

ECONOMY

Yield vs. total return;
differentiating investors



THINK STRATEGICALLY:

Selling, Selling, Sold... and It's Gone

Tech Impacts Economy; Telling P.R. and U.S. Investors Apart;
Entrepreneur X-Ray

BY FRANCISCO RODRÍGUEZ-CASTRO | frc@birlingcapital.com

Technological disruption to double down

As technology changes, the alteration of the status quo is due to be highly disruptive in the next five years. More often than not, the way the technology impacts the economy is more about the changes it creates in society than the actual technology. "Game Changing Technology" will both alter and increase people's efficiencies. Game Changing Technology includes robotics, smartphones and artificial intelligence (AI). Technology will make existing tasks even more accessible and faster than ever before.

Key Enabling Technologies include aerospace, agriculture, automotive,

building construction, food, health-care, mining, minerals, oil and gas, specialty chemicals and textiles.

Some of the disruption technologies include:

- **Web 3.0, the next iteration of the internet.** This technology capitalizes on interactivity, and doing away with such words as artificial intelligence.

- **The Market of One.** This trend will create mass personalization, and the key is doing away with current target marketing and meeting the individual needs of every customer.

- **Voice Technology.** As much as we dislike computerized voices that answer phones and perform other tasks, this technology is creating an entirely

new ecosystem of marketing, branding and consumer engagement with voices that are here to stay.

- **3D Printing.** This process has changed from printing novelty items to creating life-saving items, prosthetics and even spacecraft engines. The technology has secured its place in manufacturing.

Week in markets: S&P records best 1Q in 10 years

Most stocks finished the week, month and quarter with a bang, with most markets rising globally. The Dow Jones Industrial Average closed the week at 25,928.63, a rise of 426.31, or 1.67 percent. The S&P 500 closed at 2,874.40, a

gain of 73.69, or 2.63 percent. The Nasdaq closed at 7,729.32, or an increase of 86.65, or 1.13 percent. Meanwhile, U.S. Treasury's 10-year note went down to 2.40 percent, or a decrease in yield of minus-12.00 percent. The S&P 500 marked its best quarterly return in the past 10 years with a 13 percent increase. During 1Q 2019, the market reacted to Federal Reserve Bank changes in monetary policy related to rate hikes; the corporate sector's strong performance in earnings, stock prices and job creation; and renewed positivism toward a U.S.-China trade deal. The 1Q 2019 is probably the best example we have seen of the benefit of taking a long-term view to invest, and why it matters to stick to your goals. As we often comment, the power in investing lies in having a well-diversified portfolio. We live through periods like 4Q 2018, which caused losses across the board, and those who sold and got out only recorded losses; however, those who remained in the market and put in additional money as stocks and indices became cheaper, gained back their losses and recorded lofty gains.

What differentiates P.R., U.S. investors?

The profile of Puerto Rico investors differs significantly from a typical U.S. investor. Puerto Rican investors have favored government bonds, local mutual funds, preferred stocks and bank common stocks. One main goal for most investors is to seek tax-exempt income in most of their investments and, through government bonds and most local mutual funds, most investors were able to obtain a significant part of their investment income as tax-exempt. Below is a chart that outlines the profile of the Puerto Rico investor, and in the current market with Puerto Rico in default, this profile has to change to one that is more similar to that of the U.S. investor, who favors stocks and mutual funds. As we examine most portfolios from U.S. investors, note that 75 percent or more of their portfolios are composed of stocks, mutual funds and index funds.

Continues on page 26

Market Close Comparison	3/22/19	3/29/19	Change
Dow Jones Industrial Average	25,502.32	25,928.63	1.67%
Standard & Poor's 500	2,800.71	2,874.40	2.63%
Nasdaq	7,642.67	7,729.32	1.13%
U.S. Treasury 10-Year Note	2.44%	2.40%	-1.64%

