

Keeping a Long-Term Perspective

In January, I wrote about [my hopes and expectations for the new decade](#):

“Something big will hit us. If not this decade, then one of the next. It will come out of the blue. A new vector. A bio attack, a pandemic, cyber warfare, eruption of a huge volcano. Something we won’t be expecting. Something that will change society overnight.”

Here we are, two months later, in western lockdown. It did come out of the blue. Who would have thought that in January? I didn’t.

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When thinking 10 years ahead, I’m optimistic that humanity will come out of this stronger and more resilient. The aftermath will question and improve many aspects of our modern society.

I expect the world to become even more digital. I expect a push towards decentralization. This crisis might be a forcing function. People who were reluctant to embrace the digital economy and decentralization will reconsider. Many will have to.

Humanity is strong and ingenious. We will figure out how learn and grow. This is not our first crisis. And it won’t be the last one.

As a human, this situation is scary. And we should always put [health first](#).

But as a long-term investor, I am excited. I am starting to see opportunities that I haven’t seen in many years.

There are a lot of uncertainties. Will it take 6 months, 1 year or even longer to solve this problem? Will we see multiple waves, or more aggressive mutations? What will be the ripple effects for the economy and society? Will there be any shifts in behavior and consumption?

All this uncertainty will create opportunities.

If you have available cash that you don't need for the next 5-10 years, I believe it might be wise to start taking advantage of good opportunities.

I apply a few simple rules:

- Pay back any debt before starting investing
- Keep 6-18 months of living expenses in cash for peace of mind (personally, I have more)
- Only invest money you don't need
- Don't sell anything short
- Don't buy on margin
- Write down a long-term investment plan
- Use checklists
- Remember that your psychology and emotions are your worst enemy
- Learn from the best

As nobody knows where the bottom will be, a good strategy is to practice "dollar cost averaging". That means dividing your funds into multiple parts and then invest a portion every month or quarter.

Stay safe, and stay healthy.