



Investing in volatile markets: Noise isn't information

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We have a tendency to think that what's happening today is worse than it's ever been,

I don't know that I have a long enough telescope to look back at my career to evaluate everything that's happened. I did, though, last year, create a list of the biggest events that I could find in terms of change that have occurred since I was born, and it was remarkable how similar some of those events are to what's going on today. The breaking up of the Apartheid regime in South Africa, the breaking up of the Soviet Union. People in Europe were really worried about what was going to be involved in creating a common currency, and now they're really worried about what would be involved if they broke up.

And you start to go through and set them side-by-side with what's happening today, and you realize these types of risks have been occurring, at least, all through my life. So, the biggest change is not that they're occurring, it's the speed at which we find out about them.

You read a newspaper which may have covered an event that happened in Asia a few days ago or happened in the Middle East a few days ago. Now your phone can buzz as you're walking down the street. And then, that also tends to mean they're light on actual information -- very fast to give you a certain amount of data. But the real insight behind that on why it occurred and what the longer-term consequences is clearly, in my opinion, being lost among the noise and the urgency of getting bits of data out to you really quickly.

So, what we would like to try and do is help people understand the difference between that avalanche of data that they're getting every single day, to what is important that is likely to drive a change in financial markets, and which they may want to consider in how to vary their long-term plan, working with their adviser. Figuring out how to filter all that down into something that is much more important and useful in trying to determine a long-term investing plan is becoming more and more complex, and I can see why people are getting confused by it.

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