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Cautious Optimists Make the Best Investors

To be a good investor, it helps to be an optimist. Otherwise, bad news and potential problems would overwhelm your ability to make investment decisions. The bears can always make a good argument about why the market is approaching meltdown because there's always something that can go wrong. But there's also a lot of good news.

In Berkshire Hathaway's 2021 shareholder letter, comes "*In its brief 232 years of existence, however, there has been no incubator for unleashing human potential like America. Despite some severe interruptions, our country's economic progress has been breathtaking.... Our unwavering conclusion: Never bet against America.*"

The good news about investing is that the market goes up a lot more than it goes down. That puts the odds on the investor's side. But investors still need risk controls, particularly when approaching retirement. Bear markets combined with the need to withdraw funds for living expenses can put a retirement portfolio into a death spiral. That's where caution comes in. Yes, we believe in the power of the equity markets to create wealth. But we also know a little caution, and sometimes a lot of caution, doesn't hurt!

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