



## Boring is Beautiful

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When asked about the benefits of being a celebrity, Henry Kissinger replied, “Now, when I’m at a party and bore someone, they think it’s their fault.” Kissinger definitely isn’t shy. If he were, he would still think it was his fault, no matter how famous he was. Reading about shyness on Wikipedia just confirmed what I already know; “Shyness usually involves... discomfort in social situations [and]...may include crippling physical manifestations, in many cases leading [the sufferer] to feel that they are boring...”

I’ve always suspected I was boring. Why else, when I rang the doorbell at Don’s house, would one of his sisters rush to the door, throw it open, instantly have her expression of excitement turn to indifference, and then add insult to injury by yelling, “It’s *only* Guerdon.” But it wasn’t until I was in second grade that I found out, along with the rest of my classmates, that I was shy. I never understood why my teacher always had me take the attendance sheet to the office and always chose me to run errands to other classrooms, but I found out in a painful way. Once when I was gone on one of those errands a student asked why she always sent me. She explained, “Guerdon is so shy, that he will not talk to or even look at adults, so I am sending him on errands to force him to interact with adults.” It was at that time a label was attached to my fears and my classmates never let me forget it.

As an adult, I am still plagued by shyness and my awkwardness has kept me from developing good interpersonal skills, which means I haven’t lost my ability to bore people. While the feelings of apprehension have lessened, I haven’t been able to entirely escape the captivity caused by my anxiety in social settings. However, as much as I hate to be imprisoned by my insecurities, there is one area where I am not concerned about being boring, and that’s in investment management.

The White Rabbit, in *Alice in Wonderland*, probably gave the best investment advice ever when he said, “Don’t just do something, stand there...” In his book, *The Brilliance of Boring Investing*, Marshall McAlister writes, “It is a paradox...the portfolio process that requires less [activity]...can actually deliver the best long-term returns.” This investment process, which is known as passive asset allocation, is designed to create less trading, less taxes, less cost, less volatility, less illiquidity, less opaqueness and less concentration. And this “less” of passive investing is usually more than the “more” of the alternative (active investing) because the “more” is usually more costs, taxes, and volatility instead of more returns.

However, doing less is the most difficult thing for investors to do. As Allan Roth explains in his article *Dare to Be Dull Investing*, “It’s hard to strike out for dull and boring, when our emotions, along with the media and Wall Street, are singing the siren’s song of what the economy will be doing and where to invest. Fantasies of outsmarting the market (active investing) are the rocks the sirens entice us to wreck our ships on, and naturally, our advisors are willing to charge us handsomely to try and do it.”

Unlike Henry Kissinger, people know it is my fault when a conversation with me bores them. And while it would be nice to be fascinating, I realize that when it comes to investing, dull is a virtue. Active investing and complex investment strategies may appear more exciting, but it’s the less appealing passive investing style that has delivered better long-term results. That’s why, when you really get to know passive investing, you’ll realize that boring is beautiful.

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