

Casey Mullooly: In episode 287, we talk about the trades you make.

Casey Mullooly: Welcome back to the Mullooly Asset Show. I'm your host, Casey Mullooly, back with you this week. I've got my Easter's finest on. Spring has sprung. The sun is shining. My allergies are completely out of whack. And it's time to go. So we're going to talk about the trade-offs you make when it comes to investing, not the trades that you're doing in your day trading account if that's your thing. That's a topic for another episode.

Casey Mullooly: But money just inherently involves risk. It involves trade-offs, even when you're just earning your paycheck. When you think about it, you're essentially trading your time and your effort for that paycheck for money. But when it comes to investing your money, the trade-offs become more apparent. But sometimes, it's easy to forget that's what we're doing here. So when you invest in stocks for growth, the trade-off is that you have to endure the risk of stock market volatility. Stocks do go down, and it will be uncomfortable when they do. That's just the way that it works.

Casey Mullooly: But over the longer term, that enduring of the volatility will be rewarded. When you invest in bonds for stability or income needs, the risk that you're taking is interest rate risk. When interest rates go up, bond prices go down. But again, short-term discomfort for longer-term gain because higher interest rates will be of benefit to bond investors over the long term. And when you hold your money in cash, which isn't really investing, but there's risks that are associated with it too. When you hold your money in cash, and you do so for a longer period of time, the risk you're taking is that inflation is going to eat away at those dollars.

Casey Mullooly: Those dollars won't be worth as much down the road when you need to spend the money. So that's a risk in and of itself. So it really comes down to which of these risks are you willing to take? Are you willing to risk the stock market being volatile, interest rates going up, or inflation eating away at your dollars? Does it sound familiar? Yes. All three of these things are happening right now, and it is sending investors into... People are worried. They're nervous that all three of these things are happening.

Casey Mullooly: We view time periods like this as more of the exception rather than the rule. When things get messy, like they are right now, we really need to focus on making sure that your short-term liquidity needs are being met by cash or things like short-term bond funds while also lining up and taking a balanced amount of risk with your longer-term money. These trades are always being made. This is just the way that money and investing and finance, in general, this is just the way that it works. There's always risk, and there's always reward. You just have to choose which one you want to take. So, that is the message for episode 287. Thank you so much for tuning in. We'll be back with you next week.