



Investor Behaviors to Avoid

There's no question we are living through an extended period of volatility in the market. A jumpy market can lead to rushed investor behavior – DeWaay Capital Management wants to help you avoid that. Here's a list of behaviors we've identified which can hurt you, especially in this period.

- Emotion trumps logic
 - By now, you are probably aware of the 'flash crash' on May 6th. Do not let sharp volatility like this cause you anxiety. Emotions can cloud your better judgment when making decisions regarding your investments. By having a properly diversified portfolio and sticking to your investment plan, we feel you can guard yourself against this potentially harmful investor behavior.
- Following the herd to slaughter
 - In some situations in life, siding with the crowd can help you greatly. Usually, there is strength in numbers. However, in the case of investing, we feel the alpha lemming will lead you off a cliff. Before jumping on a hot trend or dumping a position that everyone else is, talk to your investment advisor and see if it fits into your long term investment plan.
- Great Extrapolators
 - Its human nature to think that if something has performed for a long time it will continue to do so. In the context of the stock market however, this unfortunately does not always hold true. When investing, we suggest you look at what sectors are poised to succeed rather than the successful past performance of an individual stock.
- Faulty Intellectual Diet
 - While programs on networks such as CNBC and Fox News can certainly keep you informed and up-to-date on the current happenings in the financial markets, it is challenging to gain a total economic perspective from theses kinds of programs. Often, following advice from the 'talking heads' can lead to a mismanaged investment decision. Before making any dramatic shift in your portfolio, be sure to engage your investment advisor about your decision.