



FINANCIAL PREPAREDNESS

"One of life's most painful moments comes when we must admit that we didn't do our homework, that we are not prepared." ~ Merlin Olsen

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The Serene Investor

In recent months, I've noticed that at this point in my life, I seem to be more calm, circumspect, reflective, serene and at peace than ever. I've been thinking about how having such a mindset is critical for an investor.

The foundation is my physical body, which is built and maintained by good sleep, water, nutrition (including lots of [superfoods](#) and [supplements](#)), exercise (Boot Camp classes, strength training, pickleball, long walks up and down hills), morning mobilization and maintenance (using stuff like [this](#) and [this](#)), stretching (after exercise), and avoiding sitting (especially for long periods), pharmaceuticals (I'm drug-free) and [toxic personal care products](#). In recent weeks I've replaced carby afternoon and nighttime snacks with intermittent fasting and time-restricted eating, and I'm hitting new records for [body fat and muscle mass](#). As an investor, you need a strong body that can endure long, chaotic, stressful, physically draining days, such as the ones we had during the early days of COVID-19.

BTW, my family recently went to Walmart to buy all of the [Caulipower pasta](#) they had when they saw three generations of one family on mobility scooters (the youngest was middle school-aged). They say that the family that scoots together stays together . . . because they couldn't physically disperse even if they wanted to. My family said they had

never seen so many morbidly obese people in one place, and they were all filling their carts with soda and junk food; I suspect the stupid taxpayers were paying for much of that via EBT cards. (I have to hand it to Walmart: They realized that if their customers kept buying most of the food products they sell, eventually they wouldn't be able to physically make it into the store, so they invested in a fleet of mobility scooters—which is probably the most pathetic invention ever. Live Better, indeed!) My family told me that I should leave our little community more often for my own cultural edification, just so I can see what's really happening in 'murica, as it's shocking. Well, they're right, but I think I already know. At any rate, how could such people have a long, healthy and fulfilling life, much less have the body and mind of a successful investor? When it comes to your brain and your ability to think effectively, your body's composition and what you put into it *matters*.



This investor thinks the bottom is in sight. No “random walks” here.

I start each day by reviewing my affirmations, to remind myself of what I need to be doing each day to become the person I want to be (I'll write about this in a future issue).

I don't watch TV (except for a weekly Documentary Night with my family). About the only time I ever happen to see any TV is when I'm visiting a relative, and then I'm shocked: by how Pharma ads dominate the news (and how listening to an upbeat female voice quickly but softly rattle off a long list of horrible potential side effects just seems normal), and how shallow, emotional and blatantly biased the news is. The media is great at cherry-picking data and reporting it in a carefully worded way so that it's factually correct but intentionally misleading, designed to provoke an emotional (usually fearful) response (e.g., “Cases of COVID have doubled in New York in the last week!” from one to two). Other than documentaries, TV is an intellectual wasteland.

I read a minimal amount of news; if something is important enough, I'll hear about it. As an investor, you don't want to immerse yourself in the narrative *du jour*, which is probably either bullsh*t or a lie. The human brain loves to glom on to *stories*, and if you want to be a contrarian investor (which you should), then you shouldn't be drinking the same Kool-Aid as everyone else. You don't want to watch CNBC (one of the worst things you could do, especially during a crash) or read *The Wall Street Journal* or research reports from Wall Street banks (especially Goldman Sachs). You want to be in some [BFE place](#), far from the maddening crowd where you can think in a quiet, independent and critical way.

Another problem with reading too much news is that you think you're better informed and thus you feel more confident, which is dangerous for an investor. I try to cultivate an attitude of humility, because believe me, the market will humble you if you think you know it all. As a risk manager, I think about what could go wrong. One of the columns on my stock-tracking spreadsheet is called Confidence, and for each stock that I'm considering buying, I make a list of things that I don't like about it (e.g., it's based in a country that doesn't have an equity ownership culture, it has a low 10-year dividend growth rate, its median 10-year return on invested capital isn't the best, its Altman Z-score is marginal, and insiders don't own much compared to short sellers). No investment setup is perfect, but if there are five or more factors that I don't like, then I don't buy (or I sell if I own it).

