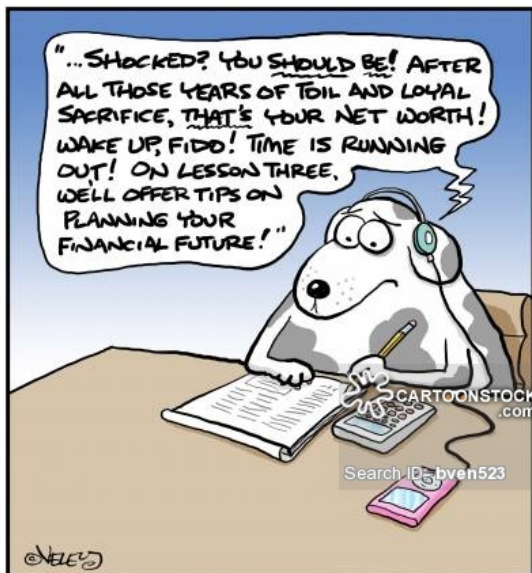




WASATCH

CAPITAL MANAGEMENT OF

RAYMOND JAMES®



MAY 2019

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Equal ... But Not the Same. - By Mark Lazar

The problem with socialism is that you eventually run out of other people's money.
Margaret Thatcher

The economy is humming along. [GDP](#) is on track to achieve [2.5%](#) this year, unemployment is near record lows, [real wages](#) are rising, business and consumer confidence measures are strong, capital investment is projected to increase [5%](#), corporate earnings will increase 4%+ year over year ([YOY](#)), interest rates and inflation are tame by historic standards, and [Americans have never been wealthier](#). What's not to like? Foreign and emerging market stocks have recovered nicely after a brutal 2018. Domestically, there are no economic storm clouds on the horizon and we expect U.S. markets to hit record highs this year.

Item	Data point
S&P 500 Return YTD	18.00%
Bond Index Return YTD	2.97%
Foreign Index Return YTD	12.67%
Emerging Market Index YTD	11.63%
U.S Forecast GDP 2019 ¹	2.50%
Unemployment Rate	3.80%

*All hyperlinked data as of 4/26/2019

¹Kiplinger's, 4/15/2019

Socialism has a record of failure so blatant that only an intellectual could ignore or evade it. Dr. Thomas Sowell

There is a lot of banter lately about the failings of capitalism and, conversely, the wonders of socialism. This is particularly vexing since the data has long been in and the results are quite clear. In a nutshell, there are only three economic models; communism, socialism, and capitalism. Communism, in its purest form, proscribes private sector ownership; everything is owned by the nation state and the government both controls all factors of production and rations goods and services such as food, housing, transportation, etc. Karl Marx is considered the father of communism, and his credo was, "From each according to his ability, to each according to his needs."

The goal of socialism is communism. Vladimir Lenin

Socialism and communism are oftentimes used interchangeably, however, socialistic models generally permit private ownership of property and business. Socialism varies radically from country to country but, generally, entails greater government control of the economy, higher taxes, increased regulation, and national labor unions than a free market system. The stated goals of socialism is equality of income and wealth. However, in order to accomplish its objectives the government must confiscate wealth from the "haves" and redistribute it to those whom it has determined are more deserving. In other words, the government picks who wins and who loses.

The essential notion of a capitalist society is voluntary cooperation, voluntary exchange. The essential notion of a socialist society is force. Milton Friedman

Capitalism is under attack and the primary criticism seems to be income inequality. Anti-capitalists incorrectly believe wealth is finite. Wealth is virtually infinite and is the consequence of innovation and rising productivity. The ability to produce a widget more efficiently results in greater profit for the producer, and a better product or service at a better price for the consumer. A good example is ride sharing technology, like Uber and Lyft, which allows users to save roughly 50% on a trip across town. What do they do with the other \$30? Save it, spend it or some combination of the two. Winner, winner, chicken dinner! That's what capitalism does; incentivize innovation, technology, entrepreneurship, risk taking, and capital. Business are working hard every day to earn a bigger share of your disposable income by producing better, more innovative products and services, and driving down costs. Why are they doing this? Out of some sense of altruism or belief in the greater good? No! For a profit.

Capitalism and freedom are two sides of the same coin. *You* have the freedom to choose whom you give your dollars to. If a company provides value, you patronize them. If they don't, you go elsewhere. Every day you have the freedom to decide which merchants deserve your dollars and which do not.

It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest. Adam Smith

Society benefits from individuals pursuing self-interest or, greed, if you will. Your neighbor who starts a local business and ultimately becomes a millionaire improves the quality of life for everyone; the employees who work for her, the vendors whom she pays monthly, the landlord who collects rent on the building, the local, state and federal government who collect tax revenues, credit card companies who process retail commerce, and the bank

that provided the capital. If she has more money than you do, good! She deserves it. And the best part about it; you can do it too! A free market, capitalistic society means we, the citizens, have the freedom to choose to become the next billionaire, as well as the freedom to choose to do as little as possible. We are all equal, but not all the same. And that's a truly beautiful thing.

DON'T TOSS YOUR IDENTITY. SHRED IT.

Join us at our complimentary shredding reception.

Document Shredding **Reception**

Friday, May 31st // 8AM to 2PM

Raymond James Cottonwood Heights Office

Please call 385-275-3600 or email angie.wojtala@raymondjames.com to RSVP.

2750 E Cottonwood Parkway, Suite 520, Cottonwood Heights, UT 84121

T: 385-275-3600

www.wasatchcapitalmanagement.com



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Too often we put ourselves at risk by tossing sensitive documents into the trash. If someone retrieves your personal information, like a Social Security number, your identity can be stolen in no time and your life turned upside down. Instead, dispose of confidential documents wisely at our shredding reception on Friday, May 31st

Wasatch Team Updates

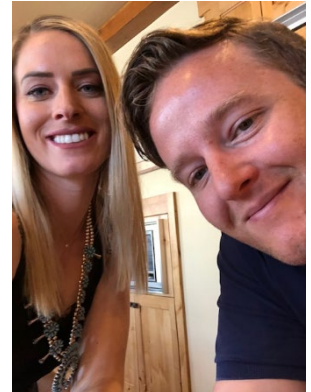
Mark



Mark, Savina, and a friend soaking up some warm spring weather near Mark and Savina's home in Hayden, Idaho.

Morgan

Morgan and her husband Whitaker all smiles as they get ready to celebrate Morgan's birthday.



John

John on his most recent trip to Canyonlands for another awesome mountain bike ride.



Melissa

Melissa soaking up her first winter in Utah on the snowboard at Snowbird Mountain. Even though spring has arrived, the mountains still have a TON of snow!!





Raymond James & Associates, Inc. member New York Stock Exchange/SIPC

Mark Lazar, CFP®, MBA, Vice President- Investments | 385-275-3609

Morgan Irvin, CFP®, Financial Advisor | 385-275-3606

John Bergerson, CFA®, MBA, Investment Portfolio Associate | 385-275-3608

Melissa Martinez, Operations Specialist & Service Associate | 385-275-3594

2750 E Cottonwood Parkway, Suite 520, Cottonwood Heights, UT 84121

1389 Center Drive, Suite 200, Park City, UT 84098

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