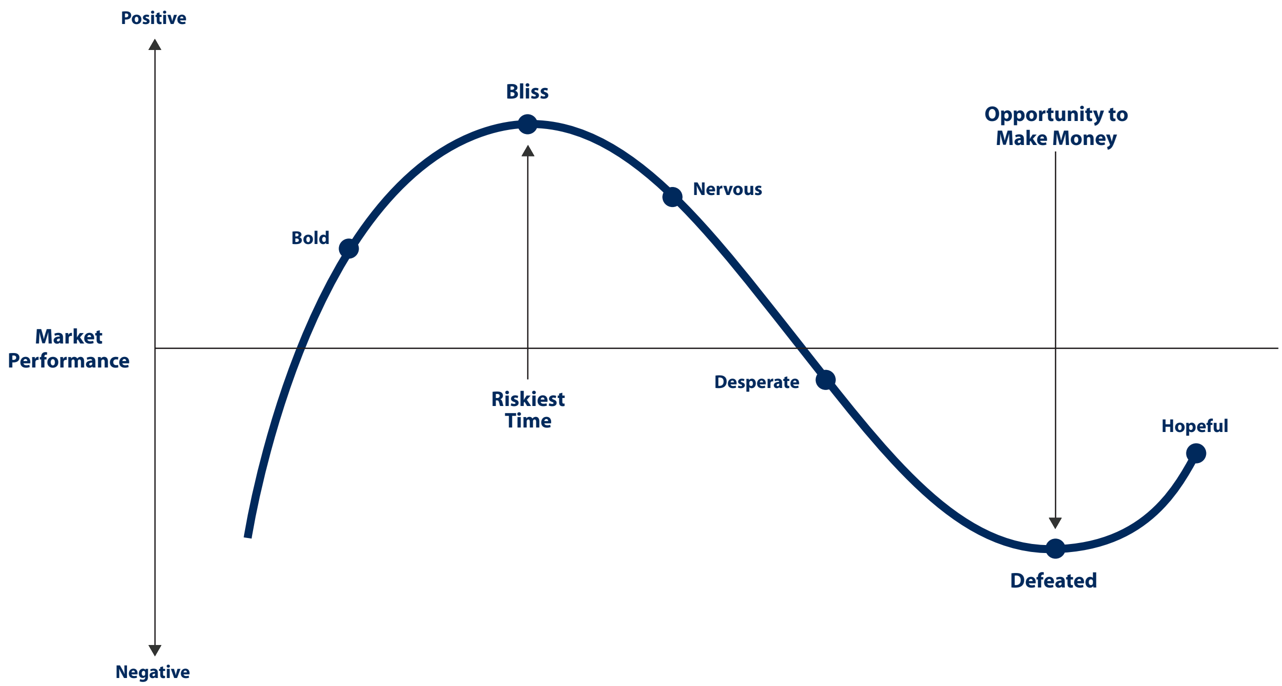
EMOTIONS OF INVESTING

Logic and emotion have never been a perfect pairing. It is logical for investors to stay focused on their long-term goals during volatile markets, but emotionally it is very difficult to follow this reasoning.

Emotional instincts, which may be valuable in certain aspects of our lives, may contradict sound investment decisions. The image below depicts the emotional cycle relative to market changes.

When the market is doing well, investors are excited, even blissful. This can be the riskiest time to invest, however, because it may foster a “can’t lose” attitude that strays from a disciplined investment approach. During these times, it’s important to review and rebalance as appropriate and stay focused on long-term investment goals.

When the market is low, investors often feel defeated. Although the market may be down, buying at this time can offer investors a great opportunity to make money. We all know the old adage that investors should buy low and sell high, yet few investors take advantage of down markets in this way. If it makes sense for your risk tolerance and goals, we may take advantage of market downturns.



This hypothetical scenario is for illustrative purposes only and does not reflect actual market performance, nor is it a prediction of future market conditions.

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