

# The Carnegie Counselor

THE CARNEGIE INVESTMENT COUNSEL NEWSLETTER

SECOND QUARTER 2016

## America the Beautiful

On July 4th we celebrated the 240th anniversary of our independence from the tyrannical powers of Great Britain. Ironically, a week earlier the citizens of Great Britain voted to free themselves of living under the dictates imposed upon them as members of the European Union. Despite many polls suggesting UK citizens preferred to stay, the leave vote won the day primarily from the working-class tired of not having their say

The winds of change have been blowing around the world and populism has gained momentum. While developed with the best of intentions, the European Union quickly evolved into an overreaching bureaucratic authority. No longer could member nations self-determine trade agreements, movement of capital or who could enter their country. A precursor to the UK vote was Switzerland voting in March to permanently withdraw their application for EU membership preferring to remain independent. Even in our own presidential election there is common dissent against the current government regime. This isn't a left or right issue; it is a right or wrong issue and America has consistently been on the side of what is right.

In a speech at Georgetown University, U2 lead singer Bono stated that America is not just a great country, it is an idea that has become self-evident to the rest of world. The idea that all

people are created equal, that life is not meant to be endured but enjoyed, the idea that if we have justice and rights, we can fulfill our own destiny. America was the first country to proclaim these ideas within the laws of the land and they have spread throughout the world. It is said the United States has a bit of the entire world within her borders as a nation of immigrants, but the world has an abundance of American ideas within their dreams. Our greatest export has always been that of our freedoms.

When the citizens of Great Britain voted to leave the European Union, they voted in favor of self-determination. This was a political vote, not an economic vote, which is why we saw no reason to panic. They have two years to formally leave the EU, which is plenty of time to sign new trade pacts which can continue to be mutually beneficial. The market reacted negatively, as it always does, when stability is upended. Similar to the flash-crash in 2010, the sell-off

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### Carnegie Merges with Intellinomics to Serve Dayton



**Paul  
McCollum**

Paul McCollum, CFP® CIMA® from Intellinomics, Inc., a Registered Investment Advisor based in Dayton, Ohio has joined Carnegie. Paul brings over 30 years of investment experience and will be serving as the Managing Director in the Dayton area. We welcome Paul and his clients to the Carnegie family.

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due to the Greece default in 2012 or the government shut-down in 2013, the markets eventually found their equilibrium. Making rash moves during turbulent times is usually not wise.

The net result for investors after the Brexit vote has been a flight to quality. Money has flowed into US bonds driving low interest rates lower. Capital has shifted into quality companies in search of safety and dividends. Time and again when the global markets shake, the end result has been capital moving where there is stability, and the most secure government and companies reside here in America. We have the strongest military in the world as a direct result of our economic strength and technological innovation. Fortunately, this country continues to lead the developed world economically, which is why we maintain an overweight position in US companies for client assets.

While most new job growth is driven by small companies, the most durable of these companies continue

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to flourish eventually becoming publicly traded concerns, whereby our clients can participate along with their growth. We have identified a number of terrific companies that have been profitable, regardless of market gyrations. We can build portfolios for clients with various investment objectives from income to growth and anything in-between. When foreign markets become unstable, we often look for American companies who earn 100% of their revenues/profits in this country.

For growth clients who have long-term goals, we invest in innovative U.S.-based companies with a high commitment to research and development, typically in healthcare and technology. Many clients need income, so we look toward utilities, real estate investment trusts and telecom operators. For a combination of objectives, rising dividends usually fit the bill and this country produces many companies that are paying record dividends at this time. U.S. domiciled companies with GAAP accounting oversight, trading in U.S. dollars, further reduces your exposure to fraud or currency risk compared to foreign holdings. The future for these companies remains bright regardless of the changing overseas political structure.

As we celebrate our 240th year of independence, we should also celebrate the right of others who hold these truths to be self-evident. Not only are we beneficiaries of the fruits of freedom, the spirit of self-determination globally will drive long-term economic growth. If the people of the Middle-East, Africa, or South



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For more info, contact  
**800 321-2322**  
or  
**Info@CarnegieInvest.com**

America could remove tyrannical powers and live under the rule of law with equal rights and personal freedoms, this world would be a safer world for everyone. Until then, immigrants will continue to risk their lives to live in America and experience our freedoms. While we have many issues, America continues to be the land of opportunity and the safest place for most of your invested capital.

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