INTEGRIS
WEALTH MANAGEMENT

SIMPLIFY YOUR INVESTMENT LIFE

Personal Investing Series

Article 1

The average investor is so barraged with information on how to invest his money, one would think it would be easy to know what to do. The opposite couldn't be more true. What you get is too much information, almost none of which is consistent with any of the other information that you already have. It is all so confusing that most people end up with a portfolio that is a hodge-podge of "it was a good idea at the time". The rest of us do nothing, fearing we will do something wrong.

I spent nearly 20 years on Wall Street managing investments for large institutional clients. During that time I have been involved with investments of virtually every possible sort, ranging from "plain vanilla" money market funds to sophisticated arbitrage funds involving derivative securities. I have experienced the longest running bull market in history and I was a portfolio manager on October 19, 1987 when the market lost 23% of its value in a single day!

What I hope to do in this Personal Investing Series is to bring that experience to bear to help you, the average investor, cut through the mass of information and misinformation. I want you to be able to manage your own investments with coherency and confidence.

As a consequence, you will not be given hot tips, market predictions, or sales ideas. You will get basic investment concepts, discussed in terms the average investor can understand. Once each concept is explained, I will try to show how it translates into practice.

The downside is that you will have no stories for the local cocktail circuit regarding brilliantly timed and insightful market plays, unless you want to make them up, which is probably what most people do anyway. The upside is that you will be able to make better quality investment decisions, and maybe avoid making the more obvious mistakes.

So let's get to it.

One of the very basic keys to successful personal investing is to know the realistic limits to what an investor can do. And probably the most important realistic limitation is to understand that, for all practical purposes, <u>the future is unpredictable</u>.

In the next two articles of this series, I will discuss in more detail why I believe that trying to predict the future will not only waste your time, but will cost you money. In the meantime, humor me and just assume that for all practical purposes this is true.
So why is the unpredictability of the future an important concept to understand? It is important because 90% of the information or advice you get right now is based upon a prediction! The headlines tout, “Six Stocks That Will Increase By 40% This Year”, “Market Guru Says Market Is Overvalued, Predicts Decline Of 25%”, or “Airline Stocks Poised For Takeoff”. But if the future is essentially unpredictable, then you can ignore that 90% of information and focus on the remaining 10%.

I began this article by complaining how investors are overwhelmed with so much information that you don’t know what to do with it all. Maybe the answer is to throw most of it away! Wow, what a liberating thought!

(Not to worry, the obvious question - if you don’t base your investment decisions on predictions of the future, then what do you base them on? - will be answered in the following articles.)

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