



BURNS INSIGHTS

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Hope, Reconnection, and the New Normal

Hello 2021! What took you so long?

I know I am not alone in having the sentiment that the end of 2020 could not have come fast enough. No doubt, it will go down in history as one of the strangest years on record. So much so that, if a year ago, Hollywood had produced such a movie, nobody would have gone to see it because it would have seemed too unbelievable. Turns out, we would not have been allowed to see it anyway. What a year!

For me, 2020 can best be characterized as “positional.” Whether the issue be politics, COVID-19, or the economy, it felt like there was no middle ground. Extremes seemed to rule the day. For example, in March, as the world shut down, the stock markets had one of their worst months ever, only to be followed up by one of the fastest recoveries ever. Fortunately, from a financial perspective, most of our clients were minimally impacted. Qualitatively, how we conduct our daily lives (the way we shop and socialize for example) has changed drastically. But rather than focusing on the past, I would like to look forward to the new year with anticipation. Let me share with you where my and my team’s focus will be in the coming months and year.

Hope

“We’ve faced tougher problems, and the American miracle, the American magic, has always prevailed,”

– Warren Buffett, May 2020.

By nature, I am generally a positive person. In my 34 years as a financial advisor, I have found that there is little to no power in catering to pessimism and fear as a way of being. I have tried to learn from some of the elder statesmen of investing, like Sir John Templeton and Warren Buffett, who have often been criticized for being eternal optimists. But there is a practicality in being an optimist. Optimists are more likely to see opportunity during challenging times. Both Messrs. Templeton and Buffett believed that our American spirit would always lead to innovation. You just don’t bet against America. We concur. For the past couple of years, a focus of ours has been the New Technological Revolution (namely in the areas of artificial intelligence, human genomics, cyber security, “the internet of things,” etc.). We will continue to look to invest in these exciting areas over time as the markets present opportunities to allocate at attractive valuations. Just look how fast we were able to come up with an effective vaccine.

How can you not have hope for 2021 knowing that there is a good likelihood that this will be the year we move past COVID-19.

Reconnection

“We human beings are social beings. We come into the world as the result of others’ actions. We survive here in dependence on others. Whether we like it or not, there is hardly a moment of our lives when we do not benefit from others’ activities. For this reason, it is hardly surprising that most of our happiness arises in the context of our relationships with others.”

– Dalai Lama XIV

Boy, do I miss seeing you all in person! I suffer from Zoom fatigue. I think this has been the hardest part of the pandemic. My wife and I have different social styles. If you have known me for longer than five minutes, you know that I am a very social person. I am one that normally has a pretty full calendar; I have rarely met a stranger; I belong to several groups; and I like social media. My wife, on the other hand, has a more stealthy social style. She has fewer, but deeper relationships. She talks to her sister and my daughter a lot! One style is not more right than the other – they are just different.

We look forward to the time where we can go back and have in-person appointments. We will also be putting together some educational events like the ones we have done in the past. We will use that time as an opportunity to get to know all of you better, so we can provide more value to our relationship. We also look forward to meeting new prospective clients and professionals as well.

New Normal

“We will not go back to normal. Normal never was.”

– Unattributed

Life is evolutionary. It is in a constant state of change. It is also a “two-edged sword” where you must accept what is lost to give way to what is gained. Crises, like the ones we experienced in 2020, force change upon us that might not have occurred without it. Rather than resist it, accept it. There are several areas of our lives that have been forever changed.

The first one is that virtual meeting are now widely accepted, and can be really efficient. They allow us to share screen information, connect with other people (family and other professionals), and see our clients face-to-face who live outside the area. Outside of

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our field, video conferencing has also brought “telemedicine” to the mainstream and it’s much easier to receive advice and consultations from your healthcare provider.

Workspaces in general have been completely transformed. Many companies found that employees, given the technology, can be as productive away from the office. We have seen that firsthand on our team. Each of us, for various reasons, have had to work remotely. When I went to visit my son in Mill Valley, my wife and I were able to stay longer, because I worked from their kitchen. I was also able to help a friend move from Michigan to Oregon. We drove for four days and then I had to isolate for an additional week, where I worked from home. Personally, it became clear to me that working remotely does not suit me, because I enjoy coming in to the office. It became clear to my wife that having me around that much does not suit her, because she enjoys my leaving the house. Now my retirement – from her perspective, is out of the question!

Lastly, how we manage our finances has changed. I don’t know anyone who doesn’t do a significant amount of online shopping. Out of necessity, such things as grocery and restaurant delivery services have become the norm for many people. Membership services for specialized meats, produce, and clothing are everywhere online. Heck, I get a new toothbrush delivered to me every three months. Even when you go into the store, it’s hard to pay with cash (and don’t even think of asking for coins).

Like in the past, we will never be able to control the future. However, my team and I will continue to look for areas where we can help you to become better stewards with your finances. We are there for you always. We are also looking to bring on new client relationships. We are excited about 2021. We look forward with hope, we can’t wait to reconnect with all of you, and the new normal begins now. May the new year hold many blessing for us all.

Noah’s Corner



“The first rule of compounding: never interrupt it unnecessarily.”

– Charles Munger, legendary investor

I read this quote in the book *Atomic Habits* by James Clear in November of 2020, but I wish I had known it, memorized it, and imprinted it on our clients before the beginning of 2020. There have been several events this year that have lead our friends, colleagues, and clients to wring their hands

with worry. COVID-19 infection spikes, economic shutdowns, and politics would round out the top three.

Along the way, we have provided the same guidance as the quote from Charles Munger, but maybe not as eloquently or as succinctly. In March, when the U.S. stock markets were down 30%, we heard the phrase “I just can’t take it anymore” from several clients. The volatility had taken more than a financial toll; their emotions were stretched thin. Thankfully our Successful Investor Mindset was a great reminder to our clients to think and act with their heads, not their hearts and stomachs. We were able to keep nearly all of our clients invested in one form or another, with many of them adding to the risk level of their portfolios instead of decreasing it. In the one or two cases in which we were forced to sell, we devised a plan to quickly, yet systematically reenter the market. Months later, our clients now know the potential power and value of the quote above. Selling in a panic rarely adds to your long-term bottom line.

Now we find ourselves in quite a different situation than we have seen during most of 2020. Yes, people are still worried about COVID and politics (when aren’t they); however some prospective clients and clients who are more conservative with their investments have come out of their bunkers recently looking for riskier assets. Robert and I are contrarians at heart, and in investments, we like to move against the “popular delusions and madness of crowds,” as one book title puts it. By the time the more conservative investors are comfortable with risky assets, it sets off a little alarm bell in our heads. All-time market highs accompanying complacency about risk is usually more of a sign to tap the brakes, not step on the gas (not to mention the recession we had in 2020). These thoughts lead us to believe we may be in store for further negative volatility in 2021. Even so, this doesn’t mean that we switch from 100% stocks to 100% cash on a whim, as we don’t want to break “the first rule of compounding.” We must “never interrupt it unnecessarily.”

As planning goes, we always want to keep an eye on the horizon, which for most of our clients is decades out. This is true for even some of our eldest clients, as they intend to leave assets for future generations. This allows us to accept the potential for short-term volatility because we still believe a healthy dose of stocks will be the driver of long-term growth in client portfolios. I’m encouraging you to make the quote from Charles Munger your mantra for the foreseeable future. Let it help you hold on for dear life near a market bottom and keep a level-head when there’s an IPO frenzy. And if that doesn’t work, call us!

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