INVESTMENT PLANNING COUNSEL'S

Intelligent Investor

Perspective
Through *Planning*

10 Habits of a Successful Investor

Like a fitness regimen or an efficient work routine, successful investing is a matter of consistently applying sound principles. You start with a goal, develop a strategy and follow through with an action plan that includes ongoing contributions to your portfolio, regular reviews and rebalancing.

But like any good habit, investing requires commitment and discipline. Market fluctuations can trigger twinges of doubt and make investors wonder if staying the course is the right thing to do. And, when volatility increases, these doubts can turn into impulsive actions that end up hurting their portfolio's overall performance.

At times like this, it can be easy to overlook the big picture. If you're like many investors, there's a good chance your portfolio is a diversified collection of assets spread out across classes and sectors. You're investing in a wide variety of businesses, not just one company. So when you hear that Apple or BlackBerry stocks have gone down, don't panic. You likely have other assets in your portfolio that are doing well or holding steady.

It's also important to remember that at some point in the history of each market index, there have been periods of negative returns. These were not permanent but merely part of a dip. What can have lasting effects, however, is how you react to these negative periods. Make the wrong move and you could wipe thousands of dollars off your portfolio – a loss that could take several years to recoup.

That's why it's so important to develop sound investing habits.

Simple habits that yield great rewards

If you're thinking back to that failed diet or fitness regimen – the one that was just too hard to keep up after a while – take heart: good investing habits are actually quite simple. In fact, you probably know most of them already.

Here are the top 10 habits of a successful investor:

1. **Have a plan.** Work with a qualified Advisor to develop a financial plan that will meet your needs and goals.
2. **Be proactive.** Ensure your portfolio is structured to withstand market volatility. This will reduce the chance that you'll panic and make poor decisions when markets dip.
3. **Stay diversified.** Invest with the mindset that in the long term, well-diversified portfolios have a greater probability of yielding positive results. Don't get too caught up in the frenzy of breaking news; what is of concern today will eventually pass and even out.
4. **Keep the dialogue open and honest.** Give your Advisor complete and accurate information and don't hesitate to bring up any issues that may be worrying you or that you simply don't understand.

5 **Simplify.** Ensure your portfolio holdings are not overlapping, but rather working together to generate financial success. The best way to do this is by placing your holdings with one trusted Advisor. This simple, one-stop-shopping approach allows for a holistic and more strategic overview of your finances.

6 **Be in the know.** It's your money, so you need to be accountable for its growth and management. Take the time to sit down with your Advisor to understand how your portfolio is structured and how economic and market trends can affect your short- and long-term results.

7 **Understand your risks.** There's no such thing as a perfect, guaranteed investment. All investments have some measure of risk and, with the support of your Advisor, it's your job to understand the risks in your portfolio.

8 **Ignore the prognosticators.** Or at least take their predictions with a healthy dose of skepticism. The truth is no one can predict how markets will perform, not even a portfolio analyst with access to a wealth of data and the most sophisticated algorithms.

9 **Review, review, review.** Meet with your Advisor regularly to review your portfolio and ensure it continues to align with your goals.

10 **Keep on going.** Invest regularly and along a consistent path. In investing and, for that matter, in every worthwhile endeavor in life, consistency breeds habit, and habit builds success.

It takes time but it's worth the effort

There's a widespread belief that it takes 21 days to form a habit. When it comes to investing, however, forming good habits can take months or even years. But the rewards are definitely worth the time and effort.

Ready to start building and applying your good investing habits? Take the first step and contact our office today.

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