LOS EXPERTOS EN 50+



4-7 DE ABRIL



12-15 DE SEP



10 | NOVIEMBRE



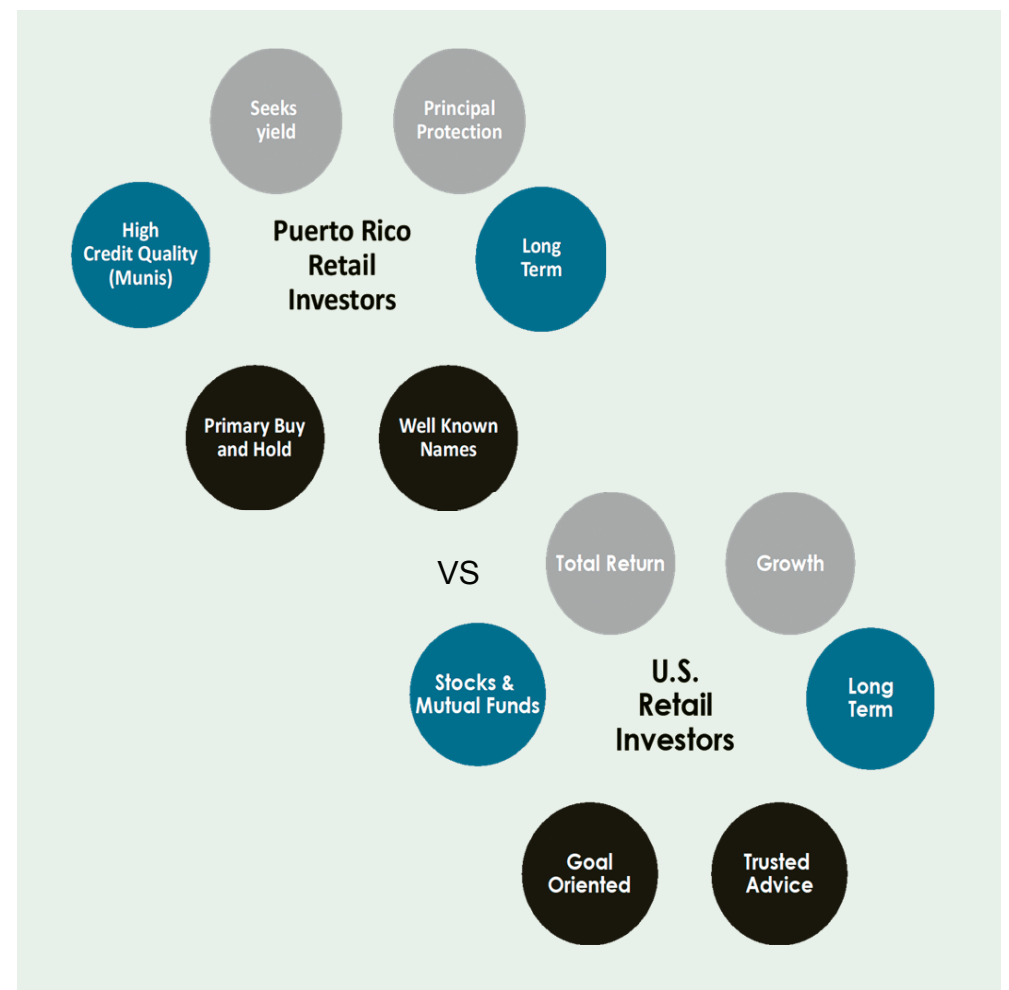
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PAL PUEBLO
con los Baby Boomers

VARIAS FECHAS



787.562.9889
ERIC@GDVEVENTS.COM



Continued from page 25

Final word: Selling, selling, sold...and it's gone.

When and how to sell your business? In the current business environment, it is always a good idea to be one step ahead of the herd. The world is a combination of business, technology and politics that impact commerce without mercy. When is the right time to sell or transfer the market to the next generation of leaders?

Key questions include:

- How much is my business worth?
- What could my exit strategy be?
- How do we transition to the next generation?

Background: Currently, More than 60 percent of businessowners are baby boomers, who were born between 1946 and 1964, with most of them between the ages of 56-74, and by most metrics could be more than ready to sell their business.

The five types of entrepreneurs:

- **Lifestyle Entrepreneur.** It is those entrepreneurs, once they reach this lifestyle, who stop growing their business. For everyone, it is a different bar. For some, it is having a house, beach house, boat and plane. For others, it is being debt-free, for others it is having 2,000 store branches. The key is that once they reach the goal, they stop growing and it may be time to sell.
- **Innovator.** This type of entrepreneur creates original ideas and can turn them into viable business models. Some come to mind, such as Apple, Google, Uber, Amazon and Microsoft.
- **Hustler.** The entrepreneurs start small, with little or no capital, and work their way up. They are opposed to other stockholders, capital raises up or even partners. They focus on building their business from the ground up.

• **Me Too.** These entrepreneurs copy ideas from other entrepreneurs and improve them enough to make them feel new and innovative. Innovators are 50 percent hustlers and 50 percent lifestyle, and won't stick to anyone else's terms but their own.

• **Buying into Entrepreneurship (BIE).** These individuals have the resources to purchase a business because they have both the wealth and savvy to do so. More often than not, they avoid risks and don't worry about innovation, and their focus is building upon what is already there. Cemeteries are full of all types of entrepreneurs, but the most common kind is the BIE.

What are the challenges to sell a business?

As that time draws closer, the businessowner faces challenges that include:

- What happens to my family who works here?
 - Is the money I saved enough to help support my lifestyle?
 - How do we clean up my financials to show their real business value?
 - What happens to me next?
- Entrepreneurs navigate the waters of selling the business, including:
- Enterprise valuation;
 - Business review and planning;
 - Revenue and profit improvement;
 - Asset base analysis and optimization;
 - Corporate simplification; and
 - Transformation of the finance function.

Francisco Rodríguez-Castro, president & CEO of Birling Capital, has more than 25 years of experience working with government, and multinational and public companies.