

Reality is a Girl's Best Friend

I walked into my den recently and found my two daughters (ages seven and ten) slack-jawed at the spectacle before them on the television: Marilyn Monroe singing “Diamonds are a Girl’s Best Friend” in the movie *Gentlemen Prefer Blondes*. As soon as I came in, they blurted out “Daddy, who is that woman? Why is she dressed like *that*? Why is everyone *dancing*? Who *are* those guys in tuxedos?” Their reaction surprised me, but then I realized they had never seen a non-animated musical, so they are unfamiliar with the genre. I, on the other hand, grew up long, long ago in an era in which nothing seemed strange about everyone bursting into song and dance in a movie or TV show.

Sure, this kind of thing never *really* happens to us ~ not only do I not know anyone that looks like Marilyn Monroe, I do not know anyone as handsome, well tailored or good at dancing as the third guy from the left in Marilyn’s chorus line. Still, we are able to separate entertainment from reality, so we accept this behavior in the movies or TV shows, but only there. The mentally healthy among us do not expect cummerbund-clad hunks or hunkettes to suddenly spill out prancing and singing from stage left in our lives.

While the distinction is obvious when we are watching a movie, sometimes our minds are not so adept at distinguishing between illusion and reality, a confusion relied upon by advertising. Advertising routinely creates pleasing illusions. This is otherwise known as lying or, as described by the advertising-man protagonist in another old movie, *North by Northwest*, “expedient exaggeration.” Most of the time, this is relatively harmless – no, you do not get to go to the prom just because you use the new mouthwash, but you are only out a couple of bucks (and your breath probably is fresher).

On the other hand, the illusions in financial service ads can cause severe damage. For example, the lead actor from *Law and Order* is featured in a series of ads for a discount brokerage firm (corporate motto: “Who knows more about your retirement than a preachy thespian pretending to be a pious prosecutor?”) These ads use jumpy MTV-style editing (color to black and white, front view to side view, etc.), apparently assuming that your attention span is too short to listen for longer than three seconds without some distracting visual stimuli. The point seems to be to encourage you to make several important trading decisions on your laptop while eating breakfast each day. It makes me feel guilty when I glance at the sports page in the morning.

“He’s your guy when stocks are high, but beware when they start to descend”

- Jule Styne, Diamonds Are a Girl’s Best Friend

Another series of ads from a well-known, huge New England-based mutual fund complex combined quick-cut editing with vignettes of multi-tasking baby-boomers managing their retirement accounts on the cell phone while rushing off to an appointment, sharing a cab or dressing for their daughter’s wedding. (I can’t make stuff like this up). Of course, these exciting images inspire emulation. Now when, as invariably happens during my commute, someone drives too slow, swerving back and forth across multiple lanes with a cell phone pressed to their ears, I shout, among other things, “...and I’ll bet you’re doing a really lousy job of reallocating your portfolio.” It would do nothing for their investment performance, but it might improve auto safety for us all if they got a hands-free phone. Still, as Ellen DeGeneres has observed, “Chances are if you need both of your hands to do something, your brain should be in on it, too.”

Ultimately, these ads and their illusions confuse me as much as Marilyn confused my daughters. Is the message that: (1) investing for retirement is so unimportant that it can be lumped in with sorting through the mail and munching on your morning muesli; or (2) our civilization has descended to the point where we have no time really to think about anything, no matter how important? The first is clearly incorrect; the second is too depressing to contemplate but (fortunately) also incorrect. Your retirement may seem far off, but investing wisely is critical, far too important for multi-tasking.

Maybe we are just doing it wrong, but we believe investing requires reflection and analysis; anyone can quickly read *Money* magazine, but more detailed, sustained deliberation and, yes, specialization and professionalism are required to gain investing wisdom. We guarantee little here at Sigma, but I will guarantee this – we will never, *ever*, reallocate your retirement portfolio yakking on a cell phone on our way to a power yoga lesson. Illusions can be pleasant but dangerous; reality is really your best friend, at least with respect to investing for your future. If you agree, call us at 503-419-3938 or check us on the web at www.sigmainvestment.com. Just don’t expect me to sing and dance.

-Bill Berg