

# S JOHNSON WEALTH MANAGEMENT LLP

## INVESTMENT SPECIALISTS

Risk & Return - Balanced Investing

## Investment News

July 2019

### Introduction

#### Rise of the Machines



AI or IA? - Artificial Intelligence or Intelligent Assistant? I look in this issue at how technology advances have changed our lives and the economic effects thereof. In my postscript I look at mobile addiction and more taxing tax.

### Markets Commentary

Balance of payments: as a nation we are spending some 5% more than we earn. Good job foreigners like us – they are supplying the 5% in terms of loans. Brexit limbo – divided at home and diminished abroad. Unemployment at new low. Facebook launches crypto currency.

### Computers – Employing Us

A few years back the Luddites thought that machines would replace workers, this then morphed to concerns that technology and computers would replace all humans; this is my take on how it seems to be going:

#### 'Bad' Bits

- Pub: I went into a Wetherspoons with my kids recently for breakfast and they led me straight to the table (rather than to the bar where they normally stand behind me). They then relieved me of my mobile, downloaded an 'app', scanned in my credit card and five minutes later a selection of food and drink arrived at our table.
- Bank: I visited my local bank recently (in person, not virtually) but gave up since the queue stretched out of the door - only one teller was working. Back to online working for my bank.
- Shop: Seems I now work for Tesco; I collect goods and scan them in and put them into the optional (5 pence extra to save the planet) bag. I assume that there are also instructions on how to arrest myself in case I nick stuff so that I can double up as a security guard.

On the face of it we are the new employees, doing stuff that shop, restaurant and bank workers used to do; I wonder where all of the replaced workers are now given the current high employment levels?

#### 'Good' Bits

Technology the Employer

- Technology creates jobs, often by encouraging us to spend on new must haves, which leads to more production, employment and jobs (and tax). The primary example is mobile phones where a whole new industry has sprung up relatively recently. Information is easily available and instant and this helps with education.
- Digitisation improves processes with greater feedback of information leading to analysis. This leads to increases in productivity and employment but surprisingly this process often takes decades and this is where targeted investing can pay benefits.

We are as mentioned in a period of historically high employment and theoretically this means employees are more valuable – and hence cost more - inflation could be the next issue.

## **SUMMARY**

Time allocation has changed, although not always for the better with more time being spent on electronic pursuits and less on people. Spending habits have definitely changed due to technology with more being spent on electronic amusement and less on physical pursuits. It may be that we will evolve into a big brain like blob without arms and legs at some point, some might say that I am already well on the way.

The typical requirements for economic growth are natural resources, the ready availability of a willing workforce, capital, education, political stability and land. IT effectively makes the world smaller bringing outsourcing and creating new demand. I do not like some of the effects personally but our job is to look after client monies and from an investment standpoint there are opportunities.

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## **‘Financial Medical’**

Our offer of a free review of your existing investments or a strategy report for recipients of this newsletter is still open; call us if you would like a chat.

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## **Help us, please -**

Firstly: Many of you will remember my views on investing in FAANGS (Facebook, Amazon, etc). On the basis that if you can't beat them... We would be very grateful if those of you who have Google accounts could give us a (hopefully nice) Google review – just click [here](#). Many thanks to those of you who have already left reviews for us.

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## **And finally...**

Please continue the feedback – telephone us or send an email. In the next edition I look at death and taxes – IHT planning.

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## **p.s.**

Whilst the robots may not be taking over we are certainly in their thrall. E-addiction is easily demonstrated by taking a mobile phone off anyone under age 20 – you will see immediate signs of anxiety, stress and restlessness, leading to total breakdown.

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## **p.p.s.**

I see that the taxman is making Tax digital and in respect of VAT this started on the 1st April this year, an auspicious date indeed (assumedly before noon). There was a time when they wanted to make tax less taxing but I have not read about this approach recently. The result of this initiative is the demise of the last-minute visit to the accountant with an Asda shopping bag stuffed with invoices. I know of some long serving accountants who have decided that the challenge of bringing their clients into the digital age is a bridge too far and have advanced their retirement plans, those of you reading this who run their own businesses, be aware. Now we are truly working for the taxman.

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