



# RBC Wealth Management Dominion Securities

## INVESTMENT & WEALTH MANAGEMENT

*Today and for the Next Generation*

**With Nick Foglietta**

**May 01, 2017**

## Wolf Trap

Sorry to introduce another animal into your investment lexicon.

These pages speak of BULLS and BEARS and even PIGS sometimes! This week I want to consider the “Wolf Trap”. (Hat tip to Ben Hunt article in January 2017)

The illustration of a wolf trap on the following page is from *Le Livre de la Chasse* (c. 1407). An entire pack could be captured by laying a blood trail through a one-way wicker door in a circular fence built around a central pen with a scared, bleating sheep.

The design ensured that individual wolves could not see each other until it was too late, each wolf believing that it was on a uniquely rewarding path.

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**“If you want to  
keep a secret, you  
must also hide it  
from yourself”**

**-George Orwell, 1984**

### Tactical Equity Income Model Portfolio Record

#### Tactical Equity Income Model Present Conditions:

TEAM Model Asset Allocation: 50% stocks 50% cash  
S&P/TSX 60 Closing Value: 15,586  
TSX 200 Day Moving Ave: 15,111

% Above/Below 200 Day Moving Average: **3.10% Above**

Levels for change: to 100% stocks - **TSX 15,866** and 100% cash at **14,355**

### In This Issue

- Wolf Trap
- Personal Financial Planning

# Wolf Trap

Ok Nick, what does a 600-year-old wolf trap have to do with money and investments?

Nothing directly...but it has a lot to do with how our “wired up world” impacts our decision making process which, in turn, impacts our spending/living habits, which has a huge impact on our investment markets (both in the things we consume and the things we invest in).

First, look at the sources of news reporting relied upon by most people in 2017.

The days of fact checked, condensed, headline news reported in newspapers and evening news broadcasts are long gone.

Social media posts and 24-hour news programs dominate the average person’s consumption of news. Even the remaining evening news services are filled with social media generated headlines meant to hold your last shreds of attention.

What was once an industry more or less based upon headlines and facts is now filled with “fake and fiat” stories that have ulterior motives to influence you in certain directions.

As an information consumer with an incredible amount of choice where you take your news from, you are likely drawn to a news source that agrees with your biases.

From there, the news source will likely move your biases further away from the “news center line” in order to make you feel better about your biases and maintain you as a consumer of their product.

So where does this process lead us?

My only comment is I believe fake/fiat news has only just begun. If you think we live in a world of “*factually-challenged news*” today then keep watching...we are only scratching the surface<sup>1</sup>.



My second point calls out the dystopic nature many of the largest tech companies have embraced.

Facebook, Google, and Amazon are all examples that are working hard through “big data mining” and other sources of privacy invasion to change the way you think and live.

I know, I know...if you don’t want your actions and preferences exposed to The Controllers, don’t use Facebook.

But in the same way that there were lots of once trustworthy news sources that have now moved to the “dark side” of fiat and fake news to garner your loyalty, there are lots of Facebooks too.

To make it more challenging, Facebook and Amazon and Google are getting harder to avoid and better at what they do.

Each of these companies has designed a wonderfully effective Medieval wolf trap—complete with blood trail and bleating sheep—to lure all of us wolves into the pen, and I’m certainly no exception to that.

It’s brilliant, really, even if horribly depressing, so let me wrap what I could wax on about for pages.

Please be careful about where you take your news from. If something sounds poorly grounded or biased to change your mind...do some further research to get a better grasp about what other sources are saying.

Also, be very careful about your online activities. The sophisticated methods of invading your privacy are intensifying. If you have no idea what the hell I’m talking about, then you need to be extra careful!

Your search inquires and online habits are creating the online experience you have whether you like it or not.

If you want to do a little test try this:

Search “best retail price for a Jeep Grand Cherokee” for three days running and see what advertisements start popping on your computer. And that is just the beginning...be wise!

<sup>1</sup> The original article that got me thinking about this process used the example of Gresham’s Law and money to project the future of news flow. Gresham’s Law states that “bad money/ investment” will ultimately drive out and displace “real money/investment”. The same process happens with fake/fiat news: Once a person starts to doubt the authenticity of news, all news is viewed as fake/fiat...even the truth.

# Personal Financial Planning

Since setting the goal to be more conscious of the financial planning side of the investment business in November, I have completed 24 moderately in-depth individual financial plans with clients.

What is interesting is that I have found about half of you I have approached about doing a financial plan have felt that it is not something you want to pursue. Since it requires you to do a budget that you are committed to stick to in order to make the plan worth the paper it is written on, many have said they are not willing to introduce a budget into their lifestyle.

Fair enough and I really do understand that logic. But in a number of these cases a “*financial plan lite*” rough estimate can be done and where it really makes a difference is in your Estate Planning considerations.

Now that May has started and tax season has ended my time frees up once again. If you think you would like to do a moderately in-depth financial plan or a financial plan lite with me please give Megan a call at 250-729-3226, to set up an appointment.

## ***Wealth Management in Nanaimo, B.C., Canada.***

### ***Nick has been managing money since 1988.***

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