

# Maintaining Perspective in Times of Financial Volatility

During times of significant market fluctuations, many investors feel conflicting feelings towards their investment portfolio. This checklist below can help you focus on what's likely to have the greatest impact on your financial success: maintaining a longer-term perspective, being thoughtful about portfolio allocation, understanding risk exposures and minimizing costs and taxes.

- Don't forget your long-term goals:** Try to maintain perspective by focusing on your long-term investment objectives rather than worrying about short-term market fluctuations. Emotional decisions are often not the wisest.
- Revisit your risk tolerance:** If short-term market moves are getting the better of you, perhaps its time to revisit your risk tolerance with your financial professional. This exercise may inspire you to stay the course, or to trim additional risk from you portfolios.
- Reaffirm (or write) your Investment Policy Statement:** An Investment Policy Statement (IPS) can help determine the appropriate allocations and the guidelines for effective implementation. Make sure you and your financial professional have clearly defined your objectives, so that you can keep them in mind during emotional times of market fluctuations.
- Review your cash needs:** Do you have immediate liquidity needs? If not, you may be in a strong position to ride out short-term market shocks.
- Stay diversified:** Portfolio diversification, in line with your objectives and risk tolerance, can help mitigate volatility and potentially produce more consistent outcomes.
- Rebalance regularly:** Meet with your financial professional to ensure your asset allocations are aligned with your long-term targets. Regular portfolio rebalancing instills a disciplined approach to decision making and sometimes inspires investors to take actions that may be emotionally uncomfortable but financially productive.
- Consider tactical shifts:** Every investor is different. For some bouts of market volatility there may be an opportunity to buy equities. Others may look to add hard duration through core and long-duration strategies as a way to add resiliency to their portfolio. Check in with your financial professional to review strategies.
- Consider tax planning strategies:** Consider talking with your financial professional about mitigating tax implications now instead waiting until year-end.



## KEY TAKEAWAYS

- Behavioral biases, especially in volatile times, may inspire investors to focus on short-term returns rather than long-term goals
- Financial professionals can play a critical role in helping maintain perspective and avoid costly mistakes

**All investments** contain risk and may lose value. Diversification does not ensure a profit or protect against loss in declining markets.

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