

Caution – May Contain Nuts
Sometimes our short term plans are dashed by a setback,
or a completely unexpected event. Carry on.

On the occasional very hot summer afternoon, we headed to a nearby neighbourhood we droolingly referred to as "Cherry Lane," where modest single story homes sported an assortment of fruit trees for us to attack.

We knew we were in for it if we got caught. Local moms and dads were like sheep farmers on stray dogs, so we always had an escape route sketched out, and watchmen at the post. There were eight or so of us, each up a different tree in different yards on the street, and ninth boy watching at the end of the road for dad's returning from work.

Among the semi-domesticated trees there is the junglebeastly Black Cherry, which grows weedishly as tall as 90 feet, almost like the cottonwoods in Prince George, but with cherry pie on its wings. I was up one of these, munching on its fruit, looking down at the infestation of boys in trees below me, when the car alarm sounded – not the siren, but the boy:

"Car!"

The boys in the shorter trees below me dropped and scattered like marines under fire. Their retreat to the nearby forest made a scene the driver could not ignore. Screeching to a halt in front of his yard, he jumped out of the car, almost running after the other lads but hesitating, just as I made it to the ground.

We both stared at the other, (cue the Western Showdown music) poised to run. His much longer legs gave him the clear advantage, and the flickering in his eyes told me not to stoke the flame, so I stood still, awaiting doom, as he walked toward me in a controlled rage. Grabbing the scruff of my shirt, he shook me with both hands. "What did you do there mister smarty pants?"

With cherry stains on my face and hands I thought that was a bit obvious, but apparently that wasn't what had put him over the edge. "I SAW what you did Buster Brown, and it was very rude!"

He backed up a step and put a thumb on his nose, wiggling his four fingers, instructing me that it was a very disrespectful signal, and that I should never, ever do it again.

That was unexpected. The fact that I had not done it, nor ever seen such a gesture before, seemed minor compared trespassing, and so I apologized, genuinely contrite, and left, promising never to... wiggle my fingers there again. North Vancouver in the 60's. Caution, may contain nuts.

Expect the Unexpected:

Whether it's a Black Swan event leading to a temporary but painful broad market crash, or just a single company we have invested in which makes a rude hand gesture in our direction, one of the axiomatic principles to hold on to in this business is to deal with uncertainty as a matter of course.

As the financial professional Nick Murray said:

"Long-term investment success is almost totally a function of how one emotionally handles declines in the equity market, as opposed to how one's portfolio handles them." In other words, expect bumps in the road. This is what it feels like in the equity market asset class, but longevity proves out its value.

Some other gems of wisdom come from the guru himself, Warren Buffet, who said:

"You shouldn't own common stocks if a 50% decrease in their value in a short period of time would cause you acute distress."

"Whether we're talking about socks or stocks, I like buying quality merchandise..."

Gold has been making a bit of a comeback these days, no doubt increasing interest in it as an asset class. Here is what Buffet has to say about the shiny yellow rock:

"If you took all the gold in the world, it would roughly make a cube 67 feet on a side ... Now for that same cube of gold, it would be worth at today's market prices about \$7 trillion — that's probably about a third of the value of all the stocks in the United States. For \$7 trillion, you could have all the farmland in the United States, you could have about seven Exxon Mobil Corporations plus a trillion dollars of walking-around money. ... If you offered me the choice of looking at some 67-foot cube of gold all day, ... call me crazy, but I'll take the farmland and the Exxon Mobil Corporations."

And lastly, on the benefits of managing financial anxiety, Buffet said: "The stock market is a device for transferring money from the impatient to the patient."

To this day I am fond of picking cherries, usually of the investment sort. I wish I could brag that all of them were sweet, but that would be thumbing my nose at the complexity that this business is.

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