

CASH FLOWS

A photograph of several stacks of silver coins, arranged in a row that recedes into the background. The stacks vary in height, with the tallest stack on the right and the shortest on the left. The coins are stacked neatly, and the background is a plain, light color.

ONE DAY IN JULY

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A focus on cash flows (dividends + interest).

We guide clients to focus on the cash flows, or the dividends and interest, their investments produce. We have found this helps them view their investments as a business. Doing so reduces anxiety around market movements.

By focusing on cash generated, which is less variable than securities prices,¹ the investing process may feel more certain during the ebbs and flows of the stock and bond markets. Behavioral error may be reduced.

Conversations with One Day In July financial advisors almost always include cash flow as a core part of the discussion. Our firm currently is working on a set of proprietary tools to help clients immerse in investing in this way.

[1] Aswath Damodaran, NY Stern, Annual Return on Stock, T.Bonds and T.Bill, 1928 – Current.

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