

## Don't Take Asset Allocation Advice From Billionaires

[Josh Brown](#) shared some notes from a talk he sat in on this week with JP Morgan CEO Jamie Dimon. Here's Josh with a tidbit on how Mr. Dimon thinks about his own asset allocation:

*Jamie despises bonds. "I wouldn't own any" he says in response to a question about asset classes and opportunities. He does the math out loud about how much in bonds the Treasury is going to have to sell this year and next year to fund the government. It's over a trillion in issuance, a stark reversal from the bygone days of asset purchases and quantitative easing. More supply will mean higher rates and he'd rather have the volatility in the stock market than hold bonds with yields destined to rise. "I don't want to hold Treasuries now."*

Some investors would view these statements as reason to shun bonds in their own portfolio. There may be reasons to avoid investing in bonds but Jamie Dimon's thoughts on them, or any asset class, should have no bearing on your allocation decisions.

Based on a quick Internet search, Dimon is worth close to \$1.5 billion. He made close to \$30 million in salary last year. Guess what? When you're that rich, you can afford to have all your money in stocks. Dimon probably makes more money from the dividend payouts on his JPM stock than 95% of the country makes in a year.

Unless you sink everything you have into a single high-risk venture, it doesn't really matter how you manage your portfolio with that much money. Dimon has the ability to take as much or as little risk as he wants.

He could have his entire portfolio in municipal bonds while shunning stocks.

According to a [New York Times story](#) from a number of years ago, that's basically what personal finance guru Suze Orman does:

***What do you do with the rest of your money?*** *Save it and build it in municipal bonds. I buy zero-coupon municipal bonds, and all the bonds I buy are triple-A-rated and insured so that even if the city goes under, I get my money. I take a little lower interest rate to make sure my bonds are 100 percent safe and sound.*

***Do you play the stock market at all?*** *I have a million dollars in the stock market, because if I lose a million dollars, I don't personally care.*

There was a bit of an uproar from the personal finance community following this story because Orman's personal portfolio didn't match the advice she gave to her legions of followers. She advises people to invest in the stock market but it only makes up a small percentage of her net worth.

In that same article, Orman says she spends \$300-\$500k a year on private planes. Does this sound like a person the majority of the country should be comparing themselves to in terms of portfolio construction?

Of course not!

She has the ability to play it safe in her portfolio because she's sold millions of books and has her own TV show.

This is why it rarely, if ever, makes sense for normal investors to pay attention to what the ultra-wealthy say they are doing with their money, even when it comes to the best investors in the world.

*How much cash does Warren Buffett's Berkshire Hathaway currently hold?*

Doesn't matter for your portfolio.

*Is Ray Dalio buying gold here?*

Dalio manages \$150 billion. None of your concern.

*I heard George Soros is buying puts for the 50th time in the last decade -- time to hedge?*

Soros is worth \$8 billion. His hedging trades have little bearing on this number.

One of the best ways to stay out of trouble with your finances is to focus all of your energy on your own circumstances and ignore what other people say or do with their money. Not only will it likely save you from making a grievous financial error but it will also make you happier.

Constantly comparing yourself or your portfolio to others can be exhausting.

Further Reading:

[You Are Not Stanley Druckenmiller](#)

Now here's what I've been reading lately:

- When Barry met Josh ([Reformed Broker](#))
- "The perfect portfolio is understood." ([Backcourt Report](#))
- Why bull markets are dangerous ([Rick Ferri](#))
- Back to school ([A Teachable Moment](#))
- Making public private ([Irrelevant Investor](#))
- Turning nothing into something ([Dollars and Data](#))
- Too much choice is bad for your brain ([Jeff Stibel](#))

- Trillion dollar babies ([Gordian Advisors](#))