



# Financial Fables

## Like Disciplined Runners, Prudent Investors Just Do It

Nike might have trademarked "Just do it" in 1992, but I heard Jim Ryan, the former world record holder in the mile, utter that phrase twenty years earlier. At the time he was preparing for the 1972 Olympics and he occasionally did some of his workouts on our track. On one such occasion someone asked him how he found time to workout and he said, "Every day there are a half dozen good reasons why you should skip your workout, but you have to ignore them and just do it."

I ran track at Santa Barbara and I have kept up a daily workout routine ever since. I was probably the worst distance runner to ever make the track team. My claim to fame was a picture in the local paper showing me just being edged out at the tape by Dennis Savage, who had run internationally for the US Track Team. The caption said, "Savage Edges Out Unknown Santa Barbara Runner." What they didn't say was I still had a lap to go. I won the green jock award for that one. It was a jock strap that was dyed green and the distance runner who did the dumbest thing had to wear the darn thing as a headband during the next week's workouts.

They called us distance runners the "Animals" because of the brutal distances we ran, over a hundred miles a week during the off season. In season, we usually ran a little less because we did interval work on the track a couple of times a week to build up speed and recovery. A typical interval workout might be 40 quarters (once around the track) with a one-ten (110 yard) jog in between. Our daily workouts were posted on a chalkboard just inside the locker room. Each day I looked at the workout and each day I had to resist the urge to quit.

Today as an investment advisor I look at a different chalkboard, actually a webpage that has the returns for the different security markets posted on it. Each day for the last 18 months I have looked at that webpage and each day I have had to resist the urge to quit. Not only do I hear that little inner-voice screaming "stop" but I also see headlines proclaiming that everything I have learned and believe about investing is dead. Indexing is dead. Buy and hold is dead. Stock investing is dead. Global investing is dead. Passive investing is dead. Even diversification is dead. The death knell has been sounded because broad diversification within and across asset classes has not worked in the short run; all the equity markets, most of the commodities, and many of the bond markets have dropped significantly. My confidence is shaken as doubt joins fear in shouting "It really is different this time."

But is it really different? I don't think so. The decline is deeper and longer but I don't think the rules have really changed. Instead of being a time to quit, it's time to persevere; "to persist in an undertaking and to maintain a purpose in spite of difficulty, obstacles, or discouragement," (Dictionary.com). As a runner, when I felt like quitting my fellow runners would encourage me to take one more step. As an advisor and fellow investor I want to encourage you to take one more step. As you take that step, remember we are trying to get market returns, not beat them. As you take that next step, remember that markets are volatile enough without us making them even more volatile by trying to out-guess them. As you continue to put one foot in front of the other, remember to persevere when you hear that little voice of doubt and fear.

Every day the news gives us a whole lot of very good reasons why we should get out of the market, but you need to ignore them. Like disciplined runners, prudent investors "just do it."