Embrace the Suck - 4 Principles for Maintaining Perspective on What Really Matters Over Time

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"Excellence is not an act, it's a habit" - Jacqueline Simoneau, RBC Olympic athlete

There's a military saying: "**Embrace the suck**." It stems from the Buddhist idea that when we deny the reality we are presented with, we only further our own suffering. The simple shift in perspective towards embracing whatever negative circumstances we are facing, examining why they exist, and identifying what (if anything) needs to be done to eliminate them, can lead us to a much more positive place.

This quarter has been the first "test" in quite a while for our investment style, and it sucked.

Why are we being tested? There are several circumstances that have come together to cause this: concerns about future inflation, a rapid increase in longer-term interest rates, and a general rotation away from many of the areas we have been (and remain) most bullish on in favor of the shorter-term narrative of economic re-opening.

What do we need to do to get back on track? Absolutely nothing – but sometimes simply maintaining perspective is the hardest thing to do.

The opportunity:

This blog, like most of our previous blogs, is based on feedback from our clients. Many clients have asked for our take on what is going on in the markets more recently, and have simply been looking for some reassurance. We've heard the concerns, and we are ready to provide guidance via a call to action.

We believe we are living through one of the best-ever periods to be an investor, and moments like these can take an already great opportunity and make it even better. Regardless of the recent increase in longer-term yields, they remain incredibly low, and monetary policy remains extremely accommodative. Though it is certainly possible that inflation picks up near-term, healthy inflation is not a bad thing, and there are plenty of longer-term structural reasons why inflation will remain muted.

But most importantly, we are living through an economic renaissance lead by companies who are making our lives exponentially better as time goes by. The trends we have written about extensively in the past (mobility, data, cloud, communication, health-tech, sustainable energy & transport, etc.) have not and (in our view) will not slow down over the next decade. The pandemic did not create "one-time" opportunities for companies in these areas, but simply accelerated the growth that was already on route. We believe the perception that a stronger economy due to economic re-opening over the next year will somehow be bad for these growth areas is fundamentally flawed – and is creating an opportunity for those who can maintain their perspective on where our society is heading.

Here are 4 principles (and a few supporting thoughts) for maintaining perspective on what really matters over time:

1. **Emotions kill returns, not recessions - stay laser focused on your goals**

   Think back to your Roadmap: in 5, 10, or even 20 years, you'll achieve your future value by not overreacting to developments today.

2. **Time in the market beats timing the market**

   The market doubles every 7 years on average, and there are always periods that test investors along the way. It's all about the beauty and power of compound interest enabled by mathematics.

3. **This time is not different**

   The world has gone through wars, depressions, pandemics, and all forms of crises. All of these felt novel at the time, but the market has navigated through regardless.

4. **Always make decisions based on facts**

   The loss of compounded value caused by making a sub-optimal decision based on speculation is likely greater than the potential positive impact being sought.

We believe embracing these principles will lead our clients to success. We highly suggest keeping them somewhere they can be looked at on a regular basis – and we will be emailing clients a PDF with which they can do exactly that.

We have implemented methodology (The DM5), principles (see above), and processes to ensure that we are well-equipped to engage in the work that "sucks" on our clients' behalves. This has led to strong results over time, and we strongly believe it will continue to lead to strong results in the years to come.

The one takeaway we want clients, and all our readers to have from this blog post is that accepting (and even expecting) these more difficult moments will help ensure that they do not derail us.

Maintaining perspective will always yield superior results.

Sincerely,
Di Iorio Family Wealth