

When Investing, One of The Best Abilities Is Durability

You've probably heard about "genius" investors or those who got in on the "ground floor" of a company that grew to be a huge success. These stories may be interesting, but they are also rare — and sometimes not even true.

The truth is that successful investing isn't glamorous, and it isn't necessarily quick. Instead, a well-founded investing strategy is a durable one — one that can withstand the test of time.

Here are some actions that can help you build durability.

Take your time: Most individual investors make their money over time, not overnight. Despite stories about fortunes made on one or two trades, you're more likely to be successful making money over time. You'll want to own a well-diversified portfolio of quality investments — and plan to own those investments for the long term.

A long-term perspective can help you ignore the constant noise in the markets and stay invested. When you hear about the latest "hot" investment tip, especially if it's already performed well, the best advice is this: Ignore it. Although it may be tempting to buy a popular investment, it may not fit with the rest of your portfolio, it may have already peaked and it may be riskier than you expect. If it sounds too good to be true, it probably is.

Invest in quality: When building your investment portfolio, quality should be a top priority. For stocks, quality is frequently measured by the steadiness of earnings and dividend growth over time. For bonds, one measure of quality is an investment-grade credit rating, which indicates that the borrower has a good track record of making its promised interest and principal payments and the bond has a relatively low risk of default.

Quality investments are more likely to overcome temporary challenges, which is why a good track record can be an indication of quality. Don't reach for yield

by looking for investments offering the highest dividend or interest rate without considering the risk. Remember, there is no perfect investment — a higher rate generally means higher risk.

Stick to your strategy: Building a long-term strategy can anchor your decisions and provide a roadmap for your investment choices. Your strategy should consider your goals, tolerance for risk and the time needed to save toward each goal.

Within that strategy, you can be flexible. Buy and hold, for example, doesn't mean buy and forget. Over time, your goals may change, or you may choose to hold more conservative investments. But it's important to make changes for the right reasons, not simply because stocks or your other investments may have dropped in price.

Perhaps one of the biggest mistakes you can make is trying to time the markets, moving in and out in response to short-term declines or the latest prediction. This often results in getting into and out of the market at the wrong times, costing time and money — and resulting in lower returns over time.

Remember that investments don't all move up or down at the same time but portfolio diversification can help smooth the ups and downs of the market. A long-term perspective can help you see past short-term fluctuations in some investments.

Successful investing isn't about making dramatic moves or chasing the latest trends. It's about developing a durable strategy personalized for your life, then sticking with it through market ups and downs. In investing, as in life, slow and steady could help win the race.

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