

Russia Invades Ukraine

Let's be clear, regardless of where you stand politically, the invasion of Ukraine by Russia led by Vladimir Putin is an awful violation of the sanctity of country and the furtherance of democracy. I am sure that the course of action from our great nation will likely bring with it a myriad of opinion – which is in no way going to be propagated here.

Such a crisis does indeed affect the financial markets, amongst so many other things, and our response to that effect can be either beneficial or detrimental to the *objective* of our investments - which is to help us achieve our goals. "Getting the highest return" is not an objective – it's a fantasy – because the risks that would be associated with such an objective can be perceived in a variety of ways, most of which could really damage the potential to achieve your financial goals. The investment tools, such as leverage, that are used to achieve "highest" returns can also be the downfall of realizing often limitless downside – and be the direct cause of significant deterioration to years of time and effort investing. Everything is a tradeoff.

The longer I am in my chosen profession, the more repetitive success and failure seem to be. Investor behavior, in equal measure, is the direct link to success and failure. Discipline in that behavior is the key ingredient to success, while the antithesis of this - emotional decision making – is the fundamental constituent to failure. In the graph below, you can easily surmise that there is only one guarantee - that crises will happen. The overwhelming evidence presented shows that discipline through such crises, is the steadfast way to approach it. The alternative requires you to guess correctly twice - you have to guess when to get out of the market, and you have to guess when to get back in. Consistency to do this in the long term is essentially impossible.

Among other things, one value that a financial planner offers is the ability to do what you cannot – take your emotions out of investment decisions. While it is necessary to understand those emotions, and take them into account when establishing the plan, it is also important to prevent them from allowing you to diverge from the plan. This ability is what sets the best planners apart. Ensuring that you are in the appropriate risk-based investment allocation certainly allows for smoother rides through crises. But remember, a smoother ride is not what the market does, it's how you perceive it while it does it.

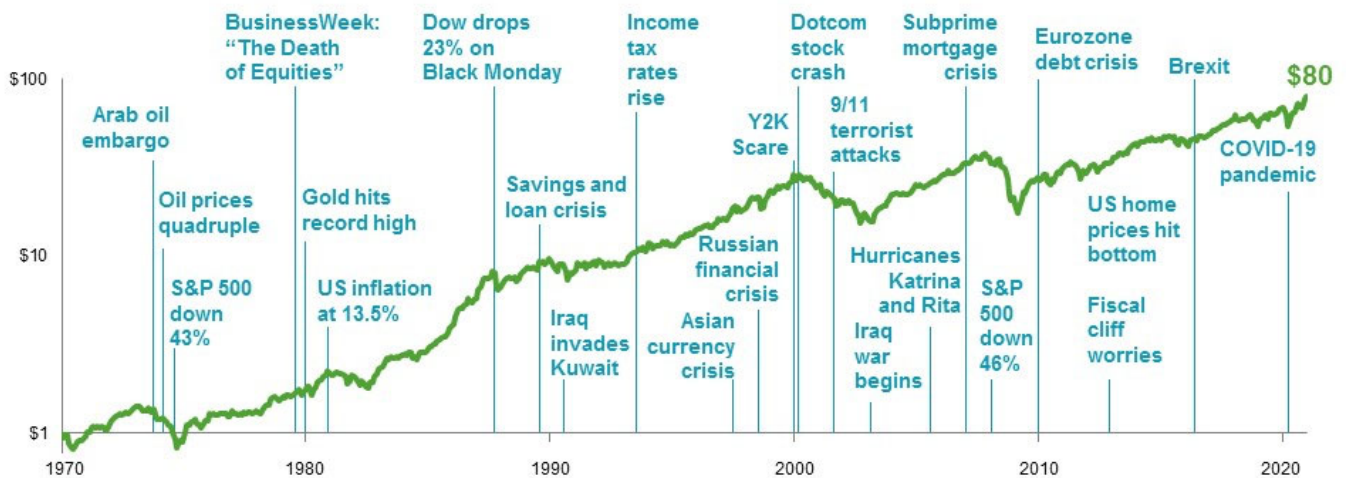
For now, we should let the markets do what they will while we expend our efforts sending thoughts and prayers out to those suffering under Russian invasion.

Jake Parsons

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Markets Have Rewarded Discipline

Growth of a dollar—MSCI World Index (net dividends), 1970–2020



A disciplined investor looks beyond the concerns of today to the long-term growth potential of markets.

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