



## Mastering Mindfulness

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*The main difficulty offered by a strong breeze arises from its effect upon the mind of a player.* — Bobby Jones Jr., golf's 1930 Grand Slam winner and founder of Augusta National Golf Club and the Masters Tournament.

Sergio Garcia won this month's Masters Tournament, his first major golf victory of 73 he has played. Sergio credits his win to no longer "trying to fight against something I can't fight" and listening to his fiancé, Angela Akins, who inspired him with quotes of people from Buddha to Audrey Hepburn. Angela's dad, Marty, also contributed by telling Sergio, "What you think you are is what you are."

In February, I wrote about well-being and its four dimensions: optimism, resilience, mindfulness, and generosity. Sergio teed up well-being by mastering those four clubs throughout the tournament. This month, I'd like to chip away at mindfulness.

Jon Kabat-Zinn, Professor of Medicine and creator of the Center for Mindfulness in Medicine, Health Care, and Society at the University of Massachusetts Medical School, defines mindfulness as the "awareness that arises through paying attention, on purpose, in the present moment, non-judgmentally. It's about knowing what is on your mind." In 1979, he recruited chronically ill patients who had not responded well to traditional medical protocols to participate in his Mindfulness-Based Stress Reduction program. His success spawned decades of research that indicate mindfulness practices can improve mental and physical health. I'll offer a less ambitious objective and suggest mindfulness can reinforce the confidence and bolster the discipline necessary to sustain disruptive market breezes that can challenge the commitment to a carefully constructed investment plan.

Mindfulness has three key qualities:

1. Engaging in novel processes to create new categories (in contrast to blind attachments to biased outcomes)
2. Being open to new information (as opposed to mindlessly succumbing to preconceived beliefs)
3. Accepting more than one perspective (rather than acting from a preset script)

These dimensions support our core value of intellectual curiosity and reinforce our process of reflection rather than reaction.

### It's About Course Management

In 1998, I met personally with Professor Daniel Kahneman, Princeton Professor of Psychology and parent of behavioral economics. I wanted to fold his insights into our client discovery and investment processes. In 2002, Professor Kahneman was awarded the Nobel Prize in Economic Sciences. More folks are inclined to listen to him now. He strongly recommends that "investing be an orderly process: decisions based on what the market does are likely to be wrong."

In May 2008's *Asset Class*, I introduced Kahneman's theory about two ways humans make decisions: "System One is intuitive, rapid, uncontrolled, and automatic thinking; System Two is the rule-governed approach that helps you compute your tax form, compute 17 times 24, or read a map. Most of the time we run on System One. In making a major decision, there is the very painful and difficult stage where, even if your analysis tells you to do something, you don't want to do it. It's very difficult to impose the rationality of discipline on yourself. And the more emotional the event, the less sensible people are."

What makes the tendency to revert to System One particularly insidious is research that indicates that the more people worry, the more likely they are to place themselves in loops of angst. Those loops can change the structure and size of the parts of their brains that fuel anxiety, hardwiring them to worry more — what I labeled the Worry Treadmill. University of San Francisco's Dr. Michael Merzenich, in studying brains' plasticity, found "Through attention, we choose and sculpt how our ever-changing minds will work: we choose who we will be in the next moment in a very real sense, and these choices are left embossed in physical form on our material selves."

Benjamin Graham, the father of value investing and Warren Buffett's professor and employer, observed that "Individuals who cannot master their emotions are ill-suited to profit from the investment process."

James Arthur Hadfield, a pioneer of psychodynamic psychotherapy in early 20th-century Britain, observed, “The art of resting the mind and the power of dismissing from it all care and worry is one of the secrets of energy in great people.”

Can mindfulness processes optimize outcomes by mastering these all-too-human emotions? Dr. Kabat-Zinn led highly stressed workers through basic mindfulness training, after which brain scans demonstrated their emotions had shifted activity to parts of their brain that caused their moods to improve. The result was reduced anxiety. Sergio’s father-in-law promoted this phenomenon by driving positive thoughts into Sergio’s malleable brain.

Why is mindfulness so successful? Because it’s driven by processes. On the other hand, mindlessness is obsessed with outcomes. Mindfulness invites us to slow down the natural and powerful human tendency to jump to emotional conclusions. Success depends on how deeply, thoughtfully, and wholeheartedly one considers what’s on one’s mind and how consciously new information and insights are folded into the contemplative process.

Mindfulness practices can begin by simply believing we can check our emotions and engage in deliberate processes of reflection. Research on the placebo effect underlines the power of positive beliefs. An astonishing dimension is that patients fully aware they are receiving a placebo still registered significantly better recovery rates than those who received no treatment. Once the experiments ended, some patients pleaded with researchers not to stop administering their placebos.

### **Wholehearted Resourcefulness**

In September 2008’s *Asset Class*, I explained why it’s so challenging to arrest the innate System One reflexes to jump to conclusions. The reason is we’re handicapped by how our brain’s three courses manage us:

1. The primal or basal ganglia we share with reptiles. They’ve been developing for about 500 million years and help us go to sleep, wake up, and keep our hearts beating.
2. The emotional or limbic system we share with mammals. It’s been evolving for about 300 million years. Its nature is to be unreasoning, impulsive, and rigid. We’re in survival mode when it’s engaged, and it’s extremely difficult to reason with this force, since it thinks it’s keeping us alive.
3. The rational or neocortex has been in play only 100 million years. It’s the source of our creativity.

Here’s the challenge humans face: When the limbic system is generating out-of-context but powerful feelings of conviction, it latches onto beliefs regardless of whether they are true or false. The feelings of certainty that result can be so overwhelming they become non-negotiable, even in the face of logic and/or contradiction. They can attach themselves to a political doctrine, the certainty of winning a spin of the roulette wheel, even the path of a financial market. Neuroscientists have suggested that “The limbic system is where we live; the neocortex is basically a slave to that.” This can lead to overconfidence in belief in an outcome, the curse of mindlessness. We at Equius instill confidence by becoming more mindful as we methodically work through processes of revisiting your investment plan, engaging our neocortexes, and understanding what is stirring the powerful winds of your emotions.

An important player on our mindfulness course is our hearts. I wrote about this in October 2004’s *Asset Class*. Doc Children, founder of the Institute of HeartMath, suggests, “Since emotional processes can work faster than the mind, it takes a power stronger than the mind to bend perception and override emotional circuitry. It takes the power of the heart.” Dr. J. Andrew Armour of the University of Montreal has presented the idea of the heart brain. His research reveals that our heart is a complex, self-organizing, information-processing center that influences our brain’s function. Experiments demonstrate that messages sent by our hearts to our brains deeply and significantly affect our perceptions, mental processes, feeling states, and performance. This calls for a full bag of intelligence that includes paying attention to our hearts as well as our minds while we address our mindfulness processes.

Engaging our hearts brings us to the fourth dimension of well-being: generosity, or caring for others. Practicing mindful processes of reflection helps us appreciate currencies that make our lives meaningfully worthwhile: social, intellectual, physical, and spiritual. With that appreciation, we can more easily find our way to greens of wealth instead of being stuck in sand traps of anxiety. We think it’s an investment worth mastering.

If you’re interested, these books provide a longer drive onto the mindfulness fairway:

[Mindfulness](#), by Ellen J. Langer

[Cure: A Journey into the Science of Mind over Body](#), by Jo Marchant

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