

Market Outlook:

The ideal portfolio

It took less than three months of pandemic to bring everyone's expectations about what constitutes an "ideal" portfolio to a devastating halt. I know this because I spend the preponderance of my time strategizing about how to match my client's expectations about their money with the realities that exist in the data. But data and statistics cannot accurately portray the human anguish wrought by disease, fear, and economic instability. In good times it is quite the herculean task to conjoin those concepts. Now, it is next to impossible.

We must accept that the shock of being knocked off balance, out of sync with our imagined plan, drains all the energy we have and makes it difficult to focus on tomorrow.

It is time to brace for the inevitable bad news about the future. The recovery...financial, medical, social, and psychological...will be arduous with the very real possibility that things will get worse before they get better.

More noteworthy, however, is that the trauma of pandemic is affecting the global economy in ways which continue to magnify the inequities of money itself, far more so than we had understood before the crisis. Those in danger of falling through the social safety net are now literally teetering on the edge of ruin; the wealthy are worried about not having their money run out. Across all layers of the economic hierarchy the crisis is hitting with a vengeance, but with degrees of severity that expose the wealth gap like never before.

Well paid persons at the top of the scale can afford to worry about tele-working, discretionary dining choices, or which country home they will retreat to this summer. At the bottom of the range, lower paid employees are hit mercilessly with food bills, medical expenses, commutation and health costs and concerns, and education for their children. Finally, the truly indigent are left with no choices but to survive or perish.

The trademark of this epidemic is the indelible image of food lines, makeshift morgues, and overworked healthcare providers. Their pain...our pain...is not likely to abate overnight, or to recover like a "rocket ship".

Defining value

So what constitutes a proper investment response at this moment? The answer depends upon the actual topic we are discussing and the capacity we have for imagining something different. For almost every situation, including building wealth, there is always an aptitude to solve problems if we can recognize that the most critical element to solving a dilemma is how we use *time*. The source of most mistakes and misery is our impatience over getting things done immediately.

"Why aren't we bottom-fishing for low(er) price stocks right now?" "How much cash do we really need to hold on the sidelines?" "Can't we be doing more?" "Is doing nothing really doing anything?" Imagine my phone calls...and imagine you making them!

Let us remember that any "ideal" is a constantly changing item. To strive for the ideal is one thing; to achieve it, quite another. Expectations, as noted above, do not often meld well with the realities of one's circumstance. We become our own worst enemy when consumed by "*what should*" rather than "*what is*".

"Just get it done. Do it now!!"

One problem with that is that the goal line for perfection is constantly moving...and virtually never attainable. The best one can do is to mitigate absolute financial tragedy by relying upon facts, process, and empathy. There will be opportunities for investment in infrastructure, ecology, healthcare and biotech, water, food, education, finance, and energy which help contribute to the future welfare of mankind. But leaping in amongst the sharks at this highly volatile and uncertain juncture without a plan is highly unadvisable. Our "worth" is not in the preservation of yesterday's ideal, but in the ability to demand more of ourselves in the future.

One's highest aspiration for building wealth should not focus upon the Dow Jones or the national GDP but upon the dignity of work and an open access to capital that certifies *opportunity* and *respect* as the entry criteria for participation.

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