



**Thank you, Al Goldman!**

9/11/20 – Previous Close: DJIA 27,535; S&P 500 3339

Long-time clients will recall that I spent the majority of my 34 years in the investment business at the venerable firm of A. G. Edwards & Sons based in St. Louis, Missouri. In fact, if Wachovia had not bought AGE out in 2007 (against the strident wishes of the Edwards family!), I'd probably still be there. I loved that firm because of the great people who led it and the client-first culture they modeled every day. One of the great people I had the privilege to know and learn from was Chief Market Strategist Al Goldman. Many of my clients will recognize that name because I sent out many of his market letters over the years. Al had a knack for being calm, wise, humble, insightful and funny. In times of countrywide struggles (such as the horrific, unprecedented tragedy that occurred 19 years ago today), he was quick to encourage us to “believe in the good ol’ USA” – reminding us that our country has a long track record of overcoming disasters and hard times. This was certainly on my mind when COVID tanked the stock market earlier this year, and gave me the fortitude to urge clients to “hang in there” as nearly all did – and enjoy the 50%+ rise to new all-time highs this month. **Yes, thank you, Al Goldman!!!**

I still use many of his “lines” when attempting to explain the market to my clients. Which brings me to the point of this letter. I have had numerous clients say something similar to “Gosh, Herb, with the election coming in November, isn’t the stock market going to tank? What should I do?!” Enter Al Goldman. One of my favorite quotes of his was “*It isn’t the snake you see that bites you!*” What he meant was, if everyone is looking at the same thing (in this case, the upcoming election), that won’t be the thing that “bites you.” There may well be another “snake” (or two) but if so, it’s more likely to be one you don’t see coming (had you ever heard of the coronavirus before January?!). Do you really think that all of the professional money managers and investors who have billions at risk don’t realize that we’re on the cusp of one of the most contentious elections in modern American history? Really? *They all see the same snake!* There are always other snakes – they just do a better job of “hiding.”

So, what’s an investor to do? At the risk of repeating myself, “*Investors must always be prepared - financially, mentally, and emotionally - for a 10% (or more) selloff at any time.*” Don’t freak out when that happens – no matter what the media

screams. “*Always be (at least) a five-year investor.*” How to do these two things? At least two things:

1. If one is drawing an income from their investments, have at least 6-12 months of needed cash set aside in order to decrease their odds of having to “sell at bad prices” when the market pulls back – and it will, we just don’t know from how high! (Most years have at least one 10+% selloff.)
2. Regardless of whether one is investing for accumulation (growth) or distribution (income), all should truly abide by **Herb’s Three Rules of Equity Investing**: “*Own quality, be diversified, invest in patience.*”

Yes, we will have an interesting and volatile next few months. I’m very grateful that Al Goldman helped prepare me for whatever lies ahead. Be prepared and don’t panic. This too shall pass.

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