

Waiting in Realization of Investment Value

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I had done my research carefully. Analyzed, decided, and purchased, my portfolio faced the future. I recognized that value would accrue in the gap between initial and sale prices; but nothing had prepared me for the exquisite emotional experience of waiting on value.

Stock prices move up and down daily based on the market's expectations of future values. The daily pricing of stock, therefore, is a reflection of today's expectation of tomorrow's possibility. And opinions, influencing prices, are often volatile.

But no financial research describes the personally experienced quality of time, as it shifts under the condition of engaged waiting, motivated by desire for a future outcome.

First, waiting for investments to gain is a gamble because prices move both up and down. Second, downward moves signal either the necessity to sell--- losing money--- or the necessity to endure temporary, but unrealized loss. These latter losses are called paper losses: but experiencing them feels very real and direct. With increasing loss, one's emotional focus seems to narrow and tighten around a particular stock issue--- often blocking out other kinds of daily experience.

Reckoning on possible loss fosters unwitting fantasy: either of outsize gain that will compensate for present suffering or of what is dreaded most: total loss. Subsidiary unpleasantness also creeps in: of having jeopardized real assets; of what was missed or unknowable in analyzing the stock; of not having guessed properly about the future. Then too, there is that element of childish magical thinking--- often when transfixed by real-time market data-

-- as if the purity of passionate wishing could influence equity pricing!

Against this, there is the investor's self-soothing: the memory of market conditions before beginning to lose--- before loss began to cast shadows upon once anticipated potential future values. Because the present "now", that moment of loss during waiting, had been the future too: relative to that recent time when the investor had not yet decided and remained untethered to this stock issue.

Dispassionate market lore says that you do not "marry" a stock; but the experiential fact is that you do: perhaps not forever, but certainly during those hideous storming periods before either the losses of divorce, or the bounties of amicable separation; and it is then that the emotional work of waiting becomes most critical.

The work is two-fold: to understand one's own feeling-states during periods of anxiety and fear; and further, to understand how one's own feeling-states distort earlier, more grounded, visions of future stock possibility. It is hard to think clearly under this kind of pressure. Still: together with a capability to bear ongoing loss that might correct, it is necessary to continue strategic assessment while waiting. No easy task.

Certainly, there is the stoical view of waiting. A particularly good statement of it was written during 2011 on an internet message board dedicated to a (then) tanking stock:

I am both blind and stubborn. Yes. I am always. To me, that is precisely my strength. I don't sell when it is down, I hold or add. I am blind to the fact that short and long both can dump the stock to push the stock to new low from time to time and I am blind to the fact that almost always, stock price will surprise me on the downside. But I am still stubborn to hold on and to be honest, it works out well for me 99% of the times

Good luck if you can do it: but between blind stubbornness and release from that commitment with a fistful of cash, there is

waiting. Together with the pressures waiting exerts on critical thought, waiting drives most of us into a unique world of experience, rarely shared with others. Why? Because it is the experience of frustration, lonely and felt to be unknowable to others while it is ongoing. Perhaps it is because we don't want to be thought stupid, or idle. And have little trust, even for ourselves , that waiting is its own kind of emotional labor.

First and foremost, waiting distorts time. The old maxim, “a watched pot never boils” is correct. Relatively short periods—a few weeks, a few months--- well within the tax code's definition of “short term” transaction---- feel, when we are invested in hope but with the real possibility of loss--- like years. And years of hard slogging: the stuff ulcers are made of.

Because most of us have a limited range of behaviors for similar problems, we resort to familiar strategies: we become hyper-vigilant, scanning the environment for hopeful information; we attempt to deflect our attention; we convince ourselves that we are using the time productively to learn; we grow impatient with our learnings; we remember better days and rosier hopes- just yesterday; we become momentarily elated as our losses lessen and even grow to gains; we burden our families with our worries and befuddle them as our moods change in accordance with the market's bipolar swings.

We busy ourselves with rationalization: looking at other assets hopefully as we prepare for loss; we concoct wild Midas-like fantasies to compensate for our emotional suffering. Some days, with the knowledge that our distractions are incapable of loosening the emotional tie to underlying shares, our fictions fail us and we sink into a funk, depressed and dull.

Some days, we reflect, recognizing the odd contrast between a dreadful sense that loss will be forever; and the more rational knowledge that market conditions will change in time: whether hours, days, weeks, months, or years. Still, what feels weighty and

ponderous is dread of the current present, enduring throughout time.

What remains throughout, gain or lose, is the unpleasant recognition that in order to invest, we relinquish the fantasy of control. In placing our bets, we trust to the vagaries of market sentiment, no matter how trustworthy our assessments of the future.