

ellesworth

Women - Money - Life

all together now



Greetings ELLESWORTHIAN!

I had the good fortune of meeting one of my favorite folks in finance last week at the [Ben Graham Centre's Value Investing Conference](#) in Toronto. None other than Howard Marks, cofounder of [Oaktree Capital](#) one of the leaders in the field of distressed investing. I am not an investor in stressed and distressed corporate credit; that game is reserved for big boys and girls. But Marks, the author of two bestselling books, hundreds of memos, and now a podcast series, is not only smart but also wise. His insights apply equally to life as to investing and that makes him someone to pay attention to. To paraphrase Warren Buffett, in a previous era Marks, a near-sighted guy of small stature, would have been eaten by lions well before his bar mitzvah. Today, those who are clever with capital are placed on a pedestal, far out of reach of lions, (though not of short sellers).

Here are some takeaways from Marks' keynote speech:

You say 'macro', I say 'micro'

The financial media makes much ado over economists' forecasts about interest rates, GDP growth, inflation/deflation/reflation... In the end, how useful are these forecasts? Not very, says Marks. The world is a complicated place. If an economist says inflation is likely to be 3% next year instead of 1-2%, what are you going to do with that information? Are you going to load up on debt or unwind your debts? Sell equities and buy bonds? Change your haircolour? Give bangs another try?

As he says, economists are not hired based on their track records. (And, in any case, AI will make them obsolete soon.) According to Marks, macro forecasts are noise that should be mostly eliminated from investment decisions. Investors cannot control the macro, only the micro—in other words, whether an investment is likely to become more valuable *over time*.

The same thinking applies to life. Yes, the world is shambolic. Possibly more than in recent history. What are you going to do about it? Focus on what you can control—the micro: develop equanimity; be honorable; be kind; be brave; look around and lend a helping hand where you can. These will bear fruit *over time*. Cher's Mom used to tell her, "If it doesn't matter in five years, it doesn't matter." Focus on what really matters.

"I always recommend good luck." -Howard Marks

Check yourself

Like exercise, alcohol, thinking, sleep, and work, it's important to calibrate the correct dosage. Too much creates as many problems as too little. Ego is the same: we need enough to motivate us to make our mark in the world but unchecked a hungry ego is a barrier to enduring success and personal contentment.

During the bull market in equities from 2009-2020, some investors believed they were superstars because everything they bought went up—tech, crypto, *whathaveyou*. But as Marks' points out, it was like using a moving walkway at the airport and thinking of yourself as a fast walker! Artificially low interest rates and government money printing were the moving walkway that fueled the 11-year bull market. Was everyone an investing genius during this period or was it the environment that gave the big boost? As the [Clairol](#) ad said, "Only your hairdresser knows for sure."

peace & love, peeps!

xo

Rita

P.S. Psst. Tell your friends...www.ellesworth.ca



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