

Fall in Love With People, Not Stocks - Transcript

Tom Mullooly: In episode 172, we have a reminder for our viewers that you should fall in love with people, not stocks. Stick around.

Welcome to the Mullooly Asset Show. This is episode number 172, and I'm Tom Mullooly. Thanks for tuning in.

Early on in my career when I was a stock broker, I was instructed that investors like to hear stories more than details, like a quarterly earnings report. For example, the reason why you wanted to invest in General Motors, now this is a long time ago, your reason why you wanted to do invest in General Motors or Ford was because they were the number one or two automaker, until they weren't. The reason why you wanted to invest in Merck back years ago was because they grew the company 15% a year, every year, like clockwork, until they didn't. The reason why you wanted to invest in Toys "R" Us was because it was the number one retailer in the world. Same with Sears, until they weren't.

The reason why you wanted to be invested in General Electric was because they wanted to be the number one or number two outfit in every single category that they got into, until they weren't.

So now I want to talk today about Boeing. The story behind Boeing is the same story from 30 years ago. The story hasn't changed. It's all about their order backlog. Between Boeing and Airbus, their biggest competitor, really their only competitor, they have a backlog of 13,000 jet orders. Think about that. It takes a long time to build a jet, including these big jets that we see at the airport. 13,000 jets, that's seven years of production. Pretty good story, right? So if a company like United Airlines says, "Hey, we want to order some new jets," they're like, "Check back in eight years," and they have to make their deposit today.

So the stock has done really well. Going back to the '80s, the stock's done really well. But in the last couple of years it's tripled. And that's been a big driver of the Dow Jones Industrial Average, since the Dow is price weighted. So the bigger price stocks tend to drive the bus. In March of this year, Boeing was \$440 a share. Today, we're recording this on December 23rd, 2019, the stock is \$340 a share. It's down \$100. It's down 23%. The main story in the near term has been these two crashes of the 737 MAX, the jetliners. And today, the company sacked their CEO. He's out.

So this isn't a recommendation to buy or to sell Boeing. The reason I'm doing this video is to remind investors out there that stories do change over time, and you can't be married to a single stock in your portfolio. That's suicidal. Yeah, there's going to be good stories. The stories are going to change, so we still see folks coming into our office today, in 2019, that have huge positions in General Electric. It's a huge mistake. It's a mistake to have these large positions as part of an individual account and you're with individual stocks. It's very, very risky.

I don't know if this story with Boeing is going to be temporary or if this is the start of a new trend for them. It's too soon to tell. The basic message today is get married to people. Don't get married to stocks. Be ready to let them go, because at some point you're going to need to let them

go. Hopefully, you've got a diversified portfolio. If you don't, you should be talking to an investment advisor.

Thanks for tuning into episode 172. Catch you on the next one.