



Eastwood

WEALTH

2015 Annual Letter

I hope this finds you and your family doing well! Between 1985 and 1990, a trilogy of Back to the Future films debuted in the United States and were directed by Steven Spielberg. They featured Michael J. Fox as Marty McFly and a wild-haired scientist, Dr. Emmett Brown, played by Christopher Lloyd. All three movies had a little something for everyone as they were part science fiction, part adventure, part comedy and full of different genres of music.

The plots center around Dr. Brown's successful invention of the flux capacitor which, when paired with radioactive plutonium, created enough energy to enable time travel. The time machine of choice was a DeLorean sports car. The DeLorean Manufacturing Company produced around 9,000 units of its only model, the DMC-12, between 1981-1983. They were futuristic with sleek lines and doors that opened from bottom to top closely resembling wings. It only made sense that an automobile that could successfully circumvent time look the part.

Over the years, the Back to the Future brand has been immensely popular including many goods and services still offered today. Recently, the series has become trendy again as October 21, 2015 marked Back to the Future Day. This particular day was relevant because in Back to the Future II, Marty traveled from October 26, 1985 to October 21, 2015 to save his children and change his family tree.

For several months now, the films have been replaying on cable television. I found it entertaining to sit back down and watch selections from the series again. It has been more than 30 years since Dr. Brown's time machine first came alive on the big screen. To me, the most intriguing part was to see what the producers of the movie thought 2015 would look like in the mid-1980s. Certainly, not all of their projections came true, but many did especially in the area of computer science. Most notably wireless communication, hand-held tablets, 3D technology, smart devices, video conferencing, caller id, wall-mounted flat screen televisions and fingerprint recognition capabilities.

In the United States, the connection between technology and demographics has never been stronger. The world and our economy is evolving right in front of our eyes. The Baby Boomers, born between 1943-1964, are 77 million people strong and 10,000 of them turn 65 years old every day. This transition will continue for the next 13 years. In comparison, the Millennial generation, born between 1980-2000, encompasses 92 million people. Generation X is sandwiched in the middle and includes only 51 million people.

The Millennials are the most connected of all the generations so far and have enjoyed the internet since their teen years. The emergence of the cell phone has facilitated this advancement the most. Today, anyone in the world that can connect to Google from their smartphone has better access to information than the President of the United States did 15 years ago.¹ This one industry has disrupted or replaced home phones, pagers, cameras, audio/video recorders, calculators, encyclopedias, Walkmans, cd's, watches, alarm clocks, maps, radios, flashlights and calendars just to name a few. Though it is hard to believe now, the cell phone, as we know it, will eventually become obsolete just like its predecessor, the bag phone of the 1990s.

In 1965, Gordon Moore, cofounder of Intel, noted that the integrated circuit components on a computer chip had doubled every two years. At the time, he hypothesized that it would continue for at least the next ten. Unbeknownst to him at the time, his observation would still be intact more than five decades later. Now known widely as Moore's Law, it states that computers get twice as fast for the same price every eighteen months.¹ Whether this idea continues to play out or not is anybody's guess though I would not bet against it. His theory provides a framework for exponential growth and a glimpse into the future.

It is extremely difficult, if not impossible, to connect the dots in advance. Of course, hindsight is always 20/20. Arthur Clarke, famed author and inventor, explained this concept in his 1960 interview *A Vision for the Future*: "Trying to predict the future is a discouraging, hazardous occupation because the prophet invariably falls between two schools. If his predictions sound at all reasonable, you can be quite sure that in 20 or most 50 years, the progress of science and technology has made him seem ridiculously conservative. On the other hand, if by some miracle a prophet could describe the future exactly as it was going to take place, his predictions would sound so absurd, so far-fetched, that everybody would laugh him to scorn. This has proved to be true in the past and it will undoubtedly be true, even more so, of the century to come."

The progress of mankind is undeniable and continuous. We add to it with our thoughts and actions on a daily basis. It makes the world a better place and enhances our family tree. I believe the future is bright, even more so than we can imagine. Just think about what October 21, 2045 will look like.

Thank you for allowing us to be a part of your family and for being a part of ours. We hope your 2015 holiday season is the best ever and look forward to a prosperous 2016!

Best,



Tim Evans CFP® CLTC
Founder

¹ Abundance, Peter H. Diamandis and Steven Kotler, 2012