

INSIDE THIS ISSUE:

The Grecian Formula
Effect of Social Changes
Long Live Health

KEY TAKEAWAYS

- ⇒ *The future of Greece and rest of Europe and how immigration will play a role*
- ⇒ *Recent swift social and societal changes in the U.S. will not be much of a boon to the economy and could do more harm than good*
- ⇒ *Stock up on shares of companies stocking police departments*
- ⇒ *Health and wellness are going to be even bigger industries and joined by human services mi-*

THE MAJOR INDICES

<u>Index</u>	<u>Close</u>	<u>2015</u>
DJIA	17596	-1.3%
S&P 500	2057	0.0%
NASDAQ	4958	4.7%
Russell 2000	1247	3.5%

(figures are rounded)

FOUR INVESTING THEMES FOR THE FUTURE

Folks, once I saw Sunday evening that the market moves Monday would be dominated by the events in Greece, I elected to delay The Goldman Guide by a day so as to keep the focus on the European country.



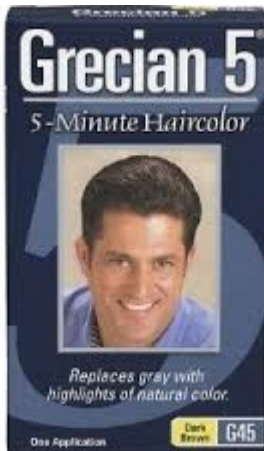
Last week, we noted our concern that the potential economic collapse in Greece could soon roil markets and it certainly did yesterday—and we are not done yet, in our view—and not just because of the Greek crisis alone.

While the changes in play in Greece are scary to witness on TV, change is usually regarded with optimism even if it is peppered with caution. Change on a grand scale comes along every so often with small blips occurring here and there just to add some spice to our lives.

As we arrive at the midpoint of the middle year of the current decade, we are beset with serious economic crises abroad and at home. At the same time, the theme in which Barack Obama ran for President in 2008, “Change”, has hit the American public with a full frontal assault that will shape the U.S. for years to come.

The net result is that for all investors, there are now 4 themes in play that must be accounted for, in order to generate positive future returns. Some of these themes are obvious while others are hidden. Still, their future directions are the key to our paths of success for the next 10 years.

Four Themes (cont'd)



Warning: The themes below are sometimes controversial, funny, in bad taste, contain rude language and point out unadulterated truths. They may not be suitable or appreciated by all readers.

Theme 1: The Grecian Formula

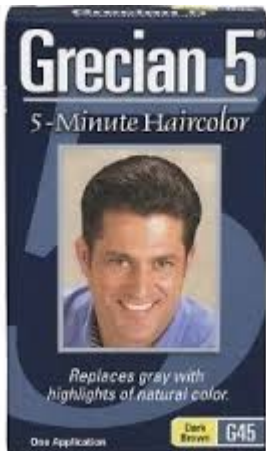
Years ago, you could not turn on a television and watch a male-focused program or sporting event without viewing an ad for a hair coloring product known for its success due to *The Grecian Formula*. The product served as a temporary aid for men who wished to turn their grey or white hair dark so as to appear younger and more vir-

ile, even though the chickens would eventually come home to roost. So, even though the concept was a short-lived sleight of hand that pushed the reality of one's age years into the future, it was used by millions.

And that isn't even the worst Grecian Formula. At least that was funny. The worst Grecian Formula was recently designed by the stupid f***ing bastard politicians in Greece, and the enablers in the EU, and the U.S. With an economic system that has been broken for years and reliant upon a socialist economic structure heavy on entitlement program for its citizens and a stifling of any creativity or productivity in commerce, is it any surprise Greece is collapsing—again? (How many times in the past three thousand years?) Hell, the nation and empire that gave the world the arts can't even give us farts.

We, the world, had a chance to force a "systemic fix" on this nation a few years back when their imminent collapse rocked markets around the globe. Instead, the politicians dyed their white hair black knowing that eventually it would wash out, leaving everything old and sick with the same problems, or worse ones. It is sad to see the run on banks, and food hoarding while the sovereign state stupidly digs in its heels against its creditor nation peers. It doesn't take a Ph.D. in economics to see that an economy is f***ed when unemployment goes from 13% in 2010 to 25% in 2012 with no real change since. Add in a 30% drop in GDP since its peak in 2009, ridiculously high guaranteed pension rates, unwillingness to curb key spending, changes toward an unfriendly business environment and you have the mess today.

Four Themes (cont'd)



Make no mistake, the rest of Europe isn't exactly on solid ground either and other nations will be directly and indirectly impacted by the current crisis. The current EU unemployment rate is 10% and countries like Spain are saddled with a 22% rate of unemployed citizens.

The lesson in Greece, which the far-left radical government ignores, is that a lifestyle and culture that made let its older citizens cruise at the expense of its younger ones does not work. Moreover, with an economy led by tourism and shipping, and little entrepreneurship, it is now in major doo-doo.

