



faith . discipline . patience

If you attempt to keep up with investment news you may soon find yourself drinking from a fire hose. In the week that just passed we received data on existing-home sales, European Central Bank interest rates, durable goods orders, manufacturing Purchasing Managers' Index (PMI), and new home sales just to name a few.

Seemingly, every input may impact the course of your investments be they stocks or bonds or whatever else. But with so many data points how do you determine which matter more than others? And maybe there are some you can afford to ignore.

I think the first thing to get straight is your own time horizon for your investments. Are you a long-term investor or are you really a short-term trader who is concerned with her account value in as little as six or twelve months?

Let's say you've set yourself up not to draw from your stock principal for the next three to five years. If all goes according to plan this means that if stocks tanked right now, say by 30% - 40%, your stocks should have equally many years to recover before you might need to sell stocks to cover expected expenses.

Suddenly, Wall Street prognosticators' educated guesses for the next twelve months may not be as important. And the frequent data points like those listed above, in my opinion, become no more than background noise.

However, areas where I believe you should focus most if not all of your attention is on your own goals, your allocation between growth investments like stocks and more stable investments like bonds and cash, tax rates, dividend yields, and interest rate levels.

Notice that the first two of these items are under your control and barely dependent on outside data. The three latter data points do not change much so there would be little need to keep up with the daily barrage of news, all apparently of paramount importance if we are to believe the commentators.

This is good news.

Put all the data out there in perspective, your perspective, and hopefully you'll worry less and focus more on all the other things in life which bring you joy.

Good luck.

Jorgen Vik, CFP® CAP®  
CERTIFIED FINANCIAL PLANNER™  
Partner  
SKV Group, LLC

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CAR-1019-03812

1405 Rolkin Ct., Suite 202  
Charlottesville, VA 22911  
toll free 844.391.3610  
tel 434.328.8040  
fax 434.234.3789  
www.skvgrp.net