

## *Make a Decision*

*By Bill Koehler, CFA, President and CEO*

In the 2018 movie “Equalizer 2,” Denzel Washington portrays a retired CIA operative named Robert McCall, who befriends and mentors a fatherless, streetwise teenager named Miles. Miles is indifferent toward his education and rapidly heading down the wrong path. In one of the more powerful scenes in the movie, McCall rescues Miles from a street gang’s drug making operation. As they are leaving a seedy apartment building, McCall turns to Miles and sternly lectures him to start taking responsibility for his actions and his life by imploring him to, “**Make a decision.**” In effect, urging him to stop drifting, put his foot down and decide his future. It is a clarifying moment in the young man’s life as he ultimately makes the decision to be under McCall’s long-term tutelage, remain in school and become an artist.

From an investment standpoint, decisiveness is an undervalued portfolio management skill. More attention tends to be paid to the traits of

*From an investment standpoint, decisiveness is an undervalued portfolio management skill.*

temperament, skepticism, focus and intellectual curiosity.

However, the

ability to make a decision should not be overlooked. More than a few investors often say about a prospective investment, “Let’s just watch it for a while.” What that typically leads to is a non-decision, which is, in fact, a decision. For example, many investors have been “watching” large-cap growth stocks for years without investing in them, to the detriment of their investment results.

### **Implement the Portfolio Decision**

FCI professionals are expected to be decisive. We like to use the phrase, “Get to the model,” which

means to implement investment decisions in an expedient yet thoughtful, measured and intentional way, relying on the research we have conducted to design portfolios. In effect, it is another way of saying “don’t get too cute” trying to time decisions relative to getting into and out of individual stocks, bonds, sectors or other portfolio positions.

In the investing world, making decisions can be extremely challenging. Below are some reminders we use to help us in our decision-making:

1. Recognize 100% certainty does not exist. One has to be comfortable with being uncomfortable.
2. Understand and utilize probability thinking. Investing is about probabilities. The best investors do everything within their power to put the odds of success in their favor by getting the best information.
3. Focus on the ability to make a decision and articulate it by saying, “This is the decision I have made and this is the reason for it.” For example, FCI is investing in Nvidia for selected clients because we believe the use case for generative artificial intelligence (AI) throughout the global economy is accelerating, enduring and investible.

*The best investors do everything within their power to put the odds of success in their favor by getting the best information.*

### **AI Augments Decision Making**

Increasingly, AI will be enlisted to augment decision-making within the capital markets and elsewhere. In



writing this Perspectives, I asked Anthropic's Claude AI model for assistance. I thought the response below (generated in less than five seconds) provided useful answers. I asked:

### What is the best way to make successful investment decisions?

1. *“Understand your risk tolerance - Know how much risk you are comfortable taking on. This will help guide your investment choices.*
2. *Diversify your portfolio - Don't put all your money into one asset or sector. Spread your investments across different asset classes to manage risk.*
3. *Do your research - Thoroughly research any investment you're considering. Understand the company, industry, and potential risks.*
4. *Have a long-term perspective - Investing is a marathon, not a sprint. Avoid making decisions based on short-term market fluctuations.*
5. *Rebalance regularly - Review your portfolio periodically and rebalance as needed to maintain your target asset allocation.*
6. *Minimize fees and taxes - High fees and taxes can eat away at your investment returns over time, so look for low-cost options.*
7. *Seek professional advice - Consider working with a qualified financial advisor who can provide objective guidance based on your individual goals and situation.*

*The key is to take a disciplined, patient approach and avoid making impulsive decisions based on emotion or speculation. Consistent, long-term investing strategies tend to produce the best results.”*

### Systematize Decision Making

Finally, systems can be created to help streamline decision-making and even limit the number of decisions required. For example, having an investment policy statement (IPS) guides investment decisions by providing a clarifying road map. Much

like having an agenda from which to work before a meeting, an IPS is a confidence boosting, action producing, temperance inducing document that can help individuals and institutions make sound decisions and maintain a steady course.

### Decisions Provide Clarity

As the second half of 2024 begins, FCI is reaffirming our continuing commitment to our clients to be as decisive as possible. Our assertive decision-making is anchored by our view the U.S. economy is so vast, creative and resilient that something is always “working” in a particular industry, sector

*Our assertive decision making is anchored by our view the U.S. economy is so vast, creative and resilient that something is always “working” in a particular industry, sector or area of the economy.*

or area of the economy. This belief bolsters our confidence in the merits of portfolio diversification and the efficacy of a long-term approach, interestingly a notion shared by the AI model above. We will maintain our focus and efforts on being decisive and clear in keeping with our overriding attitude, (with a posthumous nod to my friend James E. Stowers Jr., the founder of American Century Investments) “The best is yet to be.”

This publication is intended for use by clients of FCI Advisors and investment professionals.

### CURRENT DISCLOSURES

Factual materials obtained from sources believed to be reliable but cannot be guaranteed. Past performance is not indicative of future results. Investing in the securities markets involves the potential risk of loss. These investment risks are described in our disclosure brochure (ADV), which can be found on our website: [www.fciadvisors.com](http://www.fciadvisors.com). Specific securities may be referenced in order to demonstrate a point; these are not investment recommendations. For further information please contact FCI at 800-615-2536 or [SourceNotes@fciadvisors.com](mailto:SourceNotes@fciadvisors.com).



**FCI**  
**ADVISORS**