

BEHAVIORAL & FINANCIAL INSIGHTS

Trusting Your Investment Decisions

Sometimes investing is easy, sometimes it is more difficult. The last decade, except for a few short-lived temporary corrections, has been relatively easy. It consisted of very low interest rates, low inflation, and lots of fiscal and monetary stimulus. And stock markets were quite positive. So long as investors didn't bail during one of the temporary corrections, they did quite well.

Decision-Making Under Uncertainty

Investors face a very different environment today. While the future is always uncertain, today's environment may be even more uncertain. We are living in a time of increasing inflation, increasing interest rates, and tighter fiscal and monetary policy. We aren't used to this.

Making good decisions is always desirable. But when we face greater uncertainty, it is important that we trust whatever decision we make. A decision that looks to be "bad" in the short term can be quite profitable in the long run, and vice versa. So, how can we develop greater confidence in our decisions and trust them, even when they may not look so great in the short run?

Three Steps to Trusting Your Decisions

1. **Take Your Time.** It is normal and natural to react to things based on emotion and intuition. The brain wants to solve things quickly, so we need to engage the reflective part of our brain by not reacting hastily and seeking additional information.
2. **Gather Information.** We should spend a significant chunk of our time gathering information, including contradictory information. This helps us see things from various points of view rather than the loudest, or most repeated, viewpoint.
3. **Talk It Out With Me.** I would love to help you gather information, ask the right questions, and have a thoughtful discussion. Including an honest and objective 3rd party to help you think and talk through things is one of the best things we can do anytime we face an important choice.

We cannot control nor predict the markets, and that is OK. Because we can control how we think, analyze, and respond to the markets. I have found that how investors respond has a significant impact on their ultimate results. I am here to help you obtain the best results, despite challenging markets.

This commentary was composed by Steven W. Lieberman and The Behavioral Finance Network. This commentary is for informational and educational purposes only and does not constitute legal or professional advice. The views and opinions expressed in this commentary are those of the author(s) and do not represent official policy of Summit Financial, LLC.

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