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CONCIERGE FINANCIAL ORGANIZATION

August 2021 Newsletter

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Olympic Sized Lessons

By Scott Russell, CFP®

Our family loves the Olympics! We love most everything about it; the backstories of the athletes, the discipline needed to perform at such a high level, and the drama of the competition. We acknowledge we do our best to view the Olympics through rose-colored glasses, which is admittedly hard sometimes due to the commercialization of it. That said, there is nothing like what Jim McKay famously called, "The thrill of victory and the agony of defeat".

It also provides my wife and I, as parents, lots of 'teachable moments' throughout the two-week broadcast. For example, the consequences of cheating, the discipline required to train successfully, what good sportsmanship looks like (and doesn't look like), and how such a diverse group of athletes can put their differences aside and come together at the end of the games to celebrate the occasion.

The Olympics can teach us as investors a couple of things as well. First, many Olympic athletes train for years so their peak performance comes right in time for the games. That is, they might have many ups and downs during those years leading up to the Olympics, but their coaches are telling them not to get overly confident after their successes and not too down during the struggles. What matters is how they perform when they need to most, during the Olympics.

Our planning process at CFO has similar objectives and we admit to using the occasional Olympic analogy during our planning discussions. Our goal is to give our clients the best opportunity to have the money they need when they need it. We actually do this within multiple areas of the financial planning process, not just within the investment portion.

Second, investors should also love to see diversity in their portfolio, not just in the Olympic stadium! During the Olympic ceremonies, attendees put aside certain cultural or political differences for the greater good. However, when investing, we embrace all differences! In fact, it can be problematic when certain investments that are supposed to act differently, in fact don't. That's because well diversified portfolios are typically constructed based on the behavior of various investments over long periods of time. In the short-term it means that certain investments will outperform others. In the long-term it provides the best opportunity for the overall portfolio to achieve its expected risk-weighted return. Therefore, we need investments to do what they do when they're supposed to do it.

I hope you enjoyed some aspect of the Olympics as well. Whether it was from actually watching it or the fact that the coverage might have squeezed out a smidge of the typical negative headlines from your favorite news outlet. In any case, I know I'm already looking forward to some exhilarating curling in 2022!

Tuition is Not Cheap

By Bill Cummings, CPA/PFS

My dad used to tell me, "Son, tuition is not cheap". It does literally mean college tuition is not cheap. However, my dad used it as a metaphor for a number of things. He mainly used it to let me know when I learned a life lesson, the hard way! OR the price we had to pay to get something we wanted. It also meant to get anywhere in life you had to work hard, so be prepared.

