

What Investors Can Learn from Today’s Market

Equity markets worldwide continue to climb in the face of dire economics. In two decades of investing I have never seen a starker example of investors immediately setting the bar for a worst-case scenario and then just as quickly repricing as if anything but the catastrophic appear inevitable. The last three months (and perhaps the next three) will be studied in business schools for many years to come. As gut wrenching as it has been for those of us who invest for a living, it has been equally beautiful. There are so many valuable lessons to be learned from this. It is a once in a lifetime opportunity to stand back and watch the collective behavior of the single greatest intellectual organism on earth during the most violent and sudden of economic crises. While there have been equal or worse situations thrust upon our societies, they did not occur in the age of instantaneous transfer of information. It has been truly remarkable, and the ride is still not over.

I have mentioned many times the necessity of having a repeatable investment process. It is not required that it be any one process, but in my opinion, all successful investors have a process. The more robust the process, the greater the potential for success. This is mainly true because you will stick to it through thick and thin. The sticking to it is 90% of the trick to investing. The remaining 10% is coming up with a process that you can rely on when things get scary and you want to back down because you *think* you know better. It is this 10% that makes an advisor or money manager worth his or her salt. I can tell you personally that every instinct in my body has said the current market is crazy and prices should not rebound like they have, but the process says otherwise, and we follow it. It doesn’t mean we will be right or wrong at any given time, but it does mean that we have that 10% that is strong enough to overcome emotion and we can act objectively when it gets tough – really tough. I have likened investing to flying an airplane. It is simple about 90% percent of the time. Almost anyone with a little time in the seat can do it, but when that remaining 10% rolls around you better know what you’re doing.

Last week’s market commentary can be found [here](#).



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