

3 Common Mistakes Made by Investors Today

Transcript of a video recorded 10/17/19

Today we see investors making a series of mistakes that they have made time and time again throughout the history of the markets.

The first one is trying to really filter through the news from the noise. What we see investors doing today is they're really their own worst enemies. There will be a tweet, there will be a new headline, and we will see investors be fearful of missing out on gains and buy on strong days. Then the headlines will go the other way and they will buy high and sell low, so we think that's a mistake. Understand your tendencies. You need to have a long-term plan.

The next mistake is really related to the first: we see investors forcing investments, we see them forcing positions into the market. Our approach is different. We think it really makes sense to be well paid for the risks you're taking. If you're not being well paid for the risks you're taking, don't make the investment. We think you have to take what the market gives. Sometimes there are more opportunities than others. If the opportunities aren't there, don't force it.

The last one is understanding your liquidity needs and your time horizon. The worst sin an investor can commit is being a forced seller, so if you have adequate liquidity, if you know your investment horizon, volatility in the market will be an opportunity as opposed to a problem. And we think that last point is really, really important.

Looking back to the fourth quarter of 2018, investors who had to sell never made the gains back; investors who looked at it as an opportunity did very, very well, and they're glad they did.

So, those are really the three things; don't get lost in all of the noise, make sure you're being well paid for the risks you're taking—don't force it—and lastly, never be a forced seller.



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