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ADVISOR COMMUNITY

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Taking Stock

A Note from Dave Butler:

Dimensional has been working with David Goetsch, co-executive producer of *The Big Bang Theory* television show, on various communication initiatives, including the Dimensional Stories video series. As the client of a California-based advisory firm that works with Dimensional, Dave has adopted a long-term view of investing, which he found transformational during the recent market volatility. He describes his experience in the essay below. His perspective is a testament to the importance of having a strong philosophy and underscores the value an advisor can play in educating clients and preparing them for uncertainty. I hope you enjoy it.

Before I realized that markets work and adjusted my investment philosophy accordingly, I used to wish for a white noise machine to drown out the sound of market fluctuations and their accompanying hysteria. I thought my mood and sanity would always depend on whether the stocks I had chosen were trending up or down.

To me, investing in stocks was like playing roulette in a shady casino. The financial crisis of 2008 only validated what I felt I could count on for sure—that everyone loses, eventually. I would never be able to predict when or how, which meant that I might as well keep my retirement money in cash because what I lost to inflation was less than what I would lose in the market. Everything I read

in the media or watched on TV stoked my fears. Even if the sky wasn't falling, I knew that it was only a matter of time.

I feel completely different today. I understand that it's not all or nothing. Academics have shown that, over the long haul, the stock market is the best place to get a long-term return. Research has also shown that I can't time the market or pick stock winners better than randomness. So I don't.

I'm a long-term investor in the stock market. I don't care about the ups and the downs of a certain day because my retirement is over 20 years away. I don't seize on the possibility that this is a good time to buy

or sell something because I know that I can't time the market. I'm also not looking at an individual company that might create a unique opportunity given world events because the funds I buy hold thousands of companies.

I'm focused on the things that will really impact my long-term financial future: spending less and saving more. These are two things I can control (unlike when the Fed is going to raise interest rates). Journalists don't write front-page articles about the automatic monthly contribution I make to my kids' 529 college fund. For every hot stock tip that I receive, I can remind myself about the efficient market hypothesis.

The best thing about all of this is I managed to get off the emotional rollercoaster that many investors are trapped on—the same one on which I used to live. Even in 1987, when I was in high school and didn't have any money in the market, I found myself poring over the business section of the *New York Times*, like a rubbernecking commuter trying to get a better look at the car wreck on the side of the road. Now I would rather spend time with my kids. I don't know what the future holds. But I feel good knowing that I'm working on the things I can control instead of worrying about the stuff that I can't.

—Dave Goetsch

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