



### **Investing Challenges in a Down Market (or any market for that matter)**

Investing is difficult even in the best of times. We haven't learned about the concept of investing in our academic lives and most of the premises take years, not quarters, to play out. Our lives are the cumulative result of the decisions we make every day. Just as in investing, the power of these decisions compounds over time. That's why it's so important to find a decision-making process that works for you—both in life and in investing.

This involves acknowledging that uncertainty can create both stress and opportunity, planning for what might happen rather than trying to predict what will happen, cultivating flexibility and adaptability, harnessing the power of compounding, and accepting your own limits. Embracing uncertainty by planning for the future can help you live life better now.

### **Uncertainty**

Given life's profound uncertainty, it's sometimes hard to feel like an optimist. Most of what happens in our lives is unpredictable, and it's impossible to forecast the future. But you can live your life fully without knowing what's going to happen. And you can have a good investment experience without forecasting what the market is going to do, because you're not trying to guess which companies will succeed and when. You're investing in the ingenuity of people to solve problems and make their companies run better.

### **Planning**

You don't have to predict, but you do have to plan. You can feel empowered by uncertainty instead of beaten down by it. Without uncertainty, there would be no opportunity. Think about all the unexpected turns your life has taken and the possibilities those turns opened up. During the dot com boom, I went to work for a new concept within the retirement plan recordkeeping world. After many twists and turns, that company folded. Out of the ashes of that failure, I was able to start QP Consulting.

While I couldn't have predicted the outcomes of decisions I made, I knew that taking this risk had the potential to provide a unique retirement advisory business in the small plan market. The same is true of investing in markets. People shrink away from investing because of

uncertainty, but experience living life has given us the tools to deal with it. While you can't control markets, you can control how much risk you take.

## **Flexibility**

While it's important to have a plan, in both life and investing, the road will be easier if you cultivate flexibility. Think about someone you know who's successfully navigated major challenges. Were they rigid, or were they nimble?

## **Compounding**

If you need motivation to stick to your plan and adapt accordingly, consider the power of compounding. And I'm not just talking about the financial benefits (although the market has returned an average of about 10% a year over the past 100 years or so).<sup>1</sup> If you think about it, the life equivalent of compound interest is wisdom. Learning from the past helps you make better decisions in the future, and those lessons build on one another over time.

## **Live Life**

Once you've done the best you can, go easy on yourself. Learn from your disappointments, and enjoy your successes. It's not the decisions you make, but how you make decisions. Approach other people with empathy. Investing, like life, is a process. If you've followed a solid plan to the best of your ability, you've put yourself in the best position to achieve success. Don't ruin your state of mind by obsessing after the fact. Sticking to your long term plan will enable your future self to be successful and your present self to enjoy the moment.

## FOOTNOTES

1. <sup>1</sup>In US dollars. S&P 500 Index annual returns 1926–2021. S&P data © 2022 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio.

## Risks

Investments involve risks. The investment return and principal value of an investment may fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original value. Past performance is not a guarantee of future results. There is no guarantee strategies will be successful.