



BIONDO WEALTHsense MONTHLY

Is the Grass Always Greener?



The color green is attributed to many positive things in life. Green is often used as a symbol of prosperity and even represents life itself. But not all green is good. The green of envy often shades our view of the “other side of the fence” as more attractive and desirable. It is only when we move closer and with further scrutiny, the illusion is revealed.

Envy is a feeling of resentment aroused by another’s circumstances, good fortune or outcomes. It rears its ugly head frequently among investors and can feel quite natural. Just because it may feel natural or an innate part of who we are, doesn’t mean it is advantageous.

There have been several securities and stories of quick wealth that are enticing. Supersized gains, especially among people who don’t know what they are doing, can influence us to feel entitled to such gain. We may regret our long-term investment strategy and envision how much quicker we can reach our goals by purchasing high-flying securities.

When we imagine significant gains, dopamine receptors are activated, which makes us feel good – as if whatever we do will be right.

Check Envy at the Door

Envy, when not checked, often leads to risky behavior and investing. We see what others have achieved without respect to the role of luck in the initial outcome, nor the probability that such luck will continue. We want it. We feel entitled to it. We are determined to get it.

The challenge is that there will always be someone, or some investment, that performs better than us. Hitting financial home runs and grand slams are more exciting than building wealth through singles and doubles which consistently wins games.

Envy is shroud in perpetual regret and disappointment. Sure, it may be exciting for a while and may feel really good, but there is a cost to that feeling. Empirical evidence over decades shows that investors who chase what’s hot significantly underperform a more “boring” disciplined investment strategy.¹

Feelings such as envy, which are natural, make investing difficult. It’s one reason why patience and discipline are the greatest virtues an investor can develop. It isn’t always easy to stay focused on your own side of the fence. Staying true to your well-thought-out financial plan and reviewing it with your Wealth Advisor, can help overcome those green-eyed impulses and gives you the best chance to achieve your financial goals.

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¹ JPMorgan. A Guide to the Markets. December 2020.

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