

INVESTMENT INSIGHTS

August 25, 2022
Letter #110



Flying by the Instruments

I have heard many stories from experienced pilots of the dizzying disorientation they experience when visibility is lost from cloud cover or nighttime flying. They tell me that their senses become so unreliable that some have found themselves flying completely upside-down without knowing it. It's for this reason that most pilots will eventually get an instrument rating to fly their planes blind using only the cockpit instruments.

Without the objective reference point of a distant horizon or landmark, pilots have to learn to rely on something other than their unreliable sense of motion and balance. They know that there will inevitably be a day when weather takes a turn or a flight is delayed past sundown. I've even heard that 80-90% of private plane crashes happen to pilots who never went through an instruments flying license.

Some pilots take this a step further and will even hang a paperclip on a string that will physically show the direction of gravity in the highly unlikely event of instrument failure. I'm glad to know that pilots have backups for their backups.

In flying, as in so many other areas of life, our subjective feelings are rarely a reliable guide to reality. This is definitely true with investing, especially

when dealing with our serious money. Investing is easy when markets are up and everything is going our way. Most of us have no issue looking beyond the immediate to the distant, multi-decade goal of getting to or through retirement . . .

Wishy-washy feelings can trick us into making bad decisions.

Until a stormy market like 2022 comes out of nowhere – stocks are down, bonds are down, cash is earning close to nothing, inflation is pushing up monthly expenses and it seems like nothing is going the way it should. How does this end? Is this just the beginning? Our visibility shrinks down to the scale of

weeks or months, and no matter how we look at it, our long-term goals become harder to focus on. It can feel just as dizzying as having no idea which way is up or down.

We are more likely to be successful

investors if we have ways to curtail our subjective emotions and focus on objective facts. Wishy-washy feelings can trick us into making bad decisions. At Finkelberg Investments, we try to prepare all of our clients before we invest that there will be many cloudy days ahead. When those days come along, our emotions will kick in to high gear and we will have to follow the instruments.



Our Mission

"To guide our clients to and through retirement with a minimum of worry, and with expertise and kindness."

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DJIA
33,292

3-Month T-Bill
2.88%

S&P
4,199

10-YR Treasury Bond
3.03%

Each aspect of our investing philosophy follows objective rules: retirement projections, finding your Cry Uncle Point (CUP), rebalancing between stocks and bonds, picking stocks, selling stocks, and rolling bonds. No rule will get it right every time, but the true value in following objective rules is that they keep emotions in check, allowing us to navigate to and

through the runway of retirement even in the face of turbulence.

As investors, our goal is not to be like Top Gun fighter pilots, but rather to be the competent instrument-rated pilot who can keep composure under pressure and shaky circumstances.

Davis Bourne

Senior Investment Portfolio Analyst

Wilson Nichols, Financial Planning Consultant, recently had the opportunity to speak on the topic of inflation at the Madison Ridgeland Rotary Club weekly luncheon. If you are involved in a club or group that would be interested in having Wilson come to speak, please let us know!

Mining gems in GEM

Since the market is down so far this year, we are in the process of reviewing holdings to potentially realize capital losses for those of you invested in GEM (Global Equity Model). This strategy is called Tax Loss Harvesting, and the goal is to book losses in an account and temporarily place the proceeds in a similar investment with the intent to offset capital gains realized this year. If an account ends the year with more realized capital losses than gains, the IRS allows up to a \$3,000 deduction to offset ordinary income per year and any remaining losses can be carried forward to offset any gains in future years.

In addition, we are continuing a long period of due diligence on the possibility of making some changes to GEM which we believe could improve the overall strategy that, among many incremental improvements, are designed to lower internal expense ratios; provide an allocation to an actively-managed, global “go-anywhere” strategy; and should further diversify the GEM strategy’s investment approaches and processes.

If you have any questions on these changes, we are only an email or phone call away.

This and That

Thought this was a clever take on gas prices:



Happy Anniversary

- 66th** J. and L.L. of Jackson, MS
- 62nd** E. and J.S. of Ridgeland, MS
- 61st** J. and R.M. of Gainesville, FL
- 60th** W. and M.H. of Ridgeland, MS
- 50th** S. and V.R. Raymond, MS

Special Birthdays

- 93rd** B.B. of Palm Harbor, FL
- 93rd** S.G. of Jackson, MS
- 92nd** D.L. of Sarasota, FL
- 90th** S. H. of Alexandria, LA
- 85th** M.H. of Brandon, MS
- 85th** P.P. of Philadelphia, MS

Out of Town Visitors

- D.W. of Mendenhall, MS
- P. and A.S. of Vicksburg, MS

Farewell to Vin

As a baseball fan, I would be remiss if I did not mention the recent passing of Vin Scully. For 67 seasons, Scully was the extraordinary radio and TV broadcast voice of the Brooklyn and Los Angeles Dodgers. I encourage you to YouTube some of his great calls, and leave you with a philosophical Scully quote that applies equally to baseball and to life. He said “It’s a mere moment in a man’s life between the All-Star game and an old-timers’ game.” None better than Vin.

Until Next Time,

Arty
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