

## Brad Brain: I need a new pair of running shoes

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Brad Brain: "That's how much I like buying things on sale. I am willing to put up with actual physical pain just to save a couple bucks."  
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*Writing this column involves a production process and it takes a bit of time. So although the column began publication recently, I had actually written a number of columns in advance so I had a bit of an inventory to be sure I had material ready to go.*

*Then the March market madness hit, and all that work got set aside for a while so I could write specifically about current events. Until tonight, when I came across this unpublished column that I wrote in January 2020. When I wrote this I did not know that we would be in a bear market before it was published.*

*The reason I'm mentioning this as an introduction is because I expect that there will be people that would agree with these concepts logically in January, but would still find it hard to follow through with them emotionally in April. Which is exactly the point of this column And yes, I did buy new shoes.*

You might not guess it to look at me, but I am a bit of a high-mileage runner. I can run upwards of 100 kilometres a month.

I am also a pretty big guy, which means my running shoes take a pounding. I will wear out a pair of high-quality running shoes in under a year.

But I am also a cheapskate, which means I don't replace my shoes often enough, and I am a packrat, which means all my old shoes are still around here somewhere.

So it's time to go for a run, and I grab a pair of shoes from the pile. I hadn't worn these ones for a while. I was pretty sure they were miled out, but I took them anyway.

Sure enough, I was right. Those shoes are done, and now my feet hurt. The problem is, all my shoes are miled out, and I need to buy a new pair.

But I am reluctant. Because I am a cheapskate. If it was Boxing Day or Black Friday I would be first in line to buy a pair of shoes on sale.

But shoes are not on sale, and I am left wondering which old pair I can squeeze a few more runs out of.

Let's think about that for a minute. What I am actually thinking is how much pain can I tolerate before I break down and buy a new pair of running shoes. That's how much I like buying things on sale. I am willing to put up with actual physical pain just to save a couple bucks.

Cool story, bro, but what's the point?

Here's the point. What is intuitively obvious when it comes to retail purchases (buying things when they are on sale is good) is scary and bewildering when it comes to investment purchases.

You see, most people do not want to buy investments when they go on sale. Quite the opposite. Most people will want to sell the investments that they already own when the price goes down.

People understand the phrase “buy low, sell high.” But they don’t behave that way. The evidence is overwhelming. People will buy investments AFTER they go up, and sell them AFTER they go down.

There is a simple explanation for this. People make money decisions based not on fact, but on emotion. An investment goes up, and they fear they are missing out so they buy some. An investment goes down, and they fear it will keep going down, so they sell.

But if you are a long-term investor with an appropriate tolerance for variable returns and you own high quality investments, you actually want to see investments go on sale from time to time. So you can buy more.

Yes, you read that right. When it’s appropriate for your situation, you want to BUY, not sell, the next time that investment goes on sale.

As for me, I am heading to the local sports store tonight for new shoes. As for you, call your investment advisor the next time that investments go on sale.

*Brad Brain is a Portfolio Manager with Aligned Capital Partners Incorporated (ACPI). The views expressed are those of the author and may not necessarily be those of ACPI. Content is prepared for general circulation and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it.*

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