There's been plenty of hype about the so-called Fiscal Cliff—and as a result, some investors are being scared into making bad decisions.

My recommendation is to step back, forget the headlines, and take a breath. One of the worst things an investor can do is to reflexively buy or sell based on hype and hearsay. And when it comes to the Fiscal Cliff, there's plenty of both.

As you probably know, the Fiscal Cliff is the combination of tax increases and spending cuts that will kick in if Washington doesn't agree on a plan to reduce the deficit. But if you listen to experts, there really isn't a "cliff" at all. Even in the worst case scenario, taxes would rise moderately and the economy would slow very gradually.

Would things get a little tougher if the negotiations between Democrats and Republicans fail? The answer is yes—probably. But to hear the media and politicians tell it, the Fiscal Cliff is practically the financial equivalent of the Mayan Apocalypse. Don't believe it.

Here's my view. While Washington is caught up in its usual bickering and horse-trading, the actual companies that people invest in are making products, innovating and planning for growth. The market, not Washington, is where investors should focus.

I know that a lot of investors are selling their winners now because they assume that higher capital gains tax rates will soon kick in, and perhaps that the market will dip as a result of the Fiscal Cliff.

Trust me, the sky isn't falling. It's likely that a deficit deal will be worked out, even if it isn't a perfect one. In any case, history has shown that trying to predict what the markets are going to do, or even what politicians are going to do, can backfire.

By selling out of an appreciated stock now, you may save a little bit on taxes. But if your stock goes on to rally by another 20%, you'll really be kicking yourself.

The fact is that if your investments have been carefully chosen based on fundamental research, and your portfolio is well-balanced, you should typically just stick with your plan. The Fiscal Cliff hasn't caused me to make any major sales of heavily appreciated securities in the accounts I manage for my clients. I'm more interested in whether our investments still have an upside—and if they do, my preference is to stick with them.

Bottom line: Investing requires good decisions and patience. Don't base your actions on today's headlines—whether it's the Mayan Apocalypse or the Fiscal Cliff.