As the financial markets begin their summer pause, we want to share a lighter essay titled, "The Wisdom of Great Investors." [1] During periods of extreme market volatility, investors often make decisions that can undermine their financial planning. When faced with such periods, it can be valuable to look at history and study the timeless principles that have guided the investment decisions of some of history's greatest investors through both good and bad markets. By studying their wisdom, we can learn important lessons about the mindset required to build and retain long-term wealth.

#1 - Emotions can wreak havoc on an Investor's ability to build long-term wealth.

"Individuals who cannot master their emotions are ill-suited to profit from the investment process." *Benjamin Graham, Father of Value Investing and Nobel Laureate*

"The key organ for investing is the stomach, not the brain." *Peter Lynch, Famed Investor and Author*

#2 - History has taught that investors in stocks will always encounter crises and uncertainty, yet the market has continued to grow over the long-term.

"History provides a crucial insight regarding market crises: They are inevitable, painful, and ultimately surmountable." *Shelby M.C. Davis, Advisor and Founder, Davis Funds*

#3 - Don't attempt to time the market. Market corrections often cause investors to abandon their investment plan, moving out of stocks with the intention of moving back in when things calm down – often to disastrous results.

"Far more money has been lost by investors preparing for corrections or trying to anticipate corrections than has been lost in the corrections themselves." *Peter Lynch, Famed Investor and Author*

#4 - One of the most common attributes among great investors is patience. They recognize that while the mood of the market may cause a stock price to fluctuate widely over the short-term, over longer periods the value of the underlying asset class will assert itself.

"Despite inevitable periods of uncertainty, stocks have rewarded patient, long-term investors.: *Christopher C. Davis, Portfolio Manager, Davis Funds*

#5 - Do not let emotions guide your investment decisions. Building long-term wealth requires counter-emotional investment decisions – like buying at times of maximum pessimism or resisting euphoria around investments of recent outperformance.

"I will tell you how to become rich. Be fearful when others are greedy. Be greedy when others are fearful." *Warren Buffett, Chairman, Berkshire Hathaway*

#6 - Recognize that short-term underperformance is inevitable and is not a strong indicator of long-term success.

"The basic question facing us is whether it's possible for a superior investment manager to underperform…The assumption widely held is 'no.' And yet if you look at the records, it's not only possible, it's inevitable." *Robert Kirby, Founder, Capital Guardian Trust Company*

#7 - Disregard Short-term forecasts and predictions. During periods of uncertainty, investors often gravitate to the investment media for insights into how to position their portfolios. Often these purveyors of information make compelling arguments, but do not add real value.

"The function of economic forecasting is to make astrology look respectable." *John Kenneth Galbraith, Economist and honoree – Presidential Medal of Freedom*

These principles and our own diligent investment philosophy continue to guide Glass Jacobson as we guide you. As always, if you'd like to discuss, please call.

[1] *Source: Davis Distributors, LLC*