
Sherwood Investment Services
Financial Planning & Investment Management

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The Savvy Investor
Increase Your Chances of Making Money

Many investors make the mistake during falling markets to put too much weight on the negative prognostications of TV moderators and newspaper columnists. After seeing and hearing all the bad news, investors panic and sell, just before the market jumps up 1000 points.

So why do intelligent, experienced investors continue to over react and lose money unnecessarily?
There are several reasons.

Common Mistakes

1. Many people make decisions based on their recollections and the opinions of others, rather than on facts.
2. Studies have shown that we tend to believe that the recent past will continue for the long-term future.
3. Journalists are not financial experts. They report what is sensational. **TV and newspapers are in the business of increasing their subscriber base. They are not in the business of making you rich.**
4. There are dozens of important variables that impact the price of a stock and they are often ignored by reporters
5. Many investors have no plan and invest by the seat of their pants. They are easily influenced by the opinions of others and caught up in today's news.

Avoiding the Mistakes

We have always advised our clients that there are three requirements to making money in the stock market:

1. Have a plan and stick with it.
2. Don't be unduly influenced by what you read and see on TV.
3. Be patient because the stock market rewards patience, as this table shows.

Historical Chance of Making Money in Stocks*	
Any 1 year	72%
Any 3 years	84%
Any 5 years	89%
Any 10 years	97%
Any 15 years	100%

* These statistics are based on historical performance from January 1, 1926. It is not a guarantee of future results.

While we can't give you patience, we can provide investment strategies that have been extremely rewarding. Contact us for independent investment advice and a second opinion.