

Morgan Stanley

PRIVATE WEALTH MANAGEMENT

Andrew Schultz | My Thoughts Is TINA Dead?

“TINA- There Is No Alternative.” Over the past few years, I have heard this acronym repeated by many financial media pundits over and over again. What it refers to is a line of thought that there may be no other type of investments other than stocks if seeking returns better than near zero. I believe many had felt this way when interest rates were at their lowest and the Fed was ultra-accommodative. Currently, interest rates are no longer at their lowest, and the Fed has told us they are no longer ultra-accommodative. So are there other types of investments besides stocks that may return more than zero?

First, a few thoughts about stocks. Much of what I am about to state has been written in many of my past articles as these statements are pillars of my investment philosophy as it pertains to stocks. I believe stocks for the long run may be very good investments for most people. I define long-run though as at least 10 years. I, therefore, believe only long-term money should be invested in stocks and that one must be able to handle 50% volatility in value to be in this asset class. For a lot of people, stocks may therefore not be a place to park all their savings. Many people typically have shorter-term needs for parts of their savings and typically do not want to subject all their savings to 50% volatility. So, what are the alternatives?

For many, it has traditionally been bonds. For some, it may have been commodity investments or investments that trade volatility. Arguably when interest rates, inflation, and volatility were recently considered very low many thought we had “TINA.” But now, I would argue, TINA may be no longer. I especially feel that way when I look at the potential yields that may be available today in tax-free municipal bonds. I also feel that way when looking at certain types of commodity investments and investments that trade volatility.

If you are stuck in the “TINA” mindset but are uncomfortable with how much you have invested in stocks and/or you do not have knowledge or understanding of other types of investments, that is not a reason to do nothing and act like a deer in headlights. It is instead an incentive to get educated. I believe one of the best sources of education about all types of investments, and not just stocks, is a skilled financial advisor.

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