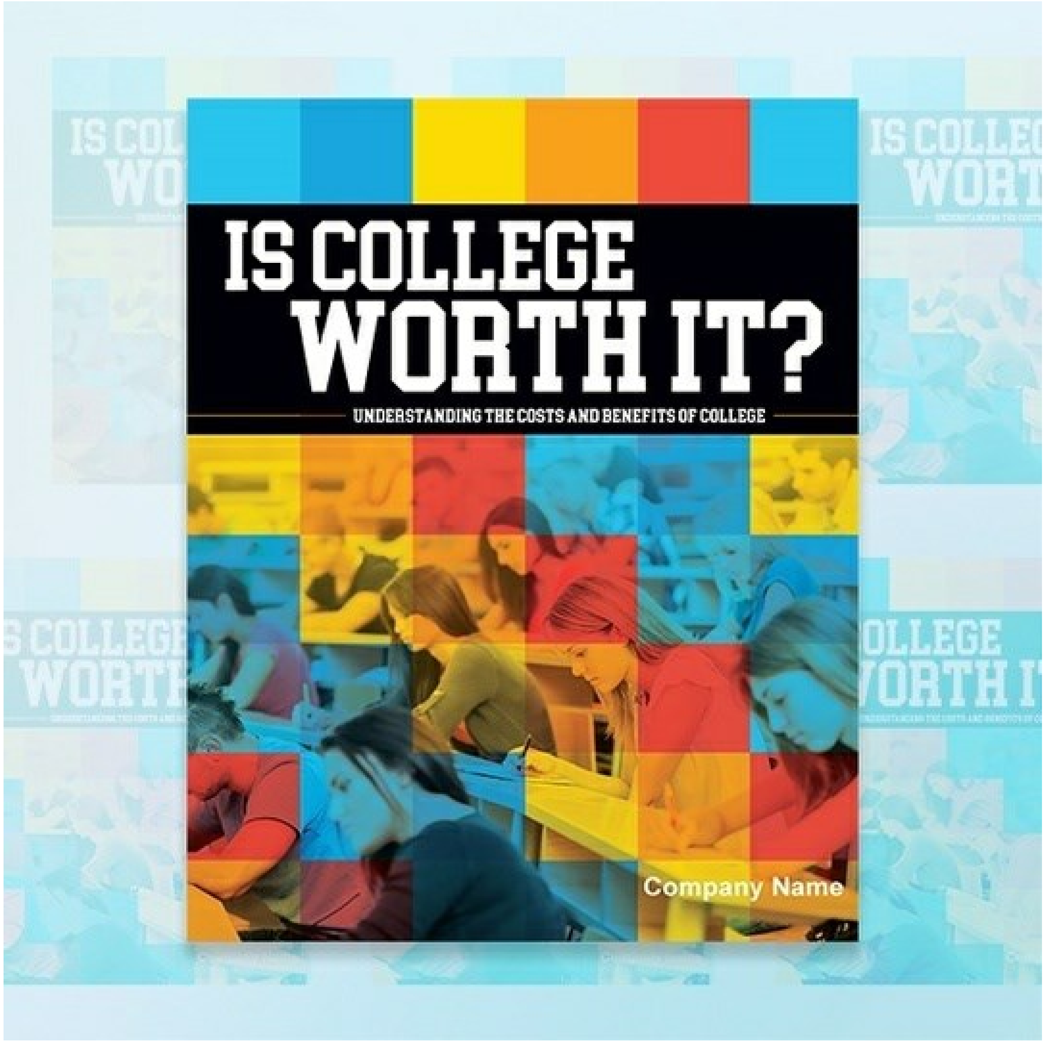
As many of you know, I enjoy hiring college interns to work at CFO. I do this because I had a mentor who guided me when I was in college and I want to do the same for the next generation of professionals (we need them to be employed to contribute to the Social Security Fund J). I want our interns to know what it is **really** like to run a business. We ask our interns to run reports, sit in on client meetings, help build financial plans, interpret economic and investment data, prepare client meeting packages, help maintain our electronic files, provide customer service, and other tasks (like hanging a tv on the wallJ). I want them to shadow me as much as possible to learn our business. Our interns have seen us experience a pandemic, market crashes, clients passing away, clients retiring and getting new jobs. I want them to see how we handle the ups and downs of our clients' lives and to be compassionate

Many of you have met our previous intern, Manny, who worked for us for two years. He graduated in May of this year and is currently enrolled at the University of Florida where he is working on his Master of Science in Real Estate. He eventually wants to start his own real estate private equity firm.

Our current intern, Alex, will only be with us for this summer. He is a sophomore at the University of Notre Dame. He is fluent in Swedish and has caught on quickly with the assignments we have given him. He is not 100% sure what he wants to do yet but he really likes the financial industry. He might like to work for a private equity firm as well.

It's always a bitter sweet moment when our interns graduate or leave for a new job, since we consider them part of our CFO family. I make a pact with them when they leave to make sure to pass this on once they have 'made it'.

Tuition is indeed not cheap. Hopefully the work or 'tuition' our interns put in with us on their way to successful careers was a little bit fun as well.



Is this the right time for you to invest?

By: Ruth E. "Robin" Delaney, CFP®, CLU, ChFC, ADPA

Is this the right time for you to invest? The talking heads on TV are all predicting doom and gloom. Should you pull out of the market now? Or should you wait to invest after the stock market crashes? Without sounding too flippant, I would like to tell you anytime is the right time to invest as investing is a long-term process and over time, markets rise. Trying to time the markets is gambling, not investing.

