Supposedly Savvy

Around the office we've had a good laugh at the financial paparazzi and their ongoing efforts to tell us where "savvy" investors are moving their money in response to this week's financial events (whatever those may be this week). In a single day we've heard gold, oil, China, India, defensive stocks, Microsoft, treasuries, and green energy stocks to name a few. Though the financial media's attempt to give you advice is laughable, if not altogether entertaining, that type of rhetoric can really hurt investors if they take it seriously.

In response to the unrelenting onslaught of bad advice regarding what supposedly savvy investors are doing, we thought that you might like our view of a truly savvy investor.

The savvy investor knows that he will never become a great investor by watching current events and trying to interpret their long-term effect on his financial goals. He certainly knows that he cannot become a great investor by watching financial news channels, just as he knows that he cannot become a great doctor by watching *ER,* or a great attorney by watching *Law and Order*. He understands that an over-sensationalized analysis of events that do not affect the realization of his goals might distract him from the priorities he has set for himself and his family.

The savvy investor knows that she purchases long-term financial security with the currency of tolerance for the expected short-term fluctuations of her portfolio. She knows that the troughs and peaks have no bearing on the realization of her financial goals, and she has faith in the long-term upward trajectory of the world's equities markets. She is committed to the attainment of her goals and the properly structured, risk-controlled portfolio that is the ideal vehicle for achieving them.

The savvy investor knows that the short-term movements of the global equities markets are unknowable. He is certain that no one can consistently predict the magnitude or duration of any market fluctuation, despite the innumerable claims from "advisors" who assert that they can.

The savvy investor knows that down markets happen. She ignores them while others panic. She knows that these down cycles can and have lasted three years or longer, and though it is still frustrating for her, she has the patience to remain committed to her goals. She knows that if she continues to invest into her portfolio during these down markets that she is getting a terrific price for her investments.

So, the next time you hear that savvy investors are moving their portfolios in response to the financial media's latest breaking news story of the hour you should do what we do...laugh and then promptly change the channel.