



ENDOWMENT

WEALTH MANAGEMENT®

Irrational Humans

It is amazing how predictably irrational we humans are. There are certain things we cannot predict, but there are others that we are spot on, near 100% of the time. One of those is that when times are bad, "experts" start downgrading and cutting estimates. It's as reliable as a sunrise.

I have said many times that market forecasts are nothing more than entertainment and heeding such advice can do more harm than good. Today is no exception to that truth. Our brains are subconsciously seeking certainty, especially when times are fearful. It is these very times when we may be swayed by the "smart money". We may be tempted to abandon our plan and let allow "expert" forecasts to guide our decisions. I categorically state that the only changes being made to an investment portfolio should be in connection with your plan.

Yesterday, Goldman Sachs came out with a negative outlook, expecting the market to drop even more. This type of announcement, especially after high volatility and market losses, can influence investors to run to the sideline for safety (aka raise cash, lighten up on stocks). But we just don't know what will happen. At times like these, putting things in perspective is essential.

Do you know what Goldman said just two months ago? They were "moderately pro-risk...with an overweight in equities and an underweight in bonds." They also said "sharp increases in oil prices might weigh on risk appetite." Yes, this is completely laughable. Perhaps you will say, "Hey, that's no fair, no one can predict that stuff." To which my response is, "EXACTLY!"

My issue is not that investment banks can't predict this stuff. My issue is that they pretend they can. For many years I have advised investors to ignore the "experts"; this is the why I say it, and will continue to say it for years to come.

As always, I am here to discuss any concerns or questions you have. I hope that this helps you sift through all the noise and maintain perspective. If you have friends that you believe could benefit from such sanity, I invite you to pass this along to them.

Thank you for your trust, patience and discipline to your plan in these difficult times.