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Eaten by a Lion or Pecked to Death by a Duck?
(A Metaphor of planning in financial life)

Is it my age or is it today's circumstances that make me feel uneasy? I do not know. I find myself going back to an earlier time. When I became a rookie stockbroker in 1981, the market had been up and down since 1966. 15 years. This is called by some as a secular Bear market. I wonder, "What if this happens again?"

An early mentor once told me, "There are two types of Bear markets; quick or long. Your investment capital can be 'eaten by a lion or pecked to death by a duck.' The result is the same." Pain is still pain.

Back then, I was young and inspired by John Templeton, a frequent guest on Louis Rukeyser's "Wall Street Week." He would say, "Today is the best day ever to invest." I knew no fear.

If you are young, John Templeton makes sense. Keep contributing to your investment account. You are dollar cost averaging and historically markets go up. In the early days of COVID, your investment capital was "eaten by a lion." Then it was over. The recovery was robust for the young and for the old.

If you are older, however, and living out of your investments, my mentor would say that long Bear markets are much more problematic. Your capital can be "pecked to death by a duck" and, you are withdrawing capital as well. This type of extended Bear market carries both hope and despair.

One of the things I have learned over the last 40 years is that what hurts you is the one thing that you do not see coming. The unexpected. It might look like a harmless duck – a long ways away.

However, we can plan for the unexpected. We know that your life is fluid and ever changing. You may already be on a meeting schedule, but this letter may prompt you to reach out, even if only for a "check-in" call. What is changing your life?

You matter. Your story matters. Planning is about continually asking ourselves questions that help sustain your life story - in spite of the circumstances. For instance, Where do we need to be flexible and resilient as personal and global events change? What is the one thing that we most need to protect? What about your legacy? How much wealth is enough? Have you chosen and prepared the next steward of your capital?

Your Davidson Wealth Management team has over 250 years of collective experience – in all kinds of markets. In addition, we work as a team. We look at both short-term and long-term time horizons, and experiences. With preparation, neither you nor we will fear either lion or duck. We will be prepared.

Always willing to be wrong, but also always preparing for lion or duck.

Sincerely,

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