



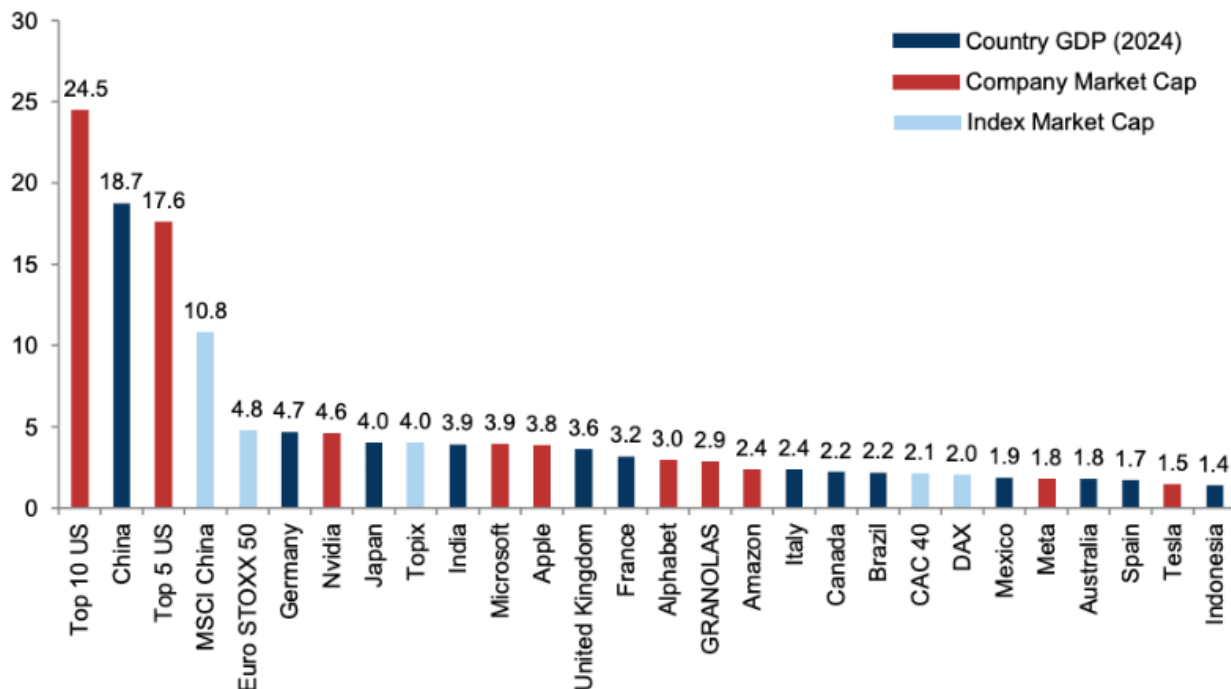
Ignoring My Own Advice

Recently, I have hammered home the idea that there's significant concentration risk in the S&P 500, valuations are stretched, and the hype around AI is so intense that even the biggest beneficiaries of the sector are warning of a "bubble."

The top five and ten U.S. stocks blow away the global market values and GDP of other countries. Priced to perfection for sure.

Exhibit 1: The top 10 US companies dominate the world equity market

2024 GDP, market prices as of last close; USD trn



Source: IMF, FactSet, Datastream, Goldman Sachs Global Investment Research. As of October 8, 2025.

As a result, I've warned that we are at the riskiest end of the spectrum and that allocating fresh capital to the market is likely to be a losing proposition until we get oversold once again (like during the Tariff Smash, which was a great buying opportunity).

That said, there's no better way to achieve financial independence than by making regular contributions and investing in your accounts. In other words, hold your nose and ignore the noise. Even if you invested right before the crash of 2002, you'd be perfectly fine rather quickly if you made regular contributions to your retirement account.

So even though we are at the riskiest end of the spectrum, I also know that trends are powerful and the market can continue higher. I know that it doesn't matter what happens *over time*. If I continue to make regular contributions, I'll be fine whether there's a recession, a banking crisis, a housing crisis, an AI Bubble, or something out of left field I cannot see coming.

Look at history as your guide.

If your employer offers a 401 (k) plan, max it out. The first step in securing a better financial future is paying yourself first and not spending money you don't have on stuff you don't need.

That account can then be used to make regular investment allocations, and excess funds can be used to employ other strategies.

To that extent, I ignore my own advice about being tactical in the market or employing other strategies with an edge. While I do use those strategies, I also make regular contributions to my investments regardless of what's going on in the world.

My life is one big hedge. One strategy is likely performing well while another isn't so hot. Once in a while, everything clicks and creates a big bump in account value.

It's essential to have a diverse set of strategies and then consistently apply them!

Lastly, I favor equal-weighted S&P 500 and smaller stocks because the concentration in the S&P 500 is beyond silly.

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