



faith . discipline . patience

You may have noticed a lot of articles lately about ‘things to look for in 2022’ or something to that effect.

Well, the investment world is no different. We’re getting year-end targets for the S&P 500, interest rates, economic growth, dollar exchange rates, gold, and ten stocks to buy now.

Here’s my advice: ignore it.

As I see it the experts are guessing.

My problem is not that they don’t know what’s going on. They probably know too much.

My problem is their specific figures and short-term focus. Of course, this is what the audience craves so they oblige.

But predicting stock prices in one year is a bit like asking a meteorologist, right now, what the weather will be on Labor Day.

The answer will be some variation of what the weather normally is like on Labor Day.

One-year stock predictions will likely not stray too far from what stocks normally do over such a short period: ‘which, according to Morningstar for US large cap stocks, is approximately 10% per year’.

But why do you ask about the next 12 months?

Do you want to base your financial decisions on a guess?

I prefer a bird in hand.

Short term, we don’t know. And it’s ok not knowing. Actually, once you embrace the impossibility of knowing near-term results investing becomes easier. You no longer have to worry about day-to-day or month-to-month fluctuations.

I know it’s hard not to pay attention to smart people with strong and sometimes scary opinions. They can make you feel like it’s urgent and important that you do something and not just sit there.

Yet, history is on the side of Winnie the Pooh: ‘Oh, my, doing nothing is one of my favorite things.’

Good luck.

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