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## The Surprising Dividends of Transformed Investing

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I've been working in sitcom writing rooms for the past 25 years, and one of the most discussed, and least understood, topics is investing. To be in one of those rooms means that you have already beaten odds. In success, the financial benefits can be fast and huge (Google "writer" plus "nine figure deal"), but in failure, the financial misfortune can come even faster and be even more extreme.

So what do you do? How do you plan when there's no way to know which show you'll be working on one, three, or five years from now? Or whether you'll be working at all?

Thanks to my exposure to [a better way of investing](#), I have an incredible advantage over almost every one of my colleagues.

Now let me be clear: I do not have any insights into the future of financial markets. I don't have any ideas about what the next big stock or trend will be. I certainly don't know what's going to happen with inflation, or recession—or anything that ends with "-ion."

But the cool thing is, I don't need to. I'm broadly invested in the market based on 95 years of data that have been [tested by academics for 60 years](#) and [implemented in markets around the world](#).

I'm not using crypto to try to double everything in the next two months. I know that the historical rate of return for the stock market has been about 10%,<sup>1</sup> but I also know that it almost never delivers that in any particular year. So I'm not surprised when the market goes up a lot one year and down a lot another year. Because I know that the market is constantly responding to new information as it happens.

By investing in broadly diversified funds, I've bought little parts of lots of companies. And because my investments follow the insights of financial science, I've bought more of the kinds of companies that, over the long haul, research has shown have higher expected returns. Collectively, these companies represent the dreams and hard work of people around the world. Public companies don't just make products; they build business models to try to fix the world's problems and improve people's lives. I don't know who is going to be the best in each industry. Thankfully I don't have to guess.

But it's even cooler than that.

Thanks to this approach to investing, I understand how to deal with uncertainty better. Let's review:

### **1. I UNDERSTAND THAT RISK PLAYS A ROLE IN EVERY FACET OF MY LIFE.**

It's everywhere! I have learned to make tradeoffs with which I'm comfortable. I've accepted that not everything is going to turn out the way I wanted. My first attempt at getting a network sitcom on the air was over 20 years ago. I have a show on the air now, but I might not next year. That's what I signed up for. And it takes me to my next point...

### **2. I'VE LEARNED TO SET REALISTIC EXPECTATIONS.**

I'm going to work as hard as I humanly can to achieve my goals, but I understand that there are so many things outside my control. Three years ago, I created a show about an Afghan interpreter who lives with his Marine best friend, but I didn't know that, at the start of Season 2, Kabul would fall in a weekend and half my staff would need to devote all their time to saving their siblings while the rest of the staff wrote an episode inspired by their actions. I didn't plan for that. There are many, many things in all our lives for which we cannot plan. But we can hope for the best and plan for the worst. The last 18 months of this pandemic have demonstrated that to all of us in a uniquely powerful way. Part of having realistic expectations is understanding there are things that we can control and there are things that we cannot control. One of the things I've learned from Dimensional founder David Booth is that I should think of my achievements in terms of the quality of the decisions I make, not necessarily their outcomes. Because, in many instances, the outcomes don't depend on our actions.

### **3. I'M OPTIMISTIC BECAUSE I TRUST MARKETS.**

All these people and companies are trying to buy and sell different things—houses, phones, insurance. All available information gets put into the price. The market price is what something is worth right now. If it's higher or lower tomorrow, that's because of new information. Now I don't pretend to have any idea whether markets will go up or down tomorrow. That tends to be where I think people get into a lot of trouble, because they're trying to time the market. There's just no evidence that people can buy low and sell high, time and time again, at a rate greater than luck.

But this doesn't mean that investors should throw in the towel. History shows that, over the long haul, markets have trended upward. No guarantees, of course—you have to have the realistic expectations that I talked about in point No. 2. But if I can be a long-term investor in my investment portfolio, my home, my relationships, my children, my work—absolutely everything in my world—then I have a greater chance of success.

I know I might fail in any one of these different categories at any given time, because I understand risk. I understand what it means to have realistic expectations, and I'm comfortable with my approach to trying to harness the power of markets.

This is a way to hold my breath when I am under the water and smile when I am riding the waves.

This year was supposed to be my 20th wedding anniversary. But my marriage ended six years ago. The divorce was the worst thing that ever happened to me. Until it was the best thing that ever happened to me.

After many stumbles, I met a partner whom I love and with whom I have made a life I could never have imagined. All thanks to uncertainty. We met on a dating app. (See No. 3—I am optimistic because I trust markets!)

Uncertainty can pull you under the water, or you can choose to ride its wave. Most of us will experience both. Human beings are subject to more uncertainty than we'd like. But the sooner I accepted this truth, the sooner I found a way to hold my breath when I was underwater and smile when I was riding the wave. And you can do it, too.

*Dave Goetsch is Executive Producer of the CBS comedy "United States of Al." He previously served as Executive Producer of "The Big Bang Theory" and as a writer on "3rd Rock from the Sun." Goetsch is a Dimensional consultant.*

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1. S&P 500 Index average annual return since 1926.

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