

# Being a Durable Investor

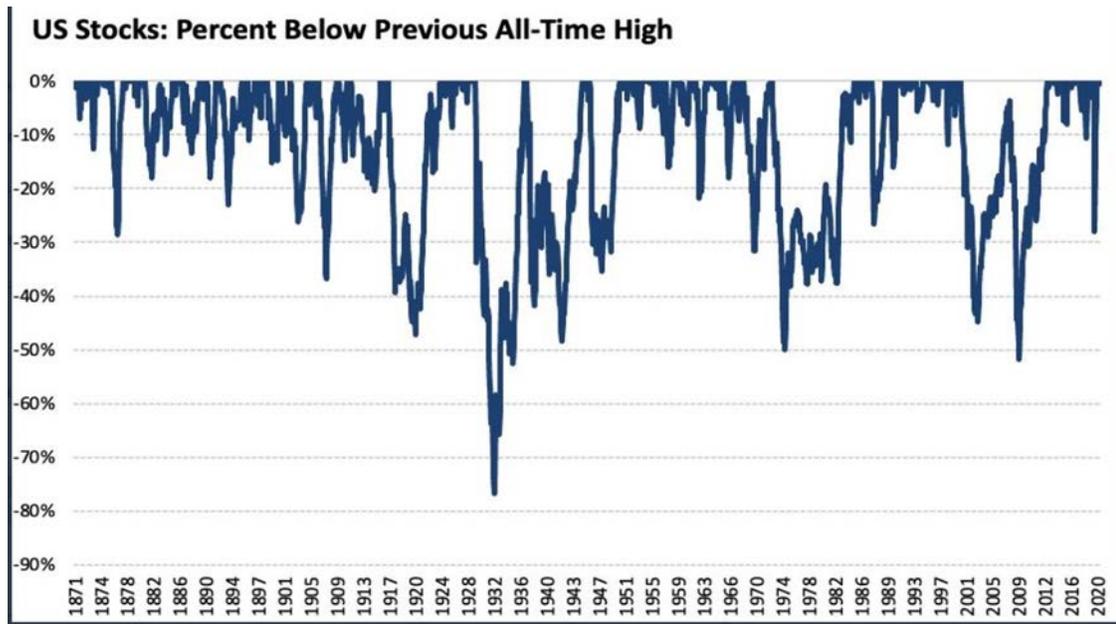
By Wes McComb

April 5, 2021

Last week we had best selling author Morgan Housel on a virtual call with advisors at National Bank Financial. His book *Psychology of Money* is currently a bestseller all around the world. He is a great storyteller, able to get difficult concepts across in an entertaining manner. Once I find someone like this in the investing field who is insightful and interesting, I will stalk them until I get all the information from them that I can. Which means I have gone to his website, past blogs and twitter account.

Today, I want to cover one idea that Morgan discusses that I think is important for everyone that invests to understand. That is the concept of being a durable investor. A durable investor is one who appreciates the idea of compounding returns combined with a long period of time. The concept is that you don't have to strive for the highest possible returns every year. It is more important to be invested for a long period of time to take advantage of compounding. So, mediocre returns if invested for decades will outperform someone investing beyond their risk tolerance who ends up panic selling or selling due to debt, margin, trying to market time etc. For a durable investor, having the correct asset mix so they are able to ride out inevitable market and personal setbacks is more important than living on the edge of your risk tolerance and trying to shoot the lights out every year.





The above charts are from Morgan's twitter feed. The first shows that one dollar invested in US stocks in 1871 would be worth 30 000 dollars now. Even if you started in the 1980s 1000 dollars would be worth 30 000. That is the power of compounding.

The second chart shows all the negative years that have occurred since 1871. There are a lot of them! And sometimes it took years to get back into new highs.

These two charts reinforce his idea of the durable investor. We all would want the end result from chart one, but do we have the stomach for chart two? If not, maybe cash, bonds, gold, real estate etc. have a place in your portfolio to make sure we stay in for the long term.

Tax time will soon be over and if you want to update your financial plan and review your asset mix let us know. We want to make sure everyone is a durable investor.

*National Bank Financial - Wealth Management (NBFWM) is a division of National Bank Financial Inc. (NBF), as well as a trademark owned by National Bank of Canada (NBC) that is used under license by NBF. NBF is a member of the Investment Industry Regulatory Organization of Canada (IIROC) and the Canadian Investor Protection Fund (CIPF), and is a wholly-owned subsidiary of NBC, a public company listed on the Toronto Stock Exchange (TSX: NA).*