

October 2020

In third-quarter markets that represented [a second consecutive quarter](#) of remarkable overall gains, what stock outshone all the others in the S&P 1500 Composite Index?

Zoom? Apple? Netflix? Nope, none of these, or any of the other trendy FAANG stocks (Facebook, Amazon, Apple, Netflix, and Google's parent company Alphabet). Not Tesla, either.

It was **Tupperware**, up a jaw-dropping 345% for the quarter.

*"Of course," you might reason. "Everyone's cooking at home this year. That makes sense."*

But consider this: [Tupperware's remarkable quarter](#) ramped up most dramatically in late August, after steep, double-digit declines in each of the three previous quarters.

So, feel free to collect more of those sturdy little lid-burping containers, but remember: Trying to load up on the market's next big hit based on recent returns is more likely to detract from than contribute to achieving your personal financial goals.

That's because future returns don't hinge on what has just happened, or even on what is expected to happen next. Rather, as [Dimensional Fund Advisors explains](#), prices change when the unexpected occurs:

***"For most investments and most investment horizons—a month, a year, five years, even ten years—the realized return is driven far more by the unexpected return than the expected return."***

This applies to surprises like Tupperware, as well as to the supposedly unstoppable FAANG darlings of our day.

In fact, the more popular a big growth-oriented company becomes, the harder it often is for it to keep exceeding everyone's sky-high expectations. To continue outperforming its popular benchmark, it must continue to deliver bigger, better, ever more pleasant surprises. Eventually a fresh competitor steps into the ring, and the cycle begins anew.

**Overall, this is how markets grow, even as the individual players come and go.**

Have you ever noticed how the hotshots in your favorite action-adventure shows rarely need to defend against more than one or two challengers at a time? Even when our champion is way outnumbered, the individual attacks arrive in implausibly orderly fashion. Otherwise, our heroes wouldn't stand a fighting chance.

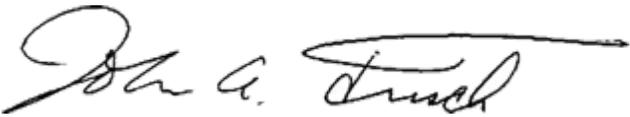
Pundits often suggest markets are subject to an equally implausible universe, where there's always an orderly set of reasons for why "X" is about to soar, or "Y" is about to fall. In real-life markets, that's just not how it works. Everything happens all at once, all the time:

- *Who is going to be the next U.S. president?*
- *When will a COVID-19 vaccine be available?*
- *How is Brexit really going to roll out?*
- *What are China's next moves?*
- *Are we going to address climate change?*
- *How much longer will the FAANGs keep growing larger than life?*
- ***What other big news is about to hit that we haven't even seen coming?***

In short, investors don't stand a chance at guessing when and from where the market's next helping hand or painful punch is going arrive. This is why we continue to recommend positioning your portfolio to harness the power of markets' broad expected outcomes, rather than their never-ending torrent of erratic incidents.

How are you holding up in this extraordinary year? As always, let us know if you'd like to revisit where you stand or consider your next best financial moves. We can't predict the future but we do know one thing: We're on your side. Let us know how we can help.

Regards,



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