

Hab Barton

From: Barton Advisory Services, LLC <hab@bartonllc.org>
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To: Hab Barton
Subject: Certainty and Unicorns



Did I know five days ago that stocks were about to get immediately punched in the face? No, I did not. Nor did anyone else. That's the way it goes. The following newsletter on uncertainty was written weeks ago. It just so happens that a big pile of uncertainty showed up as I was planning to send this.

If it seems like I am too calm in times like this, then good. That's why I am here, for my even temperament. I have zero emotions when it comes to investing. Oh, the world is on fire and stocks are tanking, I'll go buy some more.

That's me, but perhaps to a fault. If you have questions or want to talk things through, I am always available to do that.

Go back to bed

Our children sleep well. So what follows has nothing to do with complaining. It's more about observations.

There are two scenarios where Alice, our 4 ½ year old, gets out of bed and wakes us in the night. The first is random. She may need to pee. She might be scared of a certain shadow. Her stuffed rabbit might need a band-aid. Who knows? She walks out of her room and startles us awake. Luckily, it's pretty much only my wife Stacy that can calm Alice in the night, so my duty is limited. *Still, it feels stressful and surprising*, even though 4 year olds are prone to do this.

The second scenario where Alice wakes us is a sure thing. If Stacy and I have a sitter for the night, and that sitter puts Alice to bed, it's guaranteed Alice will wake us in the night to make sure we came home. She even warns us, "I am gonna wake up and make sure you came back." She is true to her word. When this happens, it is a sweet and happy event. Our 1st born just loves us and wants to make sure we are home. *It doesn't stress me at all.*

What is really happening here though? It's the same event. It is the same amount of sleep lost. It takes me just as long to fall back asleep. But when I know it's coming, I

feel zero stress when it happens. When it is a surprise, my world briefly feels turned upside down.

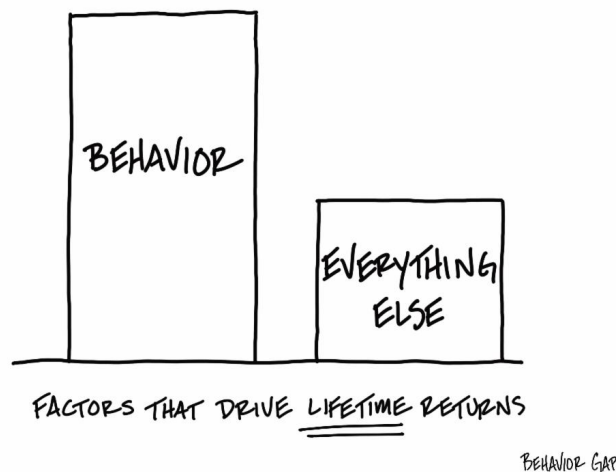
We crave certainty as humans. It runs deep in our nature. Even when it's a bad thing, we feel better knowing it will happen than wondering if it will happen.

Countless studies show a small chance of a bad thing happening, like receiving a mild shock, is actually more stressful than a 100% chance the bad thing will happen. **It's the uncertainty that is actually more stressful than the bad thing.**

Unfortunately, craving certainty in investing is about as useful as chasing unicorns or mermaids. Certainty, especially in the form that we crave it as investors, does not exist. What will the market do next week, month, year, and so on? Same question for inflation, the Fed, or whatever? How will the election turn out, and how will it impact everything?

You. Cannot. Know. It's the future, which is unknowable. So some of us turn to "expert predictions." That's understandable given our desire for certainty, but these predictions are nonsense and completely useless. There are not enough words to describe how useless market forecasts are, let alone how inaccurate, so I'll just stop now. Plus, it's the January newsletter where I really let loose on forecasts.

So what can we do?



If we shift our mindset just a bit, there actually is a large amount of certainty available to us. If I've got a robust portfolio, built on evidence-based principles and not hunches, **I can be certain about how I will behave in any situation.**

Stocks go up 20%? I'll sell some. Stocks plummet 35%? I'll buy some.

If you can stick with the prior four sentences, over a lifetime, you will end up in a better spot than the vast majority of others.

That's a big "If." Humans are not really designed to be effective investors. You need to have systems in place that will ensure you buy low and sell high, no matter if the world is on fire, frozen over, or somewhat calm.

If you want certainty (and you do) then look inwards. Be certain about how you will *behave*. If you want certainty of outcomes, watch a movie for children. I have yet to see one that didn't have the expected ending. Otherwise, in the adult world we are just not assured of any outcome, and that is perfectly okay when you know how to respond.

Heartbreaking Video of the Month

The Video of the Month is intensely emotional and sad. It's from the late author Sarah Mandel. Sarah had a terminal illness. As her passing neared, she made this video and set it to post after her death.

Sarah's parting and enduring words: **"we are creatures who crave certainty. But life it turns out, is a study in uncertainty."**

[Author's final message](#)



Home Insurance

Home insurance premiums have increased at astonishing rates in recent years. While we hope relief comes down the pike at some point, there is only so much in our control. I did at least receive some tips from an insurance expert recently:

1. Look at deductibles. If your deductible is \$1-2K, consider increasing to \$5-10K if it will lower premiums. You are now on the hook for that increased deductible, but it might fit your situation better.
 2. Do not submit claims like you do for health insurance. Only submit for the big items. Multiple small claims will increase premiums
 3. Let the insurance company know about home improvements like a new roof, new alarm / camera system.
 4. Be aware if your agent is captive and can only quote insurance from one company. If so, consider an agent that can shop various insurance companies.
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That's enough for now, thank you.

Below are pictures from Alice's first day at Asbury 4 years ago and from her last day at Asbury just a few weeks ago. I am now ready for time to slow down a bit. In fact, why didn't anyone tell us kids grow up fast? No one ever told me that.



