



faith . discipline . patience

Most investing articles talk about what to do in various circumstances. But not enough is said about all that happens in our heads when we try to do it?

I mean, we all know it's better to buy low than to buy high and to sell high rather than to sell low yet study after study shows that we're drawn to do the exact opposite. It feels good to buy something on its way up, and it feels like a relief to cut our losses when something is going down.

And smarts isn't enough to avoid such behavioral mistakes. It's safe to assume you're not as smart as Isaac Newton who lost his shirt in the South Sea bubble. As he said himself, "I can calculate the motions of the heavenly bodies, but not the madness of the people".

To improve your chance of investment success I think it's important to know your own biases and inclinations.

Are you quick to worry? If so, you may need to take a step back and put the situation in perspective.

What is the worst that can happen to you if the prediction of e.g. a bear market comes to fruition? Would you need to work longer or cut back your spending? If neither is the case then maybe you're just in need of extending your time horizon – I expect bear markets to be followed by bull markets.

Or maybe you are more prone to FOMO, the fear of missing out. Do you look at an investment skyrocketing and think "I better get on board, everyone else is doing great"? That's what Newton did. Unfortunately, you may be setting yourself up for disappointment when the hoopla subsides.

Yet others are prone to listen to traders and famous investors for investment guidance. However, their time horizon and objective may be very different from yours in which case their ideas may not be of much value to you.

In dealing with your emotions you can go it alone, or you can lean on others. Among 'others', you may include a spouse, a family member or friend whose judgement you trust completely.

Or you can pay to have a professional guide you and remind you to stick to your plan and not let bad news or temptations take you off course.

Sometimes it helps just to hear another person say what you already believe. It's not unusual that I coach clients to hang in there only to hear them say "I knew you were going to say that, I just needed to hear you say it".

Good luck.

Stocks are subject to market risk which means their value may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors. Investments in equity securities are generally more volatile than other types of securities

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