

## Mark Collinsworth

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**From:** Vere Global Private Asset Management <info@vereglobal.com>  
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**To:** Mark Collinsworth  
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### Vere Global Weekly Commentary - 26 August 2019

#### **Deep Blue Sea**

In the movie "Deep Blue Sea" (its about scientists that genetically created several sharks that are smarter than Albert Einstein), there is a scene where the last shark is on the verge of breaking through a fence and swimming off into the "Deep Blue Sea" and the remaining survivors don't know how to stop it. One of the scientists says, "she might be the smartest animal in the world, but she's still just an animal" and the scientist intentionally cuts her hand and jumps in the water. Of course the shark immediately stops trying to escape and instinctively goes after the scientist.

You are probably wondering what this has to do with investing. Well, we are essentially animals and we have certain instinctive traits that we follow. Let's elaborate. Back in the 1930's everyone thought that the generation of young adults were too irresponsible to be dependable hard working adults. The teenagers of those days were looked down upon. They drank (it was Prohibition), they were called flappers, and lets not even discuss that scandalous dance called the Charleston.

That generation went on to survive the Great Depression, win World War II, and that generation today is referred to as the "Greatest Generation". The point here is that once they grew out of their rebellious, young adult years (as we all go though), they started buying homes, having children, buying cars, etc. That generation created a huge economic boost to the economy when they entered their early 20's and 30's.

#### **Still don't see where this going?**

Today's millennials are very much like the young adults of the 1930's, they appear to be too unreliable to be productive adults. Guess what, the first group of millennials just entered their early 30's (they are a little slow getting started) and they are doing something everyone else has done. They are buying cars, homes, entering their long-term careers, having children (that's a big economic boost), etc.

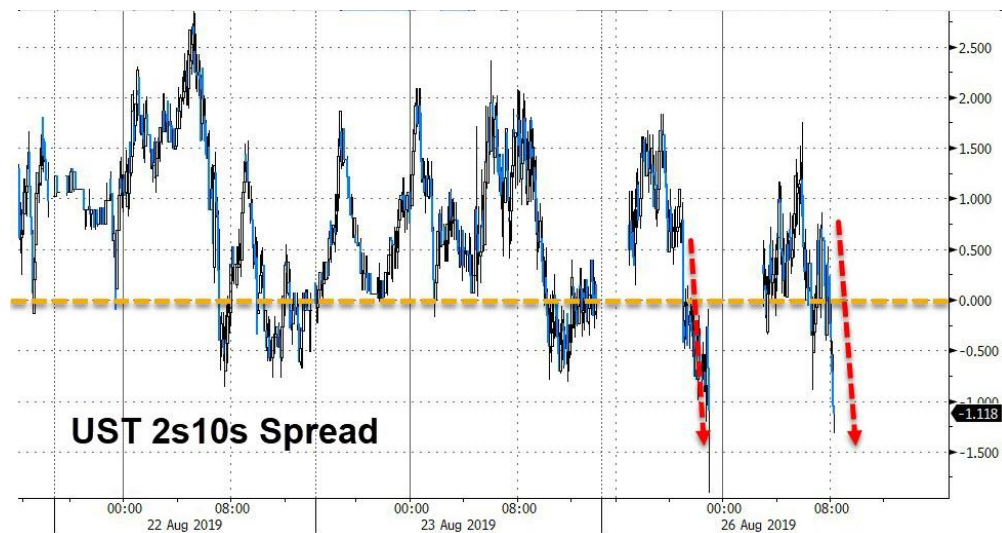
Now it is not a coincidence that one of the best phases of the US economy (and stock markets) started the same time the baby boomers entered their productive phase themselves in the early 80's. Let's not forget there are about 10 million more millennials than baby boomers at this time. The point here is what things would you have invested in if this had been 1980 getting ready for the coming spending book of the baby boomers: financials, home builders, retail, technology (not the fun stuff, but the work related technology. Think Microsoft in 1980). In summary, we all have natural instincts and it is hard to deny those instincts.

### **What does that all mean?**

Well this past week all you heard on TV was the gloom and doom of the yield curve, trade war, recession talk, political uncertainty, etc. Basically the same headlines you would have heard in 1980. In other words, "don't let the trees block your view of the forest". Yes we might have a recession, but no recession has caused a zombie apocalypse to materialize and if you listen too much to those guys on TV, you would think the end of the world is just hours away. So stay calm, don't panic, and if you feel down, call your financial advisor and do a quick 5 minute review of your goals.

### **Look at that!**

The yield curve inverted again and the stock market is up 200 points. A few weeks ago it inverted and the market fell a few hundred points...go figure.



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