

August 5, 2019 - Are Things Really Different This Time?

“The more things change, the more they stay the same”... so goes the adage.

After nearly four decades of watching, assisting and studying folks’ investment habits, that old maxim still rings more true than ever.

It seems every generation feels a great sense that they are on the cusp of massive change; that suddenly their moment in time is profoundly different than all those before them. I was struck just a few months ago when a newscast was touting such a significant event. They had just discovered a dusting of snow speckled parts of the Los Angeles basin. It was perceived by many as proof positive the world was changing dramatically, after all, “this has never happened before,” a thirty-something young lady told the reporter covering this seemingly monumental moment in history. I turned to my wife and said, “Gosh, remember when we were kids and lived there, we’d get 2 to 3 inches of white stuff in the yard at least once or twice a year?”

Ah, Father Time. I guess we gain a little wisdom, like it or not, by just being around long enough.

When it comes to investing, it always seems to me that investors are filled with an overwhelming feeling of, “Uh oh, this has never happened before.” Perhaps it’s watching the Fed trying to navigate changes in interest rate policy, or listening to the evening news about a trade war with a big overseas partner, or maybe listening to the car radio as the journalist professes Washington has never been this dysfunctional. All these moments, and thousands more HAVE occurred in the past to one degree or another.

I actually find it quite comforting that the world really doesn’t change nearly as dramatically as we often believe. I know technology has sped up our lives and every day “feels” as if something dramatic has occurred. But is it really so different from decades past? I don’t think so, at least as it applies to how investors react to news. In all my years analyzing this topic, I cannot ever remember an investor saying, “These are the best of times, I’m super optimistic about the future.” Nope. Instead it’s always, “This has to end soon, and badly.” Or, “I’m going to cash so I can catch the bottom,” a bottom that no one in my career has ever caught. The world changes, yes. But, emotions and how we react, does not, in my experience.

So what works when it comes to investing and protecting your wealth?

It’s the same tried and true maxims we have always professed: Buy quality; emphasize income; diversify for safety; and never follow the crowd. Because one thing is certain, the crowd swallows whatever the ‘worry of the month’ might be, fervently believes it’s never been seen before, and left to their own devices jump off the proverbial cliff together. The next time some newscaster tells you something is unprecedented, ask yourself - “Is that really true?” My guess is, it’s not.

We’re all here to help at Duncan-Newman Associates, to do our level best to keep you on course with your own investment plan that we’ve developed with you. We can help you make

adjustments. But, we will never follow the crowd off the cliff. History truly is a guide to the future. Rest easy knowing as things change (and they will), we merely need to look back in time to figure out what course corrections to make going forward. Personally, I find that rather comforting.

Musings from a grizzled old investment veteran....,

Bob

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