A final problem with consuming financial news is that it tends to cause you to think with the more primitive part of your brain instead of the more advanced part. The media need to attract eyeballs so they can make a living. They do that by dispensing [fear](#). Here's an extremely condensed typical version of what the financial media reports: (1) the market is booming and you're missing out ([FOMO](#)) or (2) the market is crashing and you're quickly losing a ton of money. Fear shuts down your prefrontal cortex and puts you into Fight or Flight mode, preventing you from using that far more developed and powerful part of your brain to think deeply and rationally and make much better decisions. Fear turns you into a panicked, emotional, frenetic chimpanzee, and you end up selling at the bottom.

In order to be a contrarian, you have to train yourself to see the opposite side of a situation that is not apparent to the vast majority of people. As I'm writing this early on Thursday morning, the futures for the U.S. and European stock markets are flashing red, down 1 to 1.5% from yesterday's close. When the vast majority of investors see that (especially those who have the bulk of their portfolio in fully invested index funds, with no cash--because for years now, the financial media has been telling us that "cash is trash"), they become fearful. One of the affirmations I recited this morning is *I often ask, "What's great about this situation?"* Sure, my clients and I own some international stocks, and their price (which is not the same as their value) will decline *today* (but probably not permanently). But we don't have to sell and accept that price today. We also have a very large and sturdy lifeboat (precious metals) and a hoard of cash that we can use to buy quality, dividend-paying companies at fire sale prices.

During two years of Army ROTC and four years of active duty, I received a lot of training and experience in how to remain calm, lead and make quick but good decisions in extremely stressful situations (i.e., when you're exhausted, cold, wet, hungry, filthy and being attacked all at the same time). I think that has served me very well as an investor.

So many people focus on the *results* instead of the *process*. But if you focus on the process, the results will take care of themselves. Sometimes when I play pickleball, my team will be destroying the other team, and one (or both) of my opponents will start talking about the score—how far behind they are, how they quickly need to stop the trend, etc. I can tell their ego (which thinks it knows best how to play pickleball--or invest--but really doesn't) is going berserk and riding herd on their brain, and it's at that point that I know my team has already won. No. Forget about the past and the future; you can't do anything about

them. There is only the present moment, and you (and your prefrontal cortex) need to be *present* for it, focusing on and executing your process. If your process is to buy low and sell high, then *do it*, and stop worrying about returns (the result), which will take care of themselves.

Self-awareness is the meta-skill of the 21st Century, and as an investor, if you don't have the ability to get outside of your own body and mind and become aware of what you're doing and thinking, then you're toast.

I'm mindful of monitoring and managing my energy level throughout the day, taking periodic breaks (for mobilizing/stretching, sunshine/fresh air/walks/nature, dog loving), and choosing the appropriate task for the time.

I try to minimize distractions by making myself physically isolated and unavailable, suppressing notifications for new email messages, avoiding attention-stealing websites, and generally not taking phone calls or responding to text messages until I want to. I'm not on social media (which is one of the best things you can do for your privacy and mental health) and I don't email much. My family is very good about not disturbing me and being quiet while I'm working.

I have banished A-holes and toxic people from my life (I once fired my largest client after I realized they were jerks), and surround myself with a loving family (which includes our dog) and great people. This is key but often neglected, and can make a huge difference in your life, adding years to your lifespan/healthspan.

In conclusion, in order to maximize your investment success, you must first invest in your own physical and mental health. If your body is a mess, then your portfolio will be as well.

What You Should Be Doing Now

This week they were giving platinum away. Other than during the COVID-19 crash, the gold/platinum ratio has never (since 1982) been higher, which means platinum is dirt cheap compared to gold. The gold/silver ratio is also at a historically high level.

The quarterly global valuation update came out, and even after the worst first six months in at least 52 years, the U.S. stock market is still the third most richly valued in the world. Sorry, S&P 500 index investors, but I think you still have a lot more pain to endure.

I continue to find shares of quality companies in Europe and Asia that I've been slowly accumulating at attractive prices.

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I would love to hear from you! I thrive on feedback from readers. If you have any comments, suggestions, insight/wisdom, or you'd like to share a link to a great article, please [email me](#).

Generally, I don't have time to answer questions about your specific situation, but if you

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