

Your Money Matters

An informational newsletter from Scarborough Alliance

Patience truly is a virtue: Investors hurt by a lack of discipline

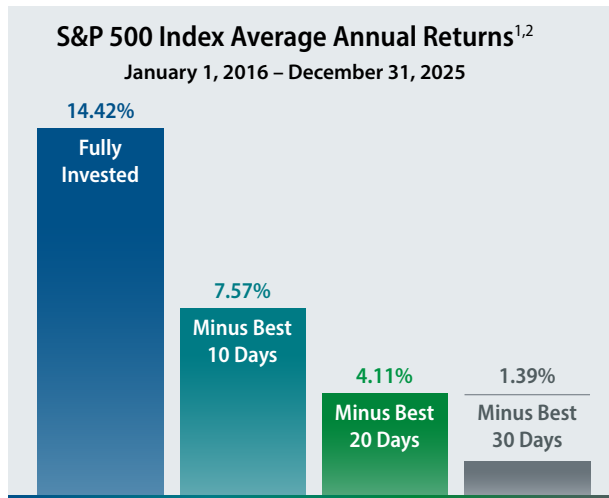
For most of us, achieving a financially secure retirement takes a disciplined, long-term investment approach. Unfortunately, many investors take exactly the opposite approach.

Common mistakes

Typical investor behavior is largely influenced by two powerful human emotions: the fear of loss and the pursuit of profit. After the stock market performs well, investors typically try to jump on the bandwagon and pour money into stock funds, only to see the value of their investments shrink when the market makes a quick correction. Conversely, when the market declines, investors typically sell their stock funds in a flight for safety. When investors begin to return to the stock market, it's typically after the market has made a substantial rebound. When this happens, investors are effectively buying back stocks at a higher price than they had sold them. Some other common mistakes made by individual investors include:

- Failure to maintain proper investment diversity
- Reacting to news events in the media without reasonable evaluation
- Buying and selling funds solely based on historic performance or the evaluation of rating services

In times of stock market volatility, many investors just can't resist the urge to pull out of the market until things settle down. But as this graph demonstrates, missing just a few of the market's best days can dramatically reduce returns.



A time-tested investment approach

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Contact me today to learn how you can take the guesswork out of investing for retirement.



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1. It is not possible to directly invest in an index. 2. Source: The S&P 500 Index daily returns for the period 12/31/15 to 12/31/25, sourced from Bloomberg. Results shown reflect share price changes only and do not include taxes or the reinvestment of capital gains and dividends. Past performance is not a guarantee of future results. Asset allocation or the use of an investment advisor does not ensure a profit nor guarantee against loss.

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