



RICHMOND BROTHERS

Things to Ponder

Matt's Minutes "Closed Captions" January 2024

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Hi, everyone. This is Matt Curfman with the Richmond Brothers here for a January 2024 edition of Matt's Minutes. Happy New Year. I hope you all made it through the holidays and through the end of the season. I know it's very busy, a lot going on, and hopefully everyone is ready to jump into the new year.

I want to take a little bit of a different approach on this Matt's Minutes. Just about a week or week and a half ago, I did a video kind of summarizing thoughts on just the market in general. And we did a comparison of 2022/2023 and then kind of blended them together. And I also talked a little bit about 2024 where we're heading into presidential election year and there are a lot of uncertain things going on. That said, if you go back historically, and I've referenced this in several Minutes Minute's. Any year there's been a presidential election, that has actually ended with 83% of the time with a positive return as far as markets. And that is regardless of whether you have a Democrat who gets in the White House or a Republican. And it's regardless of if you're swapping sides. That was just a statistic, and I thought that might be important to talk through some of that noise.

As we head into 2024, a lot of times New Year's resolutions, positive thoughts and feelings and vibes, maybe a period to reset are on all of our minds. So, I thought it would be appropriate to reference one of my favorite books on this planet, which is, if you can see this - well, I guess it's fuzzy, but it's the Psychology of Money by Morgan Housel. It came out during the pandemic and in chapter 19, there's a couple of very great points and thoughts that I thought would be worth sharing as we all think about money, and we frame it in our own world and what we're trying to accomplish.

So, the first point in summary was, and this is specifically from the book, "Get out of your own way to find humility when things are going right and forgiveness and compassion when they go wrong. Things are never as good or as bad as they look. The world is big and complex. Luck and risk are both real and hard to identify. Do so when judging both yourself and others. Respect the power of luck and risk and you'll have a better chance of focusing on things that you and I can actually control. You'll also have a better chance of finding the right role models."

Second, "Manage your money in a way that helps you", that's right, you, "sleep at night. That's different from saying you should aim to earn the highest returns or save a specific percentage of your income. Some people won't sleep well unless they're earning the highest returns. Others will get a good night's rest if they're conservatively invested. To each their own. But the foundation of, "does this help me sleep at night?" is one of the best universal guideposts for all financial decision making."

Next, “Become okay with a lot of things going wrong. You can be wrong half of the time and still have a chance at a decent outcome from a rate of return perspective. A small minority of things account for the majority of outcomes. No matter what you're doing with your money, you should be comfortable with a lot of stuff not working. That's just how the world is. So, you should always measure how you've done by looking at your full portfolio rather than maybe say individual investments. It's fine to have a large chunk of poor investments and a few outstanding ones. That's usually a best-case scenario, not always the case, but usually the best case. Judging how you've done by focusing on individual investments makes winners look more brilliant than they were, and losers appear more regrettable than they should be.”

Next, “Room for error. A gap between what could happen in the future and what you need to happen in the future in order to do well is what gives you endurance, and endurance is what makes compounding magic over time. Room for error often looks like a conservative hedge, but if it keeps you in the game, it can pay for itself many times over.”

Second, or second to last, “Define the game you're playing and make sure your actions are not being influenced by people playing a different game.” Lastly, “Respect the mess. Smart, informed, and reasonable people can disagree in finance because people have vastly different goals and vastly different desires. There is no single right answer. Just the answer that works for you.”

So, I thought those were just really good thoughts as we think about whether it's New Year's resolutions, financial thoughts as we head into the year. There's so much noise out there today. We want to help you find a balanced approach, maybe to get you somewhere in the middle that can help you sleep better at night and also help you accomplish long range goals.

Many of you are aiming to get to retirement, a lot of you already in retirement and using your portfolio to solve for income. We are honored to be on this journey with you to help educate, inform and guide you along the way, no matter what the world throws in your path. If you have any questions, as always, please write to questions@richmondbrothers.com. We're honored to be here to help you. We hope you have a great day and a great start to your new year. Happy 2024.

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Sources:

Psychology of Money by Morgan Housel Ch. 19 pg. 207 - 210

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