KIM: The "Brexit Panic"—we've seen this movie before

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You probably heard the upcoming June 23 referendum would determine whether Britain would remain a member of the European Union ("Bremain") or leave ("Brexit").

With global markets strong in anticipation of Bremain, you probably didn't care about the referendum when you went to bed that night. However, by the time you woke the next morning, you cared Brexit prevailed—a lot.

On Friday, June 24, stocks cratered worldwide. On cue, the talking heads and headlines poured gasoline onto the fire as they blared about "a Lehman Bros.-like contagion worse than 2008," and other dire warnings of impending apocalypse. Best of all, the various Drs. of Doom had all weekend to pile on and further heighten investor anxiety.

If we're going to call this movie the "Brexit Panic," then it is surely the sequel to the "Oil/Commodity Price Collapse Panic" (earlier 2016), the "China Currency Devaluation Panic " (2015) and the "Greek Default/'Grexit' Panic" (its own series). Actually, the current Panic is a sequel to all the Panics that preceded it.

Panics are scary episodes that evoke your primal "fight or flight" survival instincts. When you're watching the Dow plunge hundreds of points in a matter of minutes, it's easy to believe you're staring into the abyss. We understand because we feel the same visceral fears and emotions.

At the same time, one of our primary roles as professional advisors is to put our emotions on the shelf and help prevent our clients from doing things harmful to their long-term financial future. In other words, we have to trust our experience and process (i.e. finding high quality companies whose stocks we believe are undervalued), no matter what.

If we're correct in our assessment of "high quality," then the businesses should not be materially negatively impacted by Brexit (or the panic du jour). Brexit will take years to unfold. Whether it ends up being more of a political vs. economic event, it will likely lead to increased volatility.

My friend Carl Richards of BehaviorGap.com recently published excellent advice on helping clients deal with "scary markets." First, be thankful ***you're*** the one they turn to in times of trouble. Second, empathize with the very real emotions they are feeling. Third, if they say they want to sell everything, ask if this is a permanent exit or, more likely, temporary.

If it's the latter, if you ask when they intend to get back in, you'll probably get some variation of "when the dust settles." If it follows prices will be higher when that happens, then that sounds a whole lot like selling low and buying high—not a recipe for long-term success.

Investors didn't get Paul Revere's "the British are leaving" warning this time. Remember what Benjamin Graham (Warren Buffett's professor), said: "In the short run, the market is a voting machine (i.e. prices set by fear/greed) but in the long run, it is a weighing machine (i.e. prices set by company fundamentals)."