Hey, how much effort do you put into your *personal diversification?* For example, in the category of "finance" that this episode covers, what's your approach to diversification in your investments? Hmmm. Let's start with a definition…according to Investopedia's website: "Diversification is a risk management strategy that creates a mix of various investments within a portfolio. A diversified portfolio contains a mix of distinct asset types and investment vehicles in an attempt to limit exposure to any single asset or risk. The rationale behind this technique is that a portfolio constructed of different kinds of assets will, on average, yield higher long-term returns and lower the risk of any individual holding or security."

OK, here's a common-sense, time-tested, street-level alternative of saying that: "Don't put all your eggs in one basket." Yeah, if you drop your basket, you risk all your eggs. Funny, that saying's been around for four centuries, found in the famous book *Don Quixote* published in the year 1605 by Cervantes. And it vividly captures the gist of the idea—the goal is reducing risk using multiple baskets for diversification!

Look, the successful practice of diversification in the modern world of finance can get very complicated—but that doesn't stop lots of financial advisors from claiming expertise! To get context, let's start the story more at the beginning, the true beginning. For most of human history, there's been little chance of diversification for the vast majority of people. You often lived in the same place your whole life, doing the same tasks as your parents and grandparents. Like growing rice. Or baking bread. And in a pre-industrial world, the kings in power were often evil and violent people, ruling you harshly and routinely taking your money…and forcing you to fight against neighboring kings who might be even *more* evil. And when your king lost his battle for supremacy, you "inherited" a new king—if you survived the battle!

In that type of world, there was little chance for an ordinary person to save much, let alone invest in land that was routinely taken by later conquests. Any other assets that might be used for acquiring anything additional beyond basic subsistence were pretty much absorbed by the current king.

But vigorous, world-shrinking markets and seagoing trade were developing about the time of Cervantes writing about that one basket! In Europe, the robust, complex rise of free-markets capitalism and the prosperity that resulted was mostly originated in the Netherlands. Yeah, in 1602, the Dutch merged several companies into a modern enterprise called the *Dutch East India Company.* Its approach to international trade was carried forward and expanded by their neighbors, led by the English…then led by America in the New World…and along the way, folks in many countries worldwide joined right in!

For markets to thrive, of course, what was also necessary was germinated best by the famous Magna Carta, which spurred on the reality of "rule of law" over the far more arbitrary rule by kings. With the rule of law creating stability and fostering widespread ownership in freedom-loving countries…with the world shrinking with increased transportation activity by land and by sea…and with the rise of the Industrial Revolution, entrepreneurs and businesses proliferated! So, prosperity blossomed in many countries. And to shorten the story a whole lot, modern stock exchanges like the New York Stock Exchange and the NASDAQ in the U.S. arose and thrived, ultimately to the point today where an ordinary person saving a bit of money can own a small part of a company like Apple or Amazon.

But then, that access created a natural dilemma. Does an investor invest in just one company like Apple or Amazon? Hey, if a person did that in the year 2000, the wealth multiple created was astounding! *But*…what if you invested in the year 2000 in just one company like, say, Blockbuster or maybe Kodak? Then you risked all your wealth on a failing company. *Enter diversification*. Yes, that's the idea that you spread investment risk across enough companies to not have a catastrophic single-investment disaster.

The last thirty years, there's been a huge rise in the number of ordinary investors due to America's generally free-markets capitalism creating many middle-class investors. So, there are lots of investment advisors who have gotten on the diversification bandwagon. But we should remember that, as always, some advisors are far better than others! Why? Because diversification is a very broad and complex opportunity across many investment classes, and the marketplace offers a bewildering array of choices.

But wait: there are other types of diversification besides diversification of financial ownership. Yes, we all should think about personal diversification in the modern era when it comes to our vocational paths — that's where you have invested outside those direct investments in stocks or bonds or real estate. *That core personal investment is in your vocation—what you do, where you work, and what your yield is!*

Here's the deal. We all can fall easily into a similar position that many of our ancestors occupied for centuries. That's because many of us tend to tie our career future to one country, one industry, maybe even one company. Well, just *how about* one country? Many tie themselves down geographically, and America is widely considered among the best places. And that's precisely why America has so many immigrants from many countries that have far lesser opportunities for prosperity. Numerous people even have thugs running their countries—much like so many kings of ancient times. That's why socialist Venezuela has reportedly had seven million emigrants leave—that's about 25% of its population!

And how about industries? Many industries have declined in attractiveness while other industries like, say, in tech and computers, have broadly thrived the last several decades. But even if you are in a thriving industry, the competition in free markets is fierce—and, because there are always losers in the competitive landscape, we must all look for savvy companies within even the most robust industries.

The point here is that you are *investing yourself* where you live and work—and you only have a limited number of lifetime hours to invest. Along those lines, the best way to ensure that you will be a winner is to ensure that you are the best knowledge-worker you can be…yes, a go-to person with proven expertise! Then, when it's wise, it's likely you can more easily migrate to a different company, a different industry, or even a different country! After all, you may invest *some* of your career into a company that proves to be a loser, but you can best recover by being a top candidate for better companies! Here's the point to ponder: avoid such a narrow focus on your competency that your skills don't flex well into other opportunities.

So, let's summarize a bit: your investment portfolio may include assets like stocks and bonds and maybe a rental property or two, investments that can easily be independent of your vocation. But your vocation is a very core choice of your investment activity. But, oh, you might say, my career is teaching or social work that pays very little—I guess that means you're saying that I've been unwise as to my investment in a vocation? No! Truth be told, if you're a Christian, how much money you make *simply doesn't matter in the least to God*. What matters is obedience to where the Holy Spirit leads. Quite literally, all of our eternal rewards—whether for a social worker to an executive—will be in relation to our obedience to God's purposes, no matter the status or income! The point is, we are to serve well where God directs us—and the Kingdom rewards will surely be awesome! Those rewards are awarded at the Judgment Seat of Christ. (See 1 Corinthians 3:9-16.)

All that brings us to the very most important point about our personal diversification: there are only two times that you should *never, ever, ever diversify—God and marriage!* Yes, choose Christ alone, study the Word, and don't veer from the paths directed by the Holy Spirit. And, if you are married, commit fully to your spouse, for better or for worse! Hey, you *know* that, as a believer, God's rewards in heaven for *those* commitments will eternally eclipse the fact that you might have wisely invested in Apple stock in the year 2000…or built a huge diversified financial portfolio...or earned many millions in your career!

So, the practice of diversification in life is just not very "vanilla." As to your financial portfolio at Schwab: if you're a bit unsettled about investing in Apple or Amazon or a mutual fund, then giving to Gospel missions will yield greater—and longer-lasting!—returns than anything this side of heaven! As to your Spirit-led vocation, that may indeed vary from a stable long-term track to real variability. And, as for God and marriage, the path is clear—rewards for staunch fidelity to *just one!* Proceed with confidence!

By the way, aren't you thrilled *that God diversified His portfolio through Christ to include Gentiles?* And we are called to act according to His purposes…His investment in us is designed to bear fruit! …*Stunning!*

A&A: Application & Action

1. How it's going as to your fidelity to "just one," your steadfast refusal to diversify *from* God or *from* your spouse? Discuss.

2. Do you fully believe your obedience to God's leading in your career—perhaps even foregoing significant income in service to your God-directed calling that's manifested in your workplace—will be rewarded by God? Discuss.

3. In an era of financial strife often precipitated by macro events like Fed policy changes or a Covid-type of disruption that are outside your control, do you sense that the fruits of your financial portfolio crafted for long-term stewardship are well-assured? Why or why not?