

# MOOREINSIGHTS

## **Investment Research: Why I Rely on Data, Not Predictions**

One thing I've learned over the years is that the investment world is full of predictions.

Every day there's a new forecast about where the market is headed, whether a recession is coming, or which investment will outperform next. Some of those predictions will inevitably be right, but many of them won't be.

That's one of the reasons I've always preferred to focus less on predictions and more on research and data.

### **Looking Past the Noise**

Markets move for many different reasons. Interest rates change, economic data shifts, corporate earnings rise and fall, and investor sentiment can swing quickly from optimism to fear.

When headlines dominate the conversation, it can be tempting to react quickly. But in my experience, reacting to short-term noise rarely leads to better investment decisions.

Instead, I find it more helpful to step back and look at the broader trends that tend to shape markets over time.

Some of the data points I regularly pay attention to include:

- Corporate earnings
- Inflation and interest rates
- Market valuations
- Investor sentiment

None of these indicators tells the entire story on its own, but together they can provide valuable insight into the current investment environment.

### **Research Insight: Markets Reward Patience**

One of the most consistent findings in investment research is that time in the market has historically mattered more than timing the market.

## Hypothetical Growth of \$10,000 in the S&P 500

Scenario	Portfolio Value After 20 Years
Fully Invested	\$67,000
Missed 10 Best Days	\$30,000
Missed 20 Best Days	\$17,000

Even missing just a handful of the market's strongest days can significantly reduce long-term returns. And those strong days often occur during periods of uncertainty, when many investors are tempted to move to the sidelines.

For that reason, maintaining discipline and staying invested is often one of the most important decisions investors can make.

### Research Insight: Investor Sentiment Can Signal Market Extremes

Another area I often watch closely is investor sentiment: how optimistic or pessimistic investors are about the market. This is such an important factor that we recently included it in our newly released [Core Values of Investing](#)

Historically, extreme sentiment levels usually occur near major market turning points.

### Simplified Example of Sentiment Cycles

Investor Sentiment	Typical Investor Behavior	Potential Market Outcome
Extreme Optimism	Investors chase recent performance	Markets may be closer to a peak
Balanced Sentiment	Investors are cautious but engaged	More stable market environment
Extreme Pessimism	Investors move heavily into cash	Markets may be closer to a bottom

This doesn't mean sentiment can predict short-term market movements, but it can provide useful context about how investors are positioned.

## **Why Research Matters**

One of the biggest challenges investors face is separating emotion from decision-making.

When markets are rising quickly, it's easy to assume the good times will continue indefinitely. During market declines, fear can lead investors to make decisions they later regret.

Research helps provide a framework for staying disciplined.

By focusing on evidence rather than emotion, investors can maintain perspective and avoid reacting too quickly to short-term market fluctuations.

## **A Long-Term Perspective**

Another lesson markets consistently reinforce is that volatility is normal. Said another way...**Uncertainty is the only certainty.**

Markets move through cycles, periods of expansion, contraction, optimism, and uncertainty. While no one can predict exactly how these cycles will unfold, understanding broader trends can help investors stay focused on their long-term goals.

For me, research isn't about predicting the next market move. It's about gathering information, understanding the landscape, and making thoughtful decisions based on what the data suggests.

## **The Bottom Line**

In the end, successful investing often comes down to discipline, patience, and perspective.

While headlines change daily, the fundamentals of long-term investing tend to remain the same: thoughtful planning, careful research, and a commitment to staying focused on the bigger picture.

At Moore Invested, that philosophy guides how we approach every client relationship and every investment decision, helping our clients move forward with clarity and continue living life with an upside.

*Tom Moore is the founder of Moore Invested, a fee-only investment management firm located in Atlanta, GA. Moore Invested regularly publishes articles covering topics from fundamental financial planning concepts to analyses of specific company investment holdings. Their content catalog can be found in the [Moore Insights](#) section of their website.*

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