Sankala Group

Beyond Fear & Greed

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The past year was a volatile time for the U.S. stock market, with the S&P 500 losing ~18% by April on tariff fears, and then finishing the year up 16% on artificial intelligence elation. A total traverse of ~40% from its low to the end of the year.

Fear … and greed. These two age-old human afflictions, clearly still active in society and markets, morph incredibly quickly from one to the other.

Before starting the Sankala Group a decade and a half ago, I had a prior professional life in Buddhist book publishing, with an academic focus on Asia. We have now published more than 50 quarterly letters, but I've never directly discussed Buddhism despite our firm's name being derived from the Pali language. *Sankala* is a derivation of ancient Indian words that point to the connection between cause and effect. Due to the recent market volatility,

it is perhaps an appropriate moment to share a few thoughts on Buddha's limited discussions of business and money—and also on fear and greed.

First, let's frame the topic by noting Buddhism is a bit different from most religions in that it doesn't focus on a set of beliefs (orthodoxy), but rather points at certain "things to do" (orthopraxy). In essence, it offers a do-it-yourself solution for a single problem, the problem of suffering or *dukkha.*

The consistent promise of Buddhism is simple: "Give this a try, if it doesn't reduce your suffering, abandon it." In fact, if you read the extensive *Tripitaka* (the "three baskets" of Buddha's oral teachings recorded in Pali language), you are immediately struck by the very singular focus on the problem of suffering, and Buddha's unwillingness to talk about, or opine on, almost any other issue. That avoidance included talk of business or money, which is why such discussion is so rare, and also why this letter will be brief!

The solution Buddha proposed to the problem of suffering was fairly straightforward. He recommended using the power of one's mind to put aside and extinguish ***taṇhā,*** which is commonly translated as thirst, craving or desire. Well, easier said than done, and if someone says they are interested in Buddhism, practicing, or more likely, "trying to practice," no sainthood should be imputed—really, they are often saying, "I've been suffering, and I'm trying to sharpen my tools."

One thing we can say confidently is that Wall Street is a thirsty place. When you look deeply into it, fear and greed are actually two sides of the same coin. Fear is a desire for something *not* to happen, while greed is the desire for something *to* happen. Said differently, wanting less of something, or wanting more, both have the same taste—the taste of *wanting* or ***taṇhā.*** A nuance worth noting is that greed can also be easily confused with its emotional cousin, "fear of missing out" or FOMO, which is Wall Street's favorite affliction. That is the toddler-like urge to want things others have simply because they have it, even when you don't need it yourself, or even know it's dangerous!

The *Sugata* ("one gone to bliss") sits quietly on the floor of the New York Stock Exchange, whispering to us, "Put aside fear and greed." While the shouting and rain of paper trading tickets has ceased, largely replaced by a silent crossfire of digital orders via radio, fiber and laser beam—traders' minds clearly remain deeply afflicted.

Householder Realities

The *Vinaya Pitaka* is the "basket" of teachings that describes how monks and nuns should practice. Essentially, monks and nuns should avoid having, transacting in, or storing money. This tells us that Buddha saw business and trading as obstacles that would slow progress toward the release from suffering (*nibbana*). So, readers of this letter should go easy on themselves! We are all *gahapati* or householders, meaning we have made life commitments to family, homes and work. Buddha never went so far as to say you can't get there from here regarding enlightenment and the householder life, but he clearly stated it would be slower and harder. That should put into perspective all the discussion below, and help it be viewed with good humor and realism.

Wealth & Risk Management

In the *Siṅgālasutta – DN 31,* Buddha gave advice to Sigala, the son of a householder. The advice was wide-ranging, but it addressed three business concerns specifically: budgeting, investing and risk management. Interestingly, this advice was addressed specifically to those "practicing to win in both worlds," which presumably meant in both the material and spiritual realms.

He described what is now called "*The Fourfold Division*" of wealth, which is terse and open for interpretation:

"One part should be enjoyed;

Two parts invested in business;

And the fourth set aside against future misfortunes."

This doesn't map exactly onto current investor ways of thinking because Buddha lived pre-banking (~500 BCE), and family wealth was generally stored at home in a chest. Wealth and current income weren't as delineated as today; it was more simply how you conceptually divided up all you had at any given moment. Further, homes were generally built with personal labor and local material, not to be bought and sold, hence why they did not figure into this regime. Often, the business "parts" would actually take the form of physical saleable goods.

I've spent a lot of time pondering this advice related to my profession, and while there can be no definitive answer, I'll share my distillation.

