

# Vanguard

## First, do no harm

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*Editor's note: A version of this post previously ran in March 2016. We believe it's an important topic worth revisiting.*

On my computer monitor, I have taped a small piece of paper with the words *primum non nocere*. It's Latin—a “dead” language that pervades modern life—for “first, do no harm.” The underpinnings of the Hippocratic oath, it is as applicable to providing investment advice as it is to medical care. When the headlines and talking heads scream “Do something!,” our first reaction should be more measured: Do no harm.

Volatility has returned to most areas of the financial markets lately because of a variety of reasons that fall under the general heading of uncertainty. I find it interesting how many people have been alarmed by this, rather than seeing it for what it is: more normal than not. I use the word “alarmed” both descriptively and sympathetically—descriptively to characterize people's behavior, and sympathetically because I know it's easy for investors to get emotional about their portfolios. After all, these assets represent many important things: college tuitions, weddings, new homes, retirements, charitable bequests. At the same time, accomplishing such big-ticket objectives requires a proactive—not a reactive—approach.

### The right headlines

At times, the temptation to react or do something can be very strong. Sometimes, the headlines are dire—economic challenges or global strife—and our very human fight-or-flight instinct seems overwhelming. A longer-term perspective can help.

But are these the headlines that matter most as investors try to achieve their goals? Perhaps we can best help investors by explaining that the headlines they should pay attention to are the headlines of their lives, not the headlines in the news.

These personal headlines are the basis of a financial plan or an investment policy statement, an invaluable tool for helping investors through unsettled markets. These headlines describe investors' specific goals and objectives before they're both financially and emotionally invested in their portfolios. The financial planning process also reinforces the idea that portfolios should change over time, but in response to headlines in the investor's life—the birth of a child or the desire to retire early, for example—rather than the market's headlines.

Stay the course: A clarification

Vanguard has become well-associated with the phrase “stay the course.” Too often the philosophy is interpreted as “do nothing.” This is a shame, because it means something powerful: Have a plan and stick with it, unless your headlines change. Market headlines have never been incorporated into any financial plans I’ve seen, nor should they be. Market headlines rarely have much to do with our investors’ headlines, the ones that matter most. Investors should understand that ignoring all the market noise isn’t being “ignorant” or putting one’s head in the sand, but rather is key to a basic tenet: First, do no harm.