

Clements: "What counts is commitment."

From a recent "Getting Going" by respected Wall Street Journal columnist Jonathan Clements:

"The more you trade, the more bad decisions you can potentially make. And most people trade way too much.

"I'm constantly chewing over this (buy/sell) question. It hasn't gotten me very far ..." (In poker there is a corollary to Clements' point: the pros are fond of saying that "when you think long, you think wrong." See our white paper on how investing is – and isn't – like playing poker.)

"It's finally dawning on me that instead of presuming every market sector is (either) a buy or a sell, it's smarter to assume that everything is fairly valued.

"Picking winners and losers is so difficult, it's more sensible to assume that current prices aren't out of whack with underlying values ... and you should neither overdose nor avoid a sector entirely.

"I used to agonize over precise portfolio allocation ... now I usually respond that you shouldn't fret too much. Stick with your target percentages. What counts is commitment."

(end)