

How Do You Make Impactful Investment Decisions?

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When it comes to long-term investing, individuals will come face to face with the fundamental decision of whether to base their investment decisions on their own defined principals or outlooks. Looking at the 30,000-foot view of investment trends throughout time, we know that markets rise and fall unpredictably around a consistently rising trendline. However, we must deal with the fact that history of past returns are purely retrospective- we know what happened. We don't know what is going to happen.

So how can we answer this question for ourselves and formulate a vision of our financial future based on this fact? While we certainly don't want to bury our heads in the sand and ignore what's happening around us and current trends, investing based on clearly defined principals provides us with the opportunity to act consistently and positively towards our goals. Relying on outlook opens the door to being knocked off course by prompting us to consistently react to circumstances and events we didn't foresee. Basing your investment decisions on what you think may happen in the future is an uphill climb dragging a 2-ton boulder. You may guess correctly enough times make it to the peak but rarely does anyone ever react their way to financial success and the journey is ridden with emotional stress.

Investing based on principals means creating a detailed plan that allows you to envision a financial future amid constant uncertainty. It's still important to develop a long-term optimistic outlook because the weight of history and the data is on that side. But if our conception of how the economy and markets operate causes us to revise meaningfully in response to ever changing current events, we are operating under the terms of outlook and not principal.

Principled investors operate under the disciplined mindset of acquiring assets over time rather than banking on speculation that values will increase in the short-term or waiting for the next big event that will shape the direction of prices. They develop investment philosophies that emphasize assessing and being comfortable with their own level of risk tolerance, asset allocation, diversification, and relying on others who have professional expertise to help them achieve their individual goals.

There have been and always will be bear markets accompanied by heightened volatility and uncertainty that will test the resolve of both categories of investors. I would much rather be in a position to act on

opportunities these periods can create and have the foundation of a principled investment philosophy to be reminded of the "why" and "how."

Still, there are plenty of folks who have a hard time shaking the anxiousness of the ebbs and flows of the markets. Keep in mind there is always room for compromise that can be worked into your plan to account for emotional needs. So long as there is a plan, and these compromises won't seriously jeopardize future financial needs.

Principle-based investing offers a roadmap to help build wealth while navigating the complexities of financial markets in an ever-changing world. By prioritizing your own philosophy that incorporates your values and specific objectives, you can maintain a long-term focus that can help reduce emotional stress and foster sustainable wealth building. Which type of investor will you choose to be?

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