First, if one "sets aside" a target savings rate of 25% of their annual income (call this the *Sigala Budget*), they will almost certainly have a successful financial life. While 25% is an aggressive rate compared to most modern advice (although well below the dictates of the modern FIRE movement), if you're of the view that your *wants* are actually creating suffering, having fewer *wants* is the very logical conclusion. Mathematically, it's brilliant. You end up not only saving and investing more, you do it earlier in life, giving more time for investment to grow, and you simultaneously build lifestyle expectations easier to cover in the future with passive income.

While this isn't rocket science, to be specific, if we compare 25% savings to 10% savings, for any given amount of annual income, the results are startling. At a 25% savings rate, assuming 2.5% inflation and 7% annual investment returns, it would take **32 years** of work, starting with nothing, to retire sustainably without help from the government (Social Security). At a 10% savings rate, making all the same assumptions, it would take **58 years.** That is fully **26 years** of life saved for seaside or mountaintop meditations, quite a lot of time considering Buddha was only under the Bodhi tree for 49 days before attaining enlightenment.

The part of the *Fourfold Division* that is even harder for most to practice is, "two parts invested in business." I take this quite literally, noting it does not say, "two parts lending" nor "two parts in property" nor "two parts in gold." Two parts invested in business means, to me, at least half (50%) invested in productive, operating businesses. In our industry nomenclature this means private business ownership, or stocks/equities representing slices of businesses.

Further, it doesn't say, "two parts in business" *sometimes*, or *only when times look right, but not at other times*. It certainly doesn't say four parts when greedy, and zero parts when fearful. That idea actually aligns with the famous work of the MIT Professor William Bengen, who brought us the famous "4% rule," which states that if you withdraw 4% of investment principle (adjusted each year higher for inflation), **provided you are invested 50% or more in stocks at all times**, you could retire even on the eve of the Great Depression and you would be fine for 30 years at least—and most often a lot longer.

Trading & Investing

Of course, it's natural in this profession to also seek practical guidance on how to execute the all-important "invest in business" part of the puzzle. Here are the thoughts I have to share, most of which are supported by much greater minds in investing, but which merit repetition in new language:

Be mindful of Fear and Greed.

The volatility of 2025 shows that even if markets are efficient and provide the best possible indicated price for things at any given time, they are often not the right price in the bigger picture. Investors are regularly gripped by fear or driven by greed. To buy something for less than its long-term value, it is helpful to buy it in a calm, collected manner from someone who is experiencing fear. The best investments are often made at moments in markets of incredible fear, panic, and heightened emotion. Investors must simultaneously have a calm and bold approach trained to buy when it feels the worst, and sell when things feel the best. Since most people cannot do that well in practice, they are wise to let systematic rebalancing subtly handle the process of buying low and selling high for them.

Merits of the Middle Way.

Buddha taught that neither opulence nor asceticism alleviate suffering, and that one should follow a "middle-way." Investors are wise to consider this if they are feeling extreme in any decision context, and then restrain themselves. They shouldn't invest all in growth businesses, nor should they invest all in value businesses. They shouldn't invest in all stocks, nor should they invest in all bonds. Worst of all, they should never be tempted to invest in all fiat cash. Investors will suffer far less by taking risk up and down incrementally. By remaining in business, patiently, steadily, without wild swerves left and right, arriving at the destination is most assured.

Don't Doubt Impermanence.

While humanity on the whole has been very resilient for a long time now, it is important to remember that nothing in this universe stays in the same form for too long. This is especially true in the competitive landscape for business, which functions just like the food chain—a circle of life, death, growth and decline.

AT&T
U.S. Steel
Standard Oil
Exxon Mobile
General Motors
General Electric
East India Company
New York Central & Pennsylvania Railroad
Bank of The United States
South Sea Company
Bank of England
Microsoft
Coca-Cola
Nvidia
Apple
IBM

What do all these companies have in common? Each was once the largest firm in the S&P 500, or prior to that index, the largest firm listed on the NYSE, or prior to that, the largest firm listed on the London Stock Exchange (LSE).

Conclusion

Buddha said little about business and money, but what was said, combined with a little patience and disciplined application, can be an incredibly high-probability path to financial success.

So, a householder, bent towards a lower-suffering life, should give the following practice a try:

1. Build contentment in spirit – want less. *Nirāmisasutta SN36.31*
2. By wanting less, save more. (~25% Sigala Target) *Siṅgālasutta LD 31*
3. Invest at least half in businesses. *Siṅgālasutta LD 31*
4. Moderate fear and greed. *Akusalamulasutta ND 3.69*
5. Enjoy the benefits of wealth – don't cling to the wealth itself. *Adiyasutta ND 5.41*
6. Feel free to return the ideas if they don't work for you. *Kesamuttisutta ND 3.65*

Best,

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