time since 1988, and (Announcement) China Is Slowing and The World's Financial Leaders Worried (about China's decelerating economy).

Similar Headlines are normal everyday of the week. Our point, "If this news was about a person they might have started to eat better, would have taken in more fresh air, taken a quiet walk in a park, would have visited a doctor, perhaps would have had medical tests, an MRI, and so on. Any person experiencing massive inflammation, whether internal or external, would have come to a period of concern.

Do you feel that is being done? Is the world addressing debt, reducing costs where they can, working at trying to reduce taxes? Think about this; "What we read each day goes on and on everyday, continually." Is there anything a person can do?

We might first consider what's inflammation?

Inflammation is a word used in the health industry and to all of us it means; swelling, tenderness, redness, soreness and infection. What's interesting is when we look at the word inflammation and place it in the context of our society today it's different, it means provocative, incitive, explosive, demagogic, and emotional. Look up synonyms for inflammation – you just wouldn't believe the words – they are not all to do with health! A doctor looks at your arm and he says, "Look at the redness of that arm, -- you have an explosive tissue-issue, and a provocative elbow." You'd go home and your wife might ask, "So, how did you make out, what did the doctor say?" And you say, "Honey I have an explosive tissue-issue." After a few days of consoling one another your wife asks, "So what does this explosive tissue-issue mean." "Honey it means I have inflamed skin on my forearm."

The first thing you think of if one word was heard – "Inflammation," would be this soreness, and redness, and perhaps a skin issue. Of course, inflammation makes you think in terms of health; a sore back, inflamed tooth, an irritating rash. But look up the synonyms and you might say, "Hey those words sound like the world we live in – it doesn't make me think of a health issue (provocative, incitive, explosive, demagogic, emotional) it looks like our world issues."

Think, if the world were to spend as much time and money on sound management as we do on Health Care would things be different? Answer – not likely! Why? Because we do not call out and address country woes as inflammation. Really! Yes, we are already spending that amount of money. It's not the money we are spending – we said above, "**Identification of a problem can be very straightforward when we become aware of it (we have to identify with it).**"

What's the antonyms to inflammation? Well let's look at those words; – “calming, pleasing, placating, gentle, excellent, fantastic, soothing”! Not all these words have to deal with health or at least most would not think so. Can we lump gigantic World Debt in with weather change, massive snow storms, hurricanes, with zero return interest rates, with rising prices, with falling incomes, massive regulations and falling currencies all into the same pot? Of course we can, if we name the pot. We think it's straightforward – let's call it for what it is - “Inflammation.”

If a body walks into a doctor's office and it has a head cold, broken toe, a sore finger, a bad back, a bad tooth and can't sleep there's one thing that – that body has that most can identify, it's called; inflammation. Inflammation going on everywhere.

So let's go back to the Corn Story – did we see in the story inflammation? Yes! Did we see the synonyms; emotion, explosive, provocative? Yes, we could see all of that. Did we see the (potential) antonyms; calming, pleasing, placating, gentle, and soothing? Did we see the solution? What's the solution?

Communication!

When you see inflammation it's often emotional and emotion can often create more inflammation. But in this Inflammation Age the world cannot be your target, you've got to identify with what the world is doing, -- and/but realize you cannot fix. It's (the world) standing there like that body in the doctor's office with inflammation everywhere – it would be easier for all of us to become doctors to some degree than to be a great leader in today's world hoping to fix it. And you can see it (this inflammation) daily on the front page of any world newspaper

And we see headlines 10,000 people every day in the USA (average per day) turn 65 and this will continue for the next 17 years (per day) as Baby Boomers age. And we see zero return on interest rates and now negative interest returns, and we see an oil economy challenged by increasing supply and costs falling. How can we lump all this together? It's called “Money.” The world is not cheap. (Source Pew Research Centre) <http://www.pewresearch.org/daily-number/baby-boomers-retire/>

To get out of this inflamed world we would have to go back 50 years or possibly forward 50 years and maybe we would (or will), but we have to deal with the here and now. So, what do we do? What should you do?

It's tough – each of us has this world to deal with and as fast as we get through one Day's Headlines, -- well there's another day upon us. Again, it's like that body standing in the doctor's office and it starts to leave and it notices another problem.

Professional Investment Fund Managers have issues everyday to deal with – and using health as an comparison let's say, you have a bad back and you go to the doctor and he asks, “How's your back today?” And you're really excited, you're on top of the world – your bubbling and screaming **absolutely** fantastic, incredible, I'm free of all pain. The next day your wife asks the same question. You're looking at her – you cannot even get your feet to the floor and you say, “I'm croaking.”

On any given day there's always something that is imminent; -- something will happen.

As for investors they must stay diversified and that's what we do, we provide you with professional managers with different skills, and different styles, and working in different locations and investing in different asset classes in different areas around the world. We help you select managers, and asset classes and we are there to explain why this asset class and why not that asset class. We are there to help you plan and guide you along a difficult path.

Investing isn't just about money – it's about the future. The path towards the future for most people today is not easy, and will get more difficult – this Inflammation Age will require skills that will require the ability of huge companies with experienced staff and skilled professional money managers. Why?

We see in the Inflammation Age governments will need more taxes and – rates will be low for many years. If we all get lucky things will get better worldwide but if so we would expect professionals managing portfolios to do extremely well, and if things don't change and the Inflammation Age drags along we believe we can say with great certainty investors will do better with a well diversified portfolio under professional guidance.

We believe the world's transitioning faster now, and during this transition markets will move up and down and many professional managers will be in and out of cash, they are not emotional and sometimes they will sit on cash waiting for a buying opportunity.

Of course, we constantly meet with our clients in person or by phone or Skype. You can call us at any time – or we will be calling you as per your schedule. We appreciate working with you, we know people today understand a lot about this world and what's going on, and what they don't know is what direction this world will take, but who does? Be certain there are many professionals available to us to provide you with the answers you need.

This is a long note, so I will finish with this thought. Money is losing the battle – costs have been rising and they will continue to rise, money is losing its' value. Against what? Health Care, food, transportation, refrigeration, distribution of goods, maintaining a life, and everything we do – all the services. This is why investing in ownership of companies through professional management is so important.

If there was one era that we have to identify with it's the Inflammation Age, and we have.

Enjoy the summer, knowing that there are millions upon millions of people in this industry dedicated to helping investors find a solution so investors can get through Global Inflammation. Can they fix the problem – not a chance, ever. Can they identify the problems? Faster than you or I can blink. By the time you awake in the morning they are already on it.

**“Identification of a problem can be very straightforward when we become aware off it and we identify with it.”** A manager that is managing One Billion Dollars, or an investment fund company that is managing Hundreds of Billions are prescriptions for this sickness; -- Global Inflammation. Combine this with sound diversification; – gold funds, precious metal funds, global and Canadian funds, alternative yield funds, etc... meet with us to discuss adjustments from time to time.

Enjoy the summer and know that while zero and negative interest rates are new words to all of us and that currencies are losing value and inflation is the cost of such (know) all inflammation in our society creates investment opportunities, it forces companies to come up with new investment ideas.

As they say, “Give thanks in all things good and bad.”

Gary & Dixi

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