



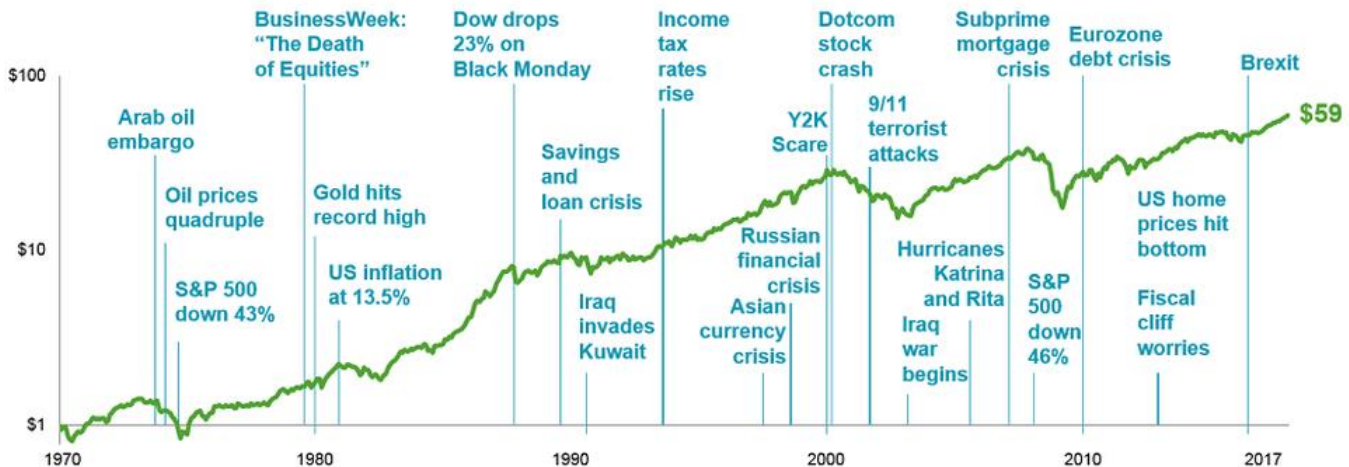
## The CM Group Spotlight

### What You're Really Investing In When You Invest In The Stock Market

By: Robert Pagliarini

This is a terrible time to be an investor. That's what a client recently told me. He continued with half a dozen reasons why it was not a good time to be invested in the stock market. None of the reasons he listed were far-fetched or even unrealistic - there were no conspiracy theories or worries about nuclear war, currency devaluation, or government overthrow. None. The truth is, every single one of his reasons was well thought, rational, and factual. They were realistic and had merit - from valuation concerns to political turmoil to the risk of trade wars and real wars.

Growth of a dollar—MSCI World Index (net dividends), 1970–2017



A disciplined investor looks beyond the concerns of today to the long-term growth potential of markets.

In US dollars. MSCI data © MSCI 2018, all rights reserved. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is no guarantee of future results.

*Despite temporary setbacks, the market continues to go up.*

After patiently listening, I replied that despite all of the bad, this is still a good time to be an investor. If you look back over the last fifty years, we've had wars, terrorist attacks, double-digit inflation, trade wars, impeachments, poor economic and tax policy, geopolitical instability, crushing recessions, high unemployment, and, at times, chaos and uncertainty. Yet despite all of this, the market has continued to go up. But why?

It's because each of these "calamities" is temporary. Bad leaders? Temporary. Wars? Temporary. High unemployment? Temporary. Almost everything that worries us day to day is temporary. But what's not temporary is the need to create, the hunger to improve one's life, and the desire to increase one's financial standing. These are not fads or ephemeral wishes. These are core needs that drive Americans and people all over the world. As an investor, you are investing in human potential and the unflinching and persistent strive for advancement. When you invest in the stock market you are investing in companies, but more importantly you are investing in the belief that people want to wake up every day and create new products and services that solve problems and make lives better. Recessions may come and go. Leaders may come and go. Even industries and companies may come and go. But the machine of progress continues even in face of setbacks, hurdles, and disasters.

This doesn't mean that there won't be events that upend the stock market - some known and others that take us all by surprise. In the short-term the market reacts to each of these events, but as long-term investors, they are meaningless.

If you are a 30-year-old investor, whatever happens today, this week, quarter, or year in the stock market is noise. Even if you are approaching or in retirement it is irrelevant simply because you'll be alive for several more decades, and as a result, you will be an investor for several more decades.

Being a successful investor is about being able to distinguish between what is important and what is not. I can assure you, a company's earnings the last quarter is irrelevant when you are investing for decades.

If history is any lesson, no matter what looks negative today is temporary. The recession will eventually end. Unemployment will eventually come down. The new tax laws, reforms, legislation, tariffs, etc. will inevitably change. However, what remains constant is the human spirit to grow and create. That is enduring and that is worth investing in.

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