

## What, Me Worry?

By Scott A. MacKillop

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Worrisome news abounds. The financial markets are spiking up and down with great ferocity. Europeans are wrestling with a gnarly sovereign debt crisis. We have our own debt problems here to go along with seemingly intractable high unemployment. The stench of war and upheaval is palpable across the Middle East and Northern Africa.



And there is fear. Fear of inflation. Fear of another recession. Fear that it's different this time.

Perhaps the only meager comfort is to remember that it's been "different this time" before. At the ripe old age of 60, I have had a front row seat for all manner of mayhem and turmoil. JFK's assassination, the Vietnam War, Watergate, several Middle East crises, the Tech Bubble, 9/11, the sub-prime crisis – the list goes on. The list will always go on.

Through it all we make progress. The world is objectively a better place today than it was when I was born. There is more freedom. There is more wealth. Infant mortality rates are down. People live longer. Literacy rates are up. There is greater access to technology and modern conveniences. The world is safer and more comfortable for most people.

As we gnash our teeth over the latest crisis *du jour* let's remember that difficulties do not, ultimately, prevent progress. On the contrary, over my lifetime progress has continued unimpeded despite a more or less constant stream of difficulties.

I submit that having to deal with difficulties actually accelerates progress.

Progress, after all, is driven by people. Maslow's famous "hierarchy of needs" tells us that people are driven by the desire for survival, security, love, status and self-actualization – in exactly that progression. This is not just a psychological theory. We can see with our own eyes that people are driven to improve their lot and to express themselves through their work, their relationships and their creativity.

Our global community is comprised of nearly seven billion people striving to improve their personal situations. People do not stop just because times are tough. Creative people will continue to innovate. Workers will find ways to create value through their labor.



Governments come and go. Wars are won and lost. But collectively, the inertia of progress prevails. We can't help ourselves. That's just how we are wired.

This is the picture you see represented by the ubiquitous Ibbotson stock market charts that grace the walls of so many financial advisors. It is a message of hope and optimism – a bumpy road that leads ever upward. Is it a reflection of some unexplained investment gravity or an accident of random chance? No, it's a reflection of human nature – the desire to create and to add value for our own personal benefit and gratification.

Betting on the end of the world is a losing investment strategy. Eventually the world will end and the performance of our portfolios will become irrelevant. Fortunately, that day is a long way off. For now, we must assume that people will continue to improve their lives and that markets will reflect that value creation.

Too many people are overly fearful and frozen in the face of the uncertainty and hidden perils that we face today. A recent episode of *60 Minutes* featured a young rock climber named Alex Honnold. Honnold is one of a small group of elite climbers who specialize in "free -soloing" – climbing without any ropes or safety equipment. Honnold climbs vertical rock walls like the west face of Half Dome in Yosemite by clinging with his finger tips and toes to small crevices in the stone face. He ascends thousands of feet of unforgiving granite in this manner. He makes Spider Man look like a sissy.

When asked if he experiences an adrenaline rush as he dangles thousands of feet above the ground, he was taken back. "Oh no, if I get a rush it means that something has gone horribly wrong," he said. "The whole thing should be pretty slow and controlled. I mean, it's mellow." Footage of one of his most dangerous ascents shows him, a thousand feet up, whistling and smiling as he pulls himself by his finger tips up a previously unclimbed rock wall. Very mellow.

Honnold is a good role model to keep in mind as we work our way through the dangers and uncertainties that abound today. Don't let the events of the day, the latest media frenzy or the stampeding herd, cause you to lose perspective; make sure that adrenaline rush is the exception, not your norm.

Crisis is now, and always will be, a part of the investment landscape. A study by The Mutual Fund Research Center found that on average in each year between 1970 and 2009, the S&P 500 index was down 47% of the trading days. This number was fairly consistent in most years, although it varied from 38% in 1995 to 58% in 1974.

How will you deal with the ups and downs that are an inevitable part of investing? The force of seven billion people trying to improve their lives ultimately will push us up the sheer rock wall that we confront today. It may be a daunting climb, but make no mistake – we are going to get up that wall, one toehold at a time. So get mellow and settle in. See if,



perhaps, you can bring yourself to whistle and smile a little on the way up. Your clients are counting on you to keep perspective and help them make it to the top.

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