Tourism is bound to be hammered and any hiccups in shipping (Greece accounts for 15% of the world's shipping) would affect global commerce. Thinking of bottom fishing? Don't. The risk is too great, for now. Eastern European nations are better plays.

Theme 2: 21st Century Immigration Sucks

As a first generation American on my mother's side, I am proud to say that I am a product of immigration. History is replete with waves of successful immigration of people from one nation to another. Unfortunately, immigration in 2015, is not your father's Oldsmobile. It has the makings of a global mess and we already see it across Europe.



Regime changes in North Africa have prompted waves of immigration in Europe and has contributed to unemployment rates among youth to 53% in Spain, 49% in Greece, 44% in Italy...you get the idea. Host countries do not have the infrastructure to support new immigrants, culture clashes abound, and lack of education impedes meaningful employment. Eventually the ship could be righted but it needs infrastructure changes.

Four Themes (cont'd)

Clearly, immigration has made difficult situations worse and EU nations will start to see Greek refugees soon. Here in the U.S., the topic of immigration is hotly debated. Of course, we have different hurdles to climb in terms of numbers, strains on specific regional economies, crime, general availability of low-end service related jobs for those with limited education and new systems in place. Still, the governmental infrastructures are untested and already stretched.

Our great nation was founded by political refugees and later by economic refugees of varied cultures but markedly similar educational backgrounds offering a surplus of options and available assets and opportunities. That is not the case today. Like Europe, success could occur, but as George Will once said to me in 2000 about the Baltimore Orioles: "Expect a decade of pain."

Interestingly, the a large-scale immigration initiative can be executed with big time success. In the mid-1990's, after the fall of Communism, Israel absorbed an immigration population over 5 or so years that was equivalent to 25% of the nation's population. It was akin to the U.S. swallowing Canada's citizens in 5 years. What happened?

Economic reforms, business-friendly programs, well-thought out settlement and assimilation initiatives, prompted a total shift in the nation's economy and it has thrived ever since. It didn't hurt that in a country lacking natural resources, the influx of highly educated immigrants were quickly net contributors rather than net negatives to the economy.

Now that we are the second largest Spanish-speaking country in the world, we need to embrace Spanish and Latin culture, their spending habits, communities, etc. It is not rocket science and the good thing is that it has not happened overnight. After all, salsa replaced ketchup as the number one condiment in the U.S. years ago. This country's government and many citizens have voiced an anathema to racial profiling but has lauded investment in infrastructure, opportunities, products and services to specific cultures in America. The ties to Latin American and now with ties open in Cuba a rejuvenated subset of our economy could prove to be lucrative over the next 3-5 years, even if our health care and governmental infrastructures buckle under the pressure of new service offerings to substantially greater numbers of people. The net? We will have to pay dearly through higher federal and local taxes and fees to accommodate the new citizens but investors can make it up via directed investments.

Four Themes (cont'd)

Theme 3: Social Changes Cost More Than Dollars

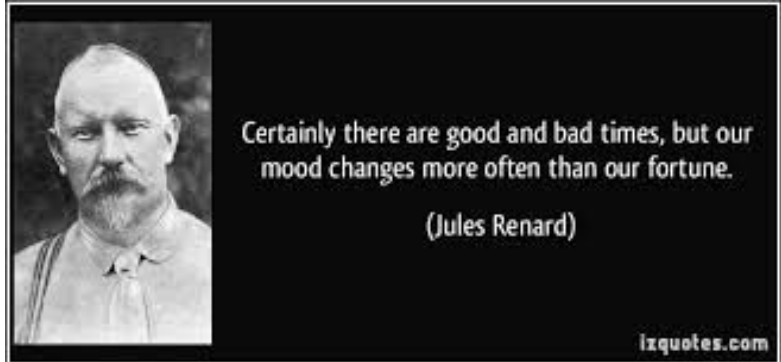
Democrats are still hungover from partying last weekend. Republicans are still crying in their beer. Both sides are happy they don't have to see Donald Trump's ass on TV much anymore. As usual, on the surface, recent landmark events appear to be awesome and a sign of progress. Instead, I am reminded of the old adage: "Be careful what you wish for." Let's look at the changes ad seriatim.

Same Sex Marriage

I do not purport to be smart enough to know how or why small special interest group causes has gained so much power in recent years. I saw a poll a month ago asking Americans how many identify as homosexual. Most said around 20%. I knew from work tangentially in the area that the real number is likely no higher than 5-7%. But with shows like Modern Family and the advent of pop culture we have been programmed to believe it is a higher number.

So, from the financial perspective, I believe that any numbers you read that project big financial windfalls from the same sex marriage approval is overblown. Obviously it will have an impact on insurance companies, but that doesn't mean an increase in business as coverages merely shift. Perhaps an increase in wills ad estates and adoption rates occur, but I don't see a big jump in weddings and related services. As a result, I do not think that there is a way to play this new phenomenon. In case you were wondering about my opinion on the matter, I refer to a great joke I heard a few years back.

I am 100% pro-same sex marriage. Why can't homosexuals be as miserable as the rest of us? (See Glory Johnson/Brittney Griner.)



