Many Investors Need an Emotional Rescue

By Matt Topley

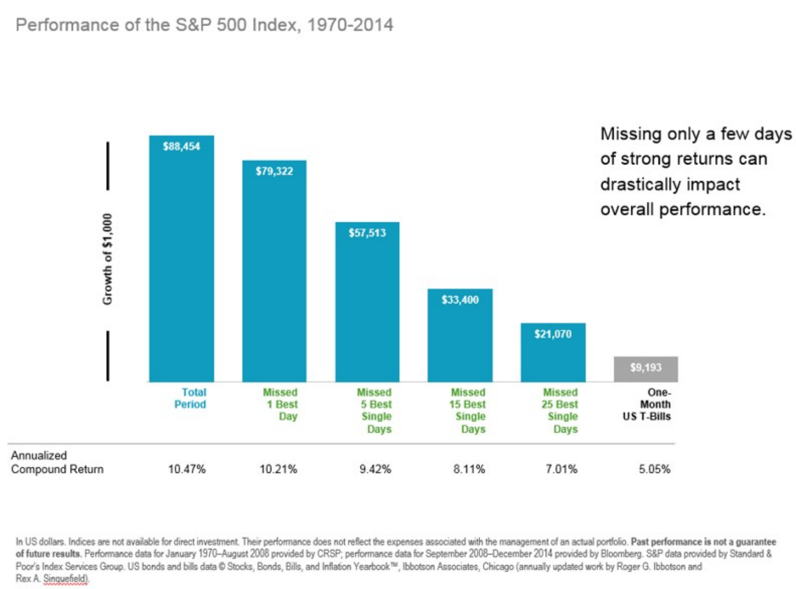
The Rolling Stones were not talking stocks when they wrote "Emotional Rescue," but as the song says, we all need a knight in shining armor. As discussed in last week's article, investing is all about the 7 inches between your ears. Much like sports, relationships or work, optimizing your wealth has a lot to do with controlling your emotions.

The idea of selling in preparation for the next crash feels good in theory, but we believe this poses one of the greatest threats to investors' long-term financial wellness. It usually feels safe for investors to jump back in after the markets had a significant rally off the bottom, hence the increase in equity money flows after a 30% return in 2013.

Dalbar Quanitative Analysis of Investor Behavior recently calculated a 20-year retail investor return of 5.02% vs. 9.22% for the indices. [1] A large percentage of this gap can be attibuted to impulsive decision- making as a result of heightened investor emotions. Acting upon this emotional mindset creates what, for many, can be a life-defining gap, when considered over 20 years. For example, on a base of $100,000, the investor with a 5.02% return would grow their money to $266,342, while the investor with 9.22% return would reap $583,503. A whopping $317,161 difference!

Last week, we talked about "recency bias"; a lot of these poor choices involve "negativity bias". Negativity bias causes investors to put more weight on bad news than good. Not to go Freud on my financial readers, but this bias has little to do with what is going on in the market, and a lot to do with your personal mindset.

You're probably thinking missing a few days is no big deal, but see chart below on long-term damage of a few missed days. And remember, you don't have to go this alone.



[1] http://thecompletesolution.com/c/wp-content/uploads/2014/04/2016-Dalbar-QAIB.pdf

About the Author

Matthew Topley | CHIEF INVESTMENT OFFICER

Voracious Reader. Philanthropist. Ally.
Author of the VIEW FROM THE TOP BLOG (http://matttopley.com)

Matt has a unique, global perspective on investing that he gained from nearly two decades on the trading desk and from studying abroad. While doing his graduate work, he had the opportunity to explore the world, studying in Shanghai, Beijing, Toronto and Prague. Matt's desire to make a positive difference, both in his clients' lives and in the community, is evident both in and outside the office. In his free time, Matt is dedicated to many charitable organizations, devoting time and expertise, with a focus on helping inner-city schools and first-generation college students.

Matt sits on the Fortis Executive Committee and serves as Chair of the Fortis Investment Committee, overseeing the delivery of investment advice and strategy for our clients. A voracious reader and compassionate educator, he has the ability to interpret complex technical financial information and simplify it for the benefit of each of his clients. Matt directs the content of our Fortis INSIGHTS blog, an extension of a daily industry research newsletter he authors, helping our clients and teammates stay informed about market trends.

Matt holds a Bachelor of Arts from Holy Family University, an MBA from LaSalle University and a Master of Arts in Organizational Leadership from the University of Pennsylvania. He serves on the Board and is Chairman of the Endowment Committee for BLOCS and Holy Family University.

When asked what makes the Fortis investment philosophy stand apart from other wealth management firms, Matt shared:

"Our goal is to provide clients with an unbiased roadmap for investing, minimizing emotional influences and focusing on the factors that they — and we, together — can control."

About FORTIS WEALTH

*For over 100 years, **Fortis Wealth** has teamed with families to help protect, manage and grow their wealth.*

As a true family office, our mission is to enhance our client's return on life. We help our clients achieve what is important to them by bringing clarity to financial decisions and by helping them articulate and achieve their life goals.

Focusing on more than just investable assets, we view our families from a global perspective and understand their entire financial world. This approach positions Fortis to add significant, measurable value in the areas of accounting, tax, estate planning, wealth management and philanthropy.

Managing wealth is easier with a team of experienced, knowledgeable, independent professionals. Fortis has earned the role of an entrusted advisor and is a valued resource for all family financial decisions.

Investment advisory services are provided by Fortis Advisors, LLC. Fortis Advisors, LLC is a Pennsylvania-based investment advisor registered with the Securities and Exchange Commission under the Investment Advisor Act of 1940. Past performance does not guarantee future results.
Fortis Wealth is a wholly-owned subsidiary of Fortis Partners, LP and is a registered investment adviser with the Securities & Exchange Commission.

This presentation outlines research and is not an offer to sell or a solicitation to buy any securities. This is intended for the general information of the clients or potential clients of Fortis Wealth. Any investment information does not consider the objectives, financial situation or needs of individual investors. Before acting on any advice or recommendation in this material, a client must consider its suitability and seek professional advice, if necessary.

The material contained herein is based on information we believe to be reliable, but we do not represent that it is complete or accurate, and it should not be solely relied upon as such. Any opinions or suggestions as of the date written may change without prior notification.

If you would like to receive a copy of our Form ADV Part 2a or any other information, please contact Matt Topley at mtopley@fortispartnersllc.com, or call (610) 313-0910.
Additional information about Fortis Wealth is also available on the SEC's website at www.adviserinfo.sec.gov.