

# PETERSON FINANCIAL SERVICES

Limited Liability Company ♦ Registered Investment Advisory Firm



FINANCIAL  
FOCUS

*WE'RE AT A  
SCARY  
TURNING  
POINT IN  
HISTORY WITH  
SOCIALISM  
GAINING  
ACCEPTANCE.*

## **In This Issue:**

- Quarterly Market Recap
- Socialism doesn't create wealth – it only redistributes the wealth created by capitalism away from the true earners of it to others.

## **First Quarter 2019**

April 1, 2019 – No foolin'!

### ***QUARTERLY MARKET RECAP***

Just as dramatic as was the 4Q market dive, was the 1Q rally. It was the best-performing first quarter in ten years. Rarely will we witness movements this dramatic essentially return to their previous position in such short periods of time. A roughly 25% round trip in a few months is nerve-wracking. For the 2019 first quarter, the DJIA rose 11.15%, the S&P 500 gained 13.07%, the NASDAQ rocketed 16.49%, and the small-cap Russell 2000 added 14.18%. Foreign equities also recovered by 9.33%. The Fed realized its mistake (see last newsletter) with regard to its expected course for 2019 and back-tracked all scheduled 2019 rate increases, confirming that again last week.

The Barclay's Aggregate Bond Index also gained 3.10% with stabilized rates. The financial press is not calling the decline a bear market, classically defined as a 20% drop, because while the S&P 500 lost that much from peak-to-trough in intra-day trading, it only closed down 19.8%. However, with many other indexes logging losses from the mid-to-high 20%s, we're willing to say we dipped into bear market territory. And that would mean we aren't continuing a 10-year-old bull market, but rather, we've started a brand new one. As we stated in our Commentary on our website, we do not see an economy headed toward recession, which is why we rode this through.

### ***IN THE FACE OF ALL EVIDENCE TO THE CONTRARY MANY PEOPLE FAVOR SOCIALISM OVER CAPITALISM***

We wish this was an April Fool's Day joke, but it's not. Decades of media bias and education establishment brainwashing have led to ignorance of factual history and put a new crop of leftists into positions of policy-making power, which we will live to regret.

The 2020 presidential election cycle is already in high gear, with a large number of contenders vying for the position of "Controller-in-Chief". We're hearing calls for a 70% income tax rate, a wealth tax (our long-time clients have heard us warn that this was coming), a guaranteed income, a national \$15 minimum wage, a Green New Deal, full-blown socialization of health care, open borders and the abolition of ICE, the elimination of the Electoral College (one of the most brilliant devices our Founders gave us), dictating who is on private corporate boards, and many other government power grabs. Apparently, the lessons of the Cold War and a century of global socialism's failures is lost on many in modern society.

Polls indicate more favor toward collectivist command-control economies than free ones in certain demographics. We suspect many

of these people think that socialism is Sweden, like Sen. Bernie Sanders asserted. But as the Swedish Prime Minister corrected him, they are a capitalist social welfare state; something entirely different, which would not even work in American society as well as it does there for cultural reasons too involved to delve into here. No, if you want to know what socialism is, look not to Sweden, but to Venezuela, Cuba, and Zimbabwe. That's how it ends up.

The slate of announced Democrat contenders for president have recently discovered a new threat to the American way of life: billionaires. Alexandria Ocasio-Cortez said, "Do we live in a moral world that allows for billionaires? Is that a moral outcome? No, it's not. It's not. It's not. And I think it's important to say that." Take in the irony of this statement. "Do we ... allow ..." as if only the benevolent politicians have a right to decide if a person should be allowed to keep the legally and justly earned fruits of his labor – something they had no hand in creating and do not own! Apparently, them stealing it from the owners would be the moral thing! Her policy advisor followed up with, "Every billionaire is a policy failure." What policy would that be? One that allows us

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to be free? Elizabeth Warren, Bernie Sanders, Kamala Harris and many others have said very similar things. Here's the correct answer to her two questions: Yes!!! It's called *freedom*, and economic freedom is the distilled definition of capitalism. Capitalism creates wealth, and if a billionaire makes \$1 billion or \$10 billion, it in no stretch of the imagination detracts from the income or wealth each of the rest of us has. Each of us earns what we earn from the application of our own efforts. No capitalist billionaire forced any of us to engage in the commerce with him or her that gave them their wealth. In free markets, every transaction is voluntary and that means if we buy something from a billionaire it's because we think it will be a good thing for us! Do we want to outlaw Amazon just because Jeff Bezos is the richest man on the planet? Would that make any of our lives better or put more money in our own pockets? This thinking is beyond idiotic – it's dangerous because we're at the inflection point of actually acting on this lunacy, thereby losing our freedoms. As economist Walter Williams states, pleasing others is the misunderstood profit motive. It is in the quest to provide something others want enough to be willing to pay for it (pleasing others) that rich people earn their wealth. Capitalists seek to discover what people want and then produce and market it as efficiently as possible as a means to a profit. If you don't want it, don't buy it. It's the only mechanism by which economic advancements have ever been made. It's both just and moral.

The fact is, these wealthy people earned their money by making things the rest of us want. How is that bad? How is it bad that so many of

us wanted so much of it that they got really rich? Why do we care how much money they have? Why not just concern ourselves with our own situations? Because, at the heart of this thinking is envy, greed, and an innate desire to control others.

We've ceased even asking fundamental questions as to whether some of us has a moral claim to another's property. Who do these people think they are that they are to be the arbiters of how much property others should have? What right do they have to make decisions to take another person's property so they can decide how it is to be allocated? When in history has that ever worked and how is that morally defensible? When did we get to the point in our history when we've given up the right to make our own decisions about our own property in deference to the non-producers representing the government? When will these peoples' insatiable greed for the property of others be satisfied? Do any of them think there is any limiting principle to what the government under their control should involve itself with? Apparently not. Do they own you?

We don't have space to go into the reality that it's these billionaires who fund foundations and charities, provide jobs and wealth for millions, and provide the innovative services and products that enhance and extend our lives. What similar benefit to mankind can these politicians claim? But even if this wasn't true, they still have a right to their own property simply because it's theirs and not someone else's. If we allow a changing of the fundamentals of the entire economic system that has uniquely created the highest standard of living society ever, we can kiss it all goodbye.

*"Sometimes, the first duty of intelligent men is the restatement of the obvious."* - George Orwell

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*Pursuant to SEC Rule 204-3 (C) of the Investment Advisors Act of 1940, we hereby offer, without cost, a copy of our "Disclosure Statement", Form ADV Part II, which is the document attached to your copy of our Service Agreement. Please e-mail us, or mail us, a written request if you'd like another copy and we'll send it in February after we update our annual filing. Also, in conformance with Regulation S-P of the Gramm-Leach-Bliley Act, we are required to provide annual notice of our Privacy Policy. Our policy is posted to our website, and is mailed to each client.*  
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## ABOUT PETERSON FINANCIAL SERVICES, LLC

As an aside, we wish to remind our clients of our various services. While we've specialized in portfolio management over the last several years, we continue to provide financial planning and insurance services. Longtime clients may have forgotten this, and newer clients may not be aware of this. Additionally, we build our business through referrals, and much appreciate them. Please keep us in mind as you come across friends, family and colleagues who might benefit from our financial services. We appreciate your business.

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*Financial Focus is a quarterly market letter published by Peterson Financial Services, LLC, a Denver, Colorado Registered Investment Advisory Firm specializing in investment portfolio management and financial advisory services.*