

The 'Long Haul' is Here, TODAY!

Are you "investing for the long haul"? If you are via the Schulz Financial/DFA/TDAmeritrade team, it arrived, again, in 2016, as long term goals are achieved through systematic, incremental gains. 2016 provided such an opportunity.

All too often, the "long haul" investor thinks that incremental wins are few and far between, something far off in the distant future and seldom achieved along the way. However, this is not the case. Almost by definition, the gains will come more often than the losses.

This doesn't necessarily mean that one's portfolio is at the front of the comparison pack, especially for short to mid-term investment horizons. In fact, being at the front of the pack over a short to medium time frame implies a lack of diversity, which is a situation to avoid. Nevertheless, to move the ball forward one needs to play defense through scientific diversification and having a portfolio with a personally appropriate risk while staying in a position that facilitates significant, measurable gains.

The 2016 calendar year was a period of such gains, with the Schulz Financial/DFA global equity benchmark portfolio achieving a 12.3% gain, net of all costs and expenses. This compares to an 8.5% gain for the comparable risk S&P 500 before subtracting any costs or expenses. Moreover, the Schulz Financial/DFA equity benchmark did this with most of Europe being flat for the year, as Europe has generally been flat for the last ten years. But, at some point, it is likely that Europe will turn the corner and become a tail wind instead of a head wind, thus further propelling the patient investor forward to their financial goals.

To be sure, one needs to keep in mind that financial goals are generally achieved in years, while emotions move on a minute-by-minute basis. It's perhaps unfortunate that one doesn't objectively see all market movements on a minute by minute basis.

Why? Because the data would show that the wins consistently outpace the losses. This is capitalism at work.

As we reflect on 2016 and look forward, we need to celebrate the reasonable, healthy 12.3% global equity gain for 2016. You may have been a little ahead of or behind this benchmark, or it may have been buffered by bonds. Nevertheless, for those in a scientific, globally diversified portfolio, the ball moved forward in 2016 at a faster than average pace. That's good!

