

Invest in Your Goals

During difficult times in the financial markets, it can be hard to stay committed to investing. After all, if many of your investments have lost value, you might be tempted to just put your money under your mattress. But that's not really a productive use of your funds, and it almost certainly won't help you achieve your objectives. So instead of choosing the mattress route, try changing the way you look at your financial situation — by focusing *more* on your long-term goals and *less* on the day-to-day performance of your individual investments.

In other words, you're not only investing in "Investment A" — you're investing for a comfortable retirement. And you're not just putting money away in "Investment B" — you're saving for your child's college education.

Once you realize that you are actually investing in these long-term goals, you may find it easier to cope with the ups and downs of investments A, B, C and all the others you own. Of course, this doesn't mean you never have to adjust your portfolio, but if you are investing in your goals, and not just individual vehicles, you'll find it easier to maintain the focus you need to employ suitable investment techniques.

What are some of these techniques? Consider the following:

- *Invest appropriately for your stage of life.* The long and steep stock market decline of recent months has been especially painful for investors within a few years of retirement. Not only have these people sustained losses, but they also have only a limited amount of time in their working lives for their portfolios to recoup value. Unfortunately, to help pay for living expenses in retirement, they may eventually have to sell investments whose values are down. To avoid this problem, you will need an adequate amount of cash instruments

and fixed-income investments available during your retirement.

- *Look for quality.* Market downturns can hurt most types of investments, but quality stocks usually lose the least in value and recover the quickest. To find these quality stocks, look for companies with superior track records of performance, strong management teams and competitive products. Also, study the industry to which these firms belong. While past performance is not an indication of future results, some industries have better prospects for growth than others.

- *Buy and hold.* After you've built a portfolio of quality investments, hold them until either your needs change or the investments' fundamentals change. By purchasing quality investments, and holding them for the long term, you can help boost your chances for success while cutting down on the costs — both financial and strategic — associated with frequent buying and selling.

- *Maintain reasonable expectations.* Back in the 1990s, many investors got used to average annual returns of 15 percent or more. But these returns were more of an aberration than a representative sample. For a variety of reasons, most investment experts foresee more modest returns in the near future. Once you accept this premise, you are far less likely to be disappointed with your own returns, and you will be less prone to make hasty decisions that may also prove to be bad ones.

By following these suggestions, and by always remembering that the goals for which you are investing are more important than short-term investment returns, you can stay on track toward the future you've envisioned.

This article was written by Edward Jones for use by your local Edward Jones Financial Advisor.