

Batter Up! An Investor's Approach at the Plate

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Successful investors may not know it but they approach their financial planning like a successful hitter in baseball. As spring arrives and major league baseball begins again, I'm reminded of what effective hitters do. Let's take a look at how the two relate.

First, a great hitter finds a swing that is repeatable and natural. Second, they swing...a lot. In other words, they don't swing only during the season and put the bat down in the off-season (they actually swing more in the off-season!). Third, and most importantly, they hold a steadfast approach. Great hitters have a plan. The best have a mental discipline to stay with their approach regardless of the pitcher, the weather, the stadium, or what happened with their last at bat. It's been said that after going 0-4 at the plate, instead of dropping his head, Hank Aaron would go back to the dugout and mumble, "Tomorrow, somebody pays."

A major league season is 162 games. A regular starter will have approximately 500-600 at-bats during the year. If they are considered a good (not great) hitter, they will have a career that spans about nine years, which amount to approximately 5,000 at-bats. What I notice is that successful hitters begin with a 5,000 at-bat perspective or at least a 550 at-bat perspective. They know that in some games they will go 0-4 and never reach base, or they will hit multiple home runs, or they will be walked a few times. To take it further, they may go hitless for several games in a row (meaning a 0 for 20 stretch). Or, they may hit home runs in successive games, such as five home runs in a five-game stretch. None of this moves them to change their approach because they know that with a consistent and repeatable swing and mental plan, they will succeed over time.

Successful hitters approach every at-bat the same way.

If a hitter adjusts their at-bat to every field's dimensions, every weather change, every pitcher, and what the fielders are doing, they will fail. Frankly, it is what we all do in little league and high school that keeps us from ever becoming Joe DiMaggio or Ken Griffey, Jr.

So, what does this have to do with investing and successful financial planning? Reaching your financial goals is not about one great money move, one great investment pick, or



one year of market returns; it is about many years of good decisions stacked on top of each other. It is not about relying on the home run outcome of one decision, nor changing everything you do because of a few bad outcomes. Successful financial planning is like stacking consistent at-bats together for many years.

A hitter needs to have a swing that is natural and repeatable. For an investor, this means not always wondering if

there is some better swing (investment type) out there for them that would make this all easier. A hitter needs to swing a lot. An investor needs to BE invested. They can't do well by sitting waiting for the perfect pitch or only going to the plate (investing) when the market environment is guaranteeing 100% success. A hitter holds a steadfast ap-

proach and keeps their mental discipline during slumps or hot streaks. For an investor, Jack Bogle, founder of Vanguard explains it this way, "Your success in investing will depend in part on your character and guts and in part on your ability to realize, that at the height of ebullience and the depth of despair alike, that this too, shall pass."

The folks that try to rely on the home run swing (remembering one great year of market returns) or rack up too many

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financial strikeouts (when the market tanks, which it inevitably does, moving to cash) never quite settle in for a long successful career of hitting/investing. The folks that accept that sometimes the game is played in a downpour, sometimes a pitcher is just going to strike you out, sometimes you always seem to hit it where a fielder is, but continue to step in the batter's box, and keep their mental discipline, succeed over their lifetime in reaching their goals.

If you'd like to discuss your "investor approach at the plate," I'd be happy to do so.



If you would like to discuss the subject matter in this article or any question related to your financial planning, please contact David Jeter at djeter@allegHENYfinancial.com or 412.536.8012.

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