



# JACK REACHER SCALE

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Despite the fact that Tom Cruise did two movies of Jack Reacher and tried his best to destroy one of the most iconic characters in English Pulp fiction, Jack Reacher has survived and thrived like he always does in the books written by Lee Child.

For those who haven't read Lee Child books, Jack Reacher is an ex-military police officer who retired from the US Army as a Major after 13 years of work. After that he is mostly a traveler who roams around the US with nothing but the clothes that he is wearing on him, his ATM Card and a foldable toothbrush.

He stays in motels and pays by the night. He doesn't wash his clothes but buys a fresh pair of clothes every 3 to 4 days at a cheap dollar store. He dumps his used clothes when he buys a new one. He hitches rides or travels on the Greyhound bus and goes wherever his interests take him or wherever the ride that he hitches takes him.

The novels are all about his experiences at new places and the situation he finds himself thrust into in those new places. He leads an uncomplicated life of great freedom. Despite the simplicity of his life, it is important to know that his lifestyle is not Spartan. It is far from Spartan. He has appetite for fun and is willing to have a good time. But he will not do anything that will curb his freedom and complicate his life. Suffice to say, that I love his books and I strongly recommend those books if you have never read them.

But as you know, my notes are never about a person. It is always about an idea and the idea of Jack Reacher is about lack of complication in his life. All complications have been culled. Every decision has to pass the simplicity test. While, it is not possible nor is it ideal for anyone to lead the life that Jack Reacher does, there is however a merit to strive towards the simplicity and freedom that Jack brings to his life.

If Jack Reacher is a 1 in a scale of 1 to 10 of complication and if a person who runs multiple businesses and owns 3 houses in two continents and two holiday homes and a fleet of cars, yachts and other possessions is a ten, most of us would lie somewhere in the middle. The aim clearly is for everyone to move down the complication scale towards 1

A holiday home for example, requires a caretaker and a regular amount of maintenance while a resort requires only that you pay money as and when you use it. Similarly, a fleet of cars brings



with it a series of issues of drivers, maintenance, insurance and other related problems while hiring a car is only a question of paying per use.

Of course, there is a tradeoff. If we own a car and a driver then we can get up and go whenever we want. If we hire an Uber, there will be times when we might have to wait. But owning a car brings with it its attendant problems. So the tradeoff is really what do we value more? The ability to use things whenever we wish despite the complications inherent in owning things or the simplicity of hiring things albeit with a slight expenditure of effort and a little inconvenience of a delay in the process.

While none of us can actually reach the uncomplicated freedom of Jack Reacher's lifestyle, there is a certain attraction to moving towards less complication in our lives. I can see that happening already. I am very certain for example, that my daughter will never own her own car. She will almost certainly always hire one. She might even never own her own house. A house, while it gives you convenience, does pin you down to a geographical location and does bring with it various complications like maintenance, repairs and upkeep. I see the younger generation moving towards a situation where they will value freedom and simplicity over small conveniences and there will be a set of businesses that will emerge to satisfy their requirements and reduce their inconveniences. (As an aside, I seriously believe that the big businesses of the future will cater to the millennials need for freedom and reduce the inconveniences that are today inherent in an uncomplicated lifestyle)

I see the younger generation valuing freedom to the extent that they might actually prefer not to have steady jobs and prefer to freelance which will suit their lifestyle choices of not owning a house or a car as they move seamlessly from one project to another.

This is all okay. But when did you start predicting the future and what does this story of making uncomplicated or decluttering your life got to do with investments? We don't want another Guru. There is already a Sadhguru and a Sri Sri who are doing a good enough job and there are no more vacancies in that space. As usual let me assure you that there is a very, very important lesson on managing your investments in this piece.

Like every other decision in our lives, even the process of investing has to pass this litmus test of simplicity. Will this investment simplify or declutter my life or will this investment add to the already existing complications? Any investment that we do has to help in moving us towards 1 in our Jack Reacher scale!

When viewed from the prism of this Jack Reacher scale, individual stock investments are a big no-no. They only serve to make your life more complicated because now you have to keep track of the companies that you invest in. Structured products are a definite no because even the



seller of the product does not know all the clauses in it. ULIPS, endowment plans are out! Real estate investments are a definite negative because investing in a second house means that you will end up complicating your life with even more work of maintaining the house, servicing the loans that you might have taken while simultaneously ensuring that the house is rented out. It definitely means suffering all the complications that ensue with renting the house. Holiday homes, multiple TVs, multiple cars and several other discretionary purchases only serve to complicate our lives.

This does not mean that we go and invest all our money in Fixed Deposits. It means that we take macro bets and take a call on the amount of debt and equity that we want to own and go about doing it by investing the money in that particular category of mutual funds. This kind of investment serves two purposes. It helps us to know exactly what our overall investment is doing because our investment is only into a limited number of products.

Typically when we are willing to invest in several products then we will always have some money sitting idle in the hope of investing in the next big structured product or the next New investment idea that is thrown our way. Investing in mutual funds ensures that ALL our money is put to good use. Investing in mutual funds serves the purpose of decluttering our lives because our investments are only in a few things and once they are bought there is very little we have to do other than track the investments once in a quarter at the best.

Most importantly, decluttering every aspect of our lives is about freedom. Simplifying or decluttering lives is not the same as leading a Spartan life. In fact it is the opposite. Simplifying or decluttering actually allows us to truly enjoy life. This is because simplifying our lives and our investments does one very important thing. It allows us to effectively utilize the one commodity that is finite and in limited quantities. And that is our TIME.