Adapting to the Markets Puts Points on the Board

By Roger Balser
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At my firm, Balser Wealth Management, we like to say that we spend every waking moment being very concerned about your money. About how you earn your money, how you invest your money, and how your money is contributing to a happy, healthy lifestyle.

But in reality, sometimes our thoughts drift. This is particularly the case during football season when I find the most creative ways of relating the events of the workday to my beloved Dallas Cowboys and my fantasy football teams.

When I'm discussing with a client the stellar performance of a particularly strong ETF (Exchange Traded Fund), the conversation often devolves into comparisons like the two-touchdown performance of Dallas Cowboy tight end Jason Witten last Sunday against the Philadelphia Eagles.

In another conversation of how to adapt to a downturn in a specific sector of the market, I might bring up how I'll have to comb the waiver wires this week because my running back is out several weeks with a serious hamstring injury.

Sometimes this enthusiasm is enough to make my clients secretly wish for another NFL strike. But I tell my clients not to be too concerned. Even if they're a Pittsburgh Steelers fan, they can be sure that my endzone-focused wanderings are with their best interests in mind.

In this article I'd like to compare the world of football predictions to the Relative Strength model of investing, which as you know, is the heart and soul of what we do here at Balser Wealth Management.

The NFL experts at ESPN who compile the annual pre-season "Power Team" rankings are not flawless. In both 2013 and 2014, four of the experts' pre-season Top-10 teams failed to even make the playoffs.

If you watch the business shows on television you would tend to believe that the art of prognostication is easy. But in reality it's very hard to do. Ask any fantasy team owner who drafted Minnesota Vikings running back Adrian Peterson in 2014. Peterson was a top draft choice in every fantasy league across the country. The guy was expected to be a stud. But he turned out to be a bust.

I believe adapting in situations like this can be even harder. Our egos don't want to admit that just a few weeks into the season our logical pre-season predictions have been proven wrong.

But smart investment managers adapt to the markets based on what is happening at this very moment. Holding fast to expectations that are simply not panning out can be patently foolish. And yet completely ignoring the pre-season expectations — jumping off a ship prematurely — can prove just as unwise.

I've learned over the years that the key to investing is to stay real. Don't let your heart — or your pride — direct your decision-making. That's why I stay loyal to the Relative Strength model of investing, which removes human emotions and opinions and replaces it with unbiased analysis based on real market experience.

This unemotional (but discriminating) analysis of the markets tells you which stocks and funds are winners (the ones you should own) and which are losers (the ones you should *not* own.)

It's OK to be wrong. It's just not OK to *stay* wrong. Those who stubbornly insist on starting the Vernon Davises of the world for 16 weeks at tight end will pay for it in the end. No playoffs! (Or payoffs.)

I'll leave you with one last bit of sage investment advice and one more football distraction: Just because I'm rooting for Dallas Cowboy's quarterback Tony Romo to have a great season, doesn't mean I want him on my fantasy team.

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