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Use Isms to Improve First Encounters

By: David Richman | June 21, 2022

Inflation. Global tensions. Volatile markets. How can you weigh in when topics like these come up in conversation with someone you've just met? Thought-provoking isms can help you respond with the wisdom and perspective of a professional.

Suppose you meet your new neighbor for the first time at a summer block party. After learning what you do for a living, he proclaims:

"I'm sure we are heading into hyperinflation, which will lead to a prolonged recession. So much so, that my plan is to sell all of my stocks this coming week and then sit on the sidelines in cash until the dust settles. What do YOU think?"

How might you respond? What if you said, "Noise is often confused with signals."

This is a terrific example of an ism—an evergreen belief that frames your philosophy about investing and planning. It surfaced during a recent interview with Jim Caron, chief fixed income strategist at Morgan Stanley Investment Management:

"Noise is often confused with signals. Investors often try to find signals in financial markets by simplifying complex matters. The result is a narrative that reflects noise instead of signals."

"Confusing noise with signals can cause investors to measure the wrong data relationships and form a view that leads to suboptimal decisions when managing risk. You can't manage what you can't measure. So, the focus needs to be on measuring signals, not noise, in order to drive more optimal investment decisions and create a repeatable investment process."

"Noise is often confused with signals." Use this in place of an inflation prediction or a market prognostication and it's bound to generate another question from your neighbor—a good time to keep the conversation going or suggest a more appropriate time and venue for a deeper discussion.

Bottom line: Your isms can propel conversations with first encounters to a higher level and maybe even present an opportunity for a first meeting.

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"Thought-provoking isms can help you respond with the wisdom and perspective of a professional."



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