

## Get Your Mind Off Your Money

Warren Buffet once said “if you cannot control your emotions you cannot control your money”. The phenomenon of **emotional investing** is not a new concept. In fact the first recorded “trading bubble” dates back to the tulip mania incident of 1637. Shakespeare referenced “going against the grain” in his script for Coriolanus written in 1608 to describe a decision made rationally instead of based on “true affections”.

Even 400 years ago we were aware that we are capable of making irrational decisions based on emotion so why have we not been able to minimize the impact of emotion? The reason is that we are hard wired to react first and think later. Our brains are programmed to respond immediately with our fight or flight response and in the absence of any other program, that’s what we will respond to every time. When that switch is flicked, the emotional light comes on and we have no choice.

My future blogs will discuss emotional investing and provide investment comments based on rational thought instead of emotional response. There are ways to minimize the impact our emotions can have on portfolio performance.