

10 Questions

10 questions I'm pondering at the moment:

1. Are investors right to worry about bonds more than stocks? The Wealth of Common Sense anecdotal sentiment reading shows that most investors are more concerned with bonds these days than stocks. Risk is in the eye of the beholder but I wonder if this worry will be a thing of the past once the next sustained bear market hits.

2. Why aren't things worse in Japan? Since the [insane Japan bubble](#) popped nearly 40 years ago the country has seen deflation, poor economic growth and financial markets that have returned next to nothing. But the unemployment rate is [less than 3%](#). There are no bread lines full of retirees that I am aware of. With little economic or stock market growth for an entire generation, why aren't things worse in Japan?

3. What happens if stocks crash yet again in the coming decade? Do we lose an entire generation of stock market investors? Trust in the financial system is not exactly at a high point at the moment. If that were to happen every millennial in the country would be gun shy about investing in stocks (even though it would present the buying opportunity of a lifetime) and many baby boomers would be in an even bigger hole with their retirement savings than they already are.

4. What if stocks don't crash over the coming decade? The period from 1937-1973 saw some run-of-the-mill bear markets but never a huge market crash. What if that happens again? What if the biggest black swan over the coming decades is no black swan events?

5. Has more money been lost by investors positioning for the next crash, rising interest rates, lower future returns than they will from those events when they do occur? If you began calling for a huge market crash at the start of 2012 the U.S. stock market would have to fall 53% just to get back to the point where you originally called for a crash. Risk management is always important but I wonder how much money has been left on the table by investors positioning for low probability events over the past 7-8 years.

6. Is it harder to pick what the best stocks will be or who the best stock-pickers will be? Finding the next Amazon, Apple or Netflix is always fun to consider but I actually think picking stock-pickers is much harder than picking stocks. There are so many variables required beyond looking at someone's historical track record which is why I think the [institutional investment community](#) has such a difficult time picking money managers. It's too hard for most of them but very few are willing to admit it.

7. How are millennials going to pay for child care? According to a new [survey](#), one-third of American families spend at least 20% of their income on child care. Day care is the equivalent or more than a monthly mortgage payment in most cities. Millennials have a lot of student loans to

pay off so lots of baby boomer grandparents better get ready to spend the first few years of their retirement changing diapers.

8. Is *The Defiant Ones* on HBO one of the best documentaries ever made? This four-part series was amazing. I never realized how powerful Jimmy Lovine was in the music industry and his relationship with Dr. Dre was such an unlikely duo. My highlights: Springsteen's recording studio stories, Tom Petty's sarcasm, Snoop and Nas talking about the East Coast-West Coast rap feud of the 90s, Tyrese posting a video on Facebook of a \$3 billion acquisition before anyone was supposed to know about it, Dr. Dre discovering Eminem and Lovine's unibrow from the 1970s through the 1990s. I highly recommend this one for any music lovers out there.

9. Why is there so much peer pressure involved in home ownership? I blame HGTV (I'm only half kidding). I'm an owner of a new house so I've been thinking about this a lot lately. James Osborne just wrote an excellent [piece](#) on the topic sharing his own experience that's worth reading.

10. How are some of today's crazy [initial coin offerings \(ICOs\)](#) any different from the crazy IPOs of the dot-com era? I get that there could be massive potential behind blockchain technology but so many of these [ICOs](#) are raising millions and millions of dollars based on an idea that comes with no profit, much less revenue. I'm sure there will be winners in this space like there were in the dot-com boom and bust but it seems like things are getting a little out of control with these tokens.