As proof, I am going to bore you with just with one simple statistic:

Since 1871 the average time it takes for the market to recover (top to trough and back to top again) is a mere 7.9 months. Professional investors like Warren Buffet know that time and patience will reward you in the stock market.

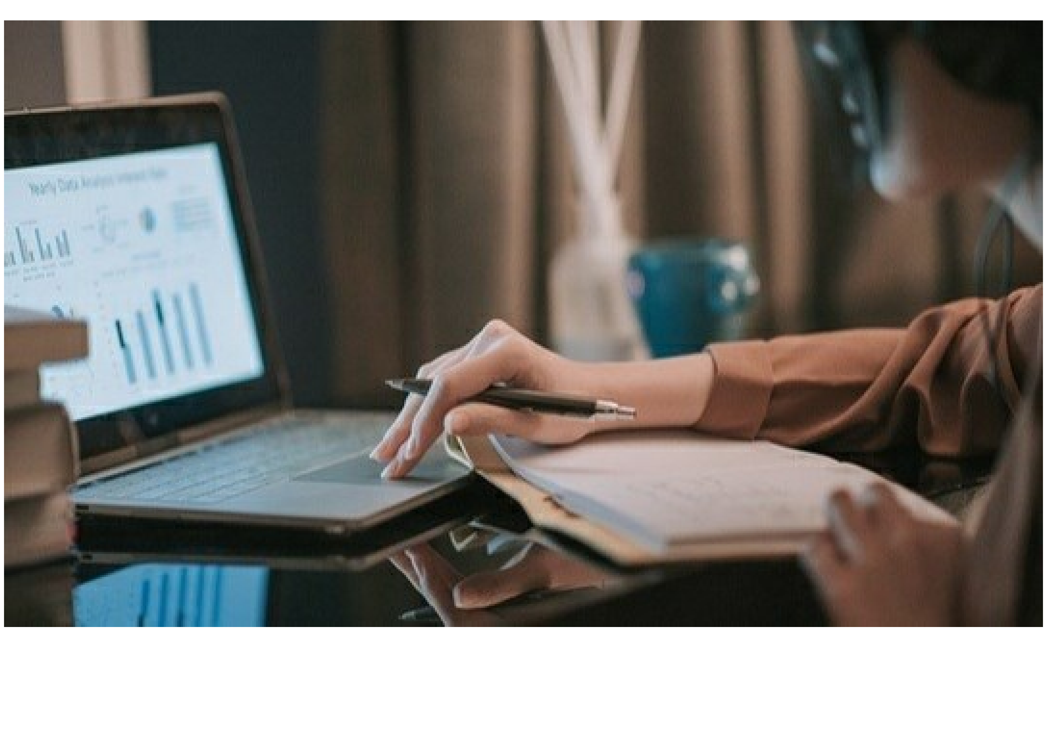
Let's compare the behavior of two actual investors in the "once in a lifetime" market drop of 2008 (identities changed to protect the innocent).

"Couple A" came to me February 19, 2009 (near the market bottom) panicking and insisting on pulling out of the stock market. They told me, "We just can't stand it anymore! We can't sleep at night. We can't lose our money!" So, we moved everything to Bonds.

"Investor B" with a very similar portfolio, chose to hold steady during this same time period.

The results? As you likely know, the market literally turned on a dime March 9, 2009, a little over two weeks later. Subsequently, Couple A re-entered the stock market May 18, 2009 missing the first 15% of portfolio recovery. It then took them three more years to fully recover (April 2008 to April 2011). Investor B who had remained in the market, recovered in two and a half years (April 2008 to October 2010). This was six months sooner.

No one knows what the future holds and thus cannot predict which way the market will turn, let alone which sectors will out or underperform, it is wise to diversify and stay the course. Short-term 'reactions' will underperform long-term 'actions' most every time.



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