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The Traits of a Good Investor – Taking Charge of Your Finances

The COVID-19 pandemic has had many effects on the whole world, but how has it changed your financial habits? Many people are finding they are spending less and saving more, but what is the next step? Maybe COVID has inspired you to set new goals, or changed the goals you might have already had. You can utilize investing as a way to grow your money, work toward achieving your financial life goals, and set yourself up for retirement. As we continue the conversation throughout July of mid-year planning, consider how you can take your finances to the next level.

Despite your level of investing experience, there are certain investor traits that can prove advantageous for anyone. Traits such as patience, willingness to confront and deal with mistakes, and recognizing when help is needed can benefit portfolio returns, particularly for a long-term investor. Even risk aversion, sometimes a problem for those who are concerned about their investing abilities, can be an advantage if it's applied wisely. Overall, understanding and expanding upon your own knowledge, risk tolerance, and patience can help you become a successful investor – and we're here to help you along the way.

Feel you aren't as knowledgeable as you should be about investing?

Chances are you're in good company. Plenty of people know less than they should but aren't willing to recognize or admit it; as a result, their portfolios suffer. Recognizing what you don't know can be an asset. Being willing to ask questions and understand some basics will serve you better than sticking your head in the sand.

Also, being a good investor doesn't mean you need to do all the work yourself. A financial professional can help you set a strategy, select specific investments,

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monitor performance, and make adjustments as circumstances dictate. There is no assurance that working with a financial professional will improve investment results.

If you're afraid to make decisions because you don't know a mutual fund from an exchange-traded fund, now is the time to begin exploring and learning! Your retirement plan at work might provide educational materials or assistance, and there are plenty of books, magazines, and websites that can help. Don't be afraid to talk to friends who may have similar questions, but do your own research, too. Take baby steps and learn as you go. You don't have to do everything at once; even a small step is better than none.

Finally, recognize that you're not alone. Others may have the same doubts as you about their investing abilities.

Are you risk averse in the right way?

When people feel unsure about their investing skills, they sometimes take the path of least resistance and invest very conservatively. In some cases, this can be helpful. For example, avoiding big risky bets that can single-handedly drag down a portfolio can sometimes lead to better risk-adjusted performance. However, this trait can also be a double-edged sword if you're investing far more conservatively than is appropriate for your goals and circumstances, either out of fear of making a mistake or from not being aware of how risks can be managed. Being unaware of how inflation can affect investment returns or how to balance various types of risks can leave you vulnerable to a shortfall in your retirement savings or other financial goals.

All investing involves risk, including the potential loss of principal, and there can be no guarantee that any investment strategy will be successful. But perhaps the biggest risk of all is not taking the steps needed to try to secure your financial future.

One strategy to mitigate risk is to set aside a cash cushion of 3-6 months' worth of expenses aside. This way, if your investments take a dip, you have a backup plan to make necessary purchases and payments in the meantime.

Can you be patient?

A portfolio is — or should be — a means to an end, not a competitive sport. It's a way to pursue your financial goals, rather than a measure of self-worth or a vehicle for bragging about how you "beat the market."

Patience can also help you withstand market volatility. Many investors see a dip in the market and want to sell. However, having patience and confidence in the market

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can help you in the long-term. History is a good indicator of market performance and turnaround after an event like we are experiencing now. While this pandemic is different from other historical events we have experienced in recent history, the financial markets have maintained resiliency throughout other world events that have caused volatile markets.

Since 1950, when you look at all 13 bear market events, you see that for those who stayed in the markets saw during these significant downturns were rewarded with a return one, three, and five years later. While past performance is not a guarantee of future results, the historical returns of the markets shown here prove resiliency from past events.

Anyone can invest

If COVID has sparked better savings habits, you're tired of making sourdough bread, or you just have time to think about the retirement account that isn't going to create itself, mid-year is a good time to consider taking a few baby steps toward achieving your financial life goals. Everyone has goals, and we want to help you achieve them. Whether you're insecure about your financial literacy, need to practice your patience, or need some guidance about appropriate risk for your time horizon, give us a call at 860-928-2341 or email us at info@whzwealth.com so we can help you Plan Well. Invest Well. Live Well.™ Equipping yourself to pursue your financial life goals is time well invested. For more information, resources, and financial planning strategies, visit our website www.whzwealth.com/resources!

Before investing in a mutual fund or exchange-traded fund, carefully consider its investment objective, risks, fees, and expenses, which can be found in the prospectus available from the fund. Read it carefully before investing.

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