Four Themes (cont'd)

Confederate Flag Removal

Ever since the racially motivated massacre in the Charleston church two weeks ago, the attacks on the Confederate flag have occurred in earnest. I live in Maryland, technically a southern state, but I have no attachment to the flag at all. For blacks across America it is a symbol of slavery, oppression and cruelty. News flash: It has been this way for 150 years! Every few years you would hear people protest (ironically in South Carolina) the flag but then it would quiet down quickly. In fact, it was a non-issue just months ago.

While it is offensive on one hand it has served as a cultural symbol (having nothing to do with slavery per se) for millions of others. If the government and the nation's citizens at large have laid silent for all of these years on the matter, isn't it an overreaction to remove them—from everywhere?

Folks, we have been walking along a slippery slope for years and now we have officially reached the point of no return. We are engaging in social change at a breakneck pace with wanton disregard for history or ramifications of such actions which serve as divisive forces in this nation and do not contribute to it economically. Moreover, if you find yourself on the wrong side of the coin, you are branded a heretic in vociferous and vicious ways. Let's look at these issues a little more closely.

Nicknames: College and professional sports team nicknames that have an American (Native) Indian correlation have been banned as they have been deemed offensive, with the exception of Seminoles, Blackhawks, Braves, Redskins (could be next). The group of progressives that have pushed for the bans profess to be accepting of all opinions and beliefs yet angrily brand traditionalists with ties to the names for decades as racists.

Free Speech Suppression: Right after the same sex marriage verdict breezed through the Supreme Court, a newspaper editor proclaimed that since it was now a "national law" this publication would not publish an opinion in its op-ed pages that ran counter or against same-sex marriage. WTF? A newspaper suppressing free speech? Just because the Supreme Court gave its blessing doesn't mean shit. I can still write an opinion piece for or against abortion, the death penalty, drugs policy, health care. Once again, if you are on the wrong side, you are vilified and branded with a 21st century scarlet letter in the name of social change.

Four Themes (cont'd)

Your Beliefs Are At Risk

We touched upon this earlier but did not point out the scariest part of the outrage when we highlighted the Confederate Flag fury that has taken the country by storm. Americans are cheering when the flag is removed, lawfully or unlawfully because it is a symbol that offends. Now students and citizens have launched petitions and initiatives to remove the American flag and a George Washington statue which they believe are offensive because of what they represent to a minority of people in and out of the country? What?? Should we fly the ISIS flag instead? Perhaps we fly a flag illustrating newly immigrated same-sex wedded partners becoming citizens and burning a Confederate flag.

We are a nation founded on free speech of ideas and the freedom to gather together to celebrate our beliefs. Progressives laud all of the special interest group appeasements and broad acceptances of late. Here is the problem. If one small group can gain a viral groundswell of support in the name of oppression at the expense of others and the original symbols or beliefs are branded heretical, it is open season on everything.

Years ago, atheists got the phrase "under God" removed from the Pledge of Allegiance. Then they got the flag itself removed in certain places. Who is to say that a cross or a crucifix or a Jewish star doesn't become the next offensive symbol and a new rally is started for its removal. It is no secret that it is open season on religion but the bottom line is that even when these small groups believe in and support each other in disparate changes and new rationales, clashes will occur.

It happened yesterday when a BlackLivesMatter rally disrupted a Gay Pride parade. Who wins this battle in the press and among the public at large? If I say that black lives matter and that cops should not kill unarmed black men am I now a cop-basher and a gay basher because of this event? Why is everything mutually exclusive?

All of this social change has done is temporarily unify minorities of people on a narrow issue until something else comes along. Regardless, they vilify those with differing opinions as if we were in a fascist regime. This problem will not be solved today. We are merely firing a warning shot. Given these situations and with the open season on unarmed black men as well as attacks on cops, investors would be wise to buy shares of companies that outfit the police and citizens with cameras, weapons, etc.

Four Themes (cont'd)

Theme 4: Long Live Health, Wellness, Recreation, Automation



I went a little overboard on the last section but this will be short and sweet, especially since we are producing a piece that will go over more on this topic at length. Anything in the health and wellness spaces are going to have tons of money flowing to them for years. Here is why:

We are living longer and that means we pay more for health care products, including drugs, devices, services, etc.

Millennials are very health conscious (of course they have a big role in the social changes we outlined earlier too.) This fact will have an impact on food (they eat healthier than baby boomers at this age and are more active.)

Immigrants will put a strain on our health care system but also drive it meaning health care stocks are winners.

Millennials and Americans in general love their recreation. After all we are all about self and being happy via instant gratification. Money will be spent on all kinds of recreation that can include restaurants that are in vogue as well.

Separately, some high-end service industries will go the way of low-end service—they will be automated. Anything that represents this type of progress—transportation, delivery, finance, military, software replacing humans, etc. To be sure, some low-end service jobs will still remain, but be highly localized. So, stick with the high level groups for big gains.

Have a good short week!





The Goldman Guide

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