



Financial Fly Fishing

by Jim Mirenda, CFP® July 2015

I'm an investment advisor and a fly fisherman. I laugh sometimes because my two passions are subjects which people tend to spin tall tales about. Stories about bigger than average fish and bigger than average investment returns are as common as snow in February. But I see more important similarities between fly fishing and investing; specifically planning and behavior.

They say that "fishing isn't catching" and I have the catch-less days to prove it. For years I would jump right into a river and rush to what looked like the 'hot' fishing spot. But I rarely caught fish that way. Through many failures I learned that I needed a strategy to fish a section of river. So now I will sit on the riverbank and create a plan before I make my first cast.

Similarly, many investors jump right into the financial markets looking for the hot investment before ever creating a plan. Their frustration builds as they stumble from one area to another still hoping to find the one that got away. This adds costs, risks and did I mention frustration? Without a plan or tangible goals it's difficult to objectively measure financial results. Building and managing a plan to achieve individual goals is imperative. Put simply, investing is not planning.

When it comes to my gear, like most fly fishermen, I have a vest stuffed with flies. A fly for every conceivable fishing situation. I can change flies dozens of times looking for the 'right' one. However, it's better to focus on my behavior (like how I cast), not on my equipment (like the flies I use). If I'm patient and I plan my approach, then I might hook a good fish. And ultimately, that is my goal.

Investors often look to their equipment like research, stock picks, or others' predictions to lead them to investment outcomes. They stuff their financial vest full of investments for every conceivable economic situation, even if some investments conflict with others. But relying solely on the equipment is misplaced. Financial outcomes are much more dependent on investor behavior than on anything else.

Sound planning and constructive behavior are keys to having a good day on the river and to meeting personal financial goals. I'll keep on trying, but until I catch all the fish in the river my financial advice will stay the same: focus on your plan, on your goals, and on the things that are within your control.



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