



Di Iorio Family Wealth of RBC Dominion Securities

Think bigger. Act bolder. Invest better.

Changing the Negative Narrative

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Over the years, one lesson we have learned is that humans tend to make sub-optimal investment decisions when left to their own devices. While this is not true all of the time, the reason it proves to be accurate more often than not is because of how easily we can be influenced by our emotions, by society, or by other external factors. This sub-optimal decision-making tendency is not only common in investing, but also in many other areas as well. The late Swedish scientist Hans Rosling wrote about this topic (among others) in his 2018 book “Factfulness: Ten Reasons We’re Wrong About the World – and Why Things Are Better Than You Think”, which is recommended reading according to Bill Gates. One of the focuses of this book was on exploring the fact that, in general, humans tend to have a flawed view of the world because we do not use a fact-based approach to building our opinions. Instead, we take external influences (ex. media, popular opinion, headlines, etc.) and build our views based on these, despite the fact that this exposes us to clear biases.

How can we take the lessons Rosling provides and relate these to investing? In the book, he makes clear that the average person believes that the world is “getting worse” as time goes by, but any objective look at the facts would indicate that, overall, this is far from being the case. We can observe this same phenomenon in our meetings with clients when discussing investing. An overwhelmingly common theme we hear during these meetings is that the market is on the verge of collapse, or that somehow “this time will be different” when discussing the next major market correction. Another common feeling is that “things can’t possibly get better” during good times, when in fact nearly every major advancement made by society ends up pushing us further than anyone would have predicted while living through it. There is also a clear societal preference to invest in things that feel comfortable, as opposed to embracing the drivers of growth. This is why companies that do not innovate and have no path towards real growth can trade at comparable or even more expensive multiples than other companies which are growing magnitudes faster and are the faces of today’s world advancement.

One trend that perhaps best exemplifies these themes is the move towards Artificial Intelligence and “robots” in the workplace, which in the eyes of many will result in the elimination of jobs and the potential collapse of the economy as we know it. To us, this couldn’t be further from the case as we believe this will likely lead to the greatest age of improved efficiency and innovation the world has ever seen. In our view, this will likely be the defining trend of this generation, and as such needs to

be an area of focus when it comes to managing our portfolios. We wrote a blog post on the importance of investing in the trends and companies that shape each generation in Q4 of last year, which can be found by following this link: [Generational Investing](#).

Our goal in writing this post is simply to try and change the narrative of negativity that we hear and see so often in our day-to-day lives, as well as to communicate to our clients and partners why we are more optimistic than most in our outlook for both our portfolios and the world as a whole.

As always, we are happy to hear from you should you like to discuss any of these ideas in more detail.

Sincerely,
Di Iorio Family Wealth

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