

# WEST SIDE NEWS

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## Your Money, Your Business

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### Don't Let Your Emotions Be Your Master In This Market

As a young man, before I began my career in banking and wealth management, I was a sailor in the U.S Navy. Unlike most sailors, I spent much of my time beneath the waves instead of riding them. It recently occurred to me that even though most have never lived on board a submarine and stayed awake for a few days straight while sailing rough seas with oxygen levels a good bit below the typical 21 percent, you may still know what that feels like... if you've been an investor in the stock market. Although being an investor today can be quite uncomfortable, I have been told that this is what buying low feels like. Now, buying low is a good thing, of course. But, like a lot of things that are good for us over the long term, like exercise, it may not feel so good at the time. Emotions are elevated, muscles are tense, breathing is shallow and heart rates are

high during this time of market instability. It can be scary.

History has shown that feelings in both good times and bad can lead investors to behave in ways that are detrimental to their long-term objectives. Euphoria can lead us to buy high and fear may cause us to sell low. If you are tempted to let fear prevail, and thus sell at a time when you should be buying, keep in mind that along with the recent evidence of how quickly the market can fall, we would do well to remember that the advance from a market bottom could be swift and significant.

That is why you should not let your emotions be your master when it comes to your portfolio any more than you should let newspaper headlines dictate your investment strategy. The market will recover. The question you have to answer is, "Will I be ready when it does?"

While we should not be mastered by our emotions in making investment decisions, neither should we be emotionless. Indeed, emotions can stimulate us to examine our portfolios more carefully. Many investors today are taking a close and necessary look at preserving livelihood and forgoing analysis of price-to-earnings ratios and corporate market share. Discussions have shifted to asset allocation, diversification, and cash flow needs. Long gone are concerns over paying the capital gains tax and whether to hold on to the huge concentration of shares left by grandfather. In these kind of cases, our emotions provide the energy and staying power to face up to reality – and do something positive about it.

During a crisis in our nation's history, Thomas Paine wrote, "These are the times that try men's souls." It was an appeal to patriotism and to soldier on through the trying times ahead because the only way through it, is through it. That remains true today. It can be scary out there, difficult to breath and hard to focus on goals in the distance. Like my old boat, the U.S. Economic output is the result of hard working, creative, and dedicated Americans. The market will rise again just like my submarine always did.

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