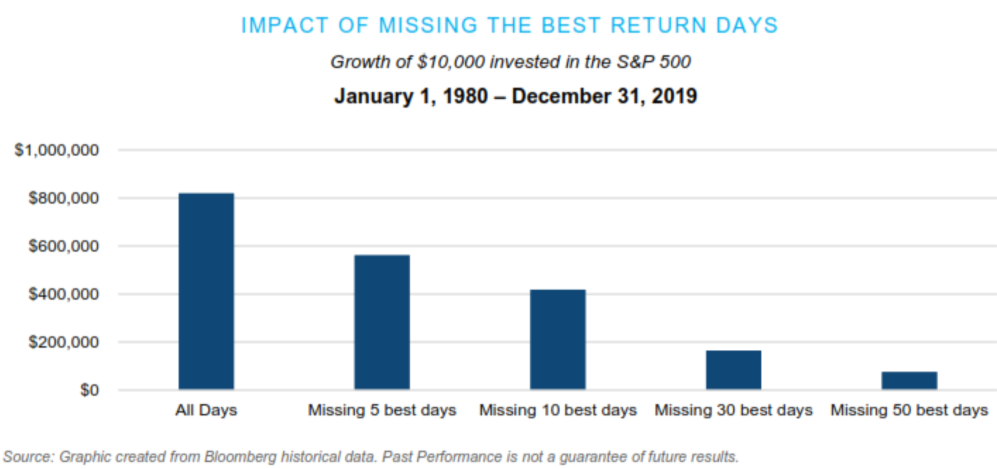
4 TIPS FOR A VOLATILE MARKET

The COVID-19 National Emergency has impacted nearly every part of our daily lives and the investment market is no exception. When account balances fluctuate, it is tempting to make quick investment decisions. Before you do, consider a few investing tips to guide your investments through volatile markets.

1. Remain Calm

Many investors will hear bad news about the stock market performance and get nervous. Their instinct might be to sell stocks and move to bonds or cash, essentially trying to time the market to avoid losses. A word of caution: trying to time the market is very challenging in that you have to be right twice – when to get out (before the drop, which you likely missed) and when to get back in. Trying to time the market can cause investors to miss the highest-performing days, which can have a significant impact on growth. You should focus on your time in the market, rather than trying to time the market. If you adjust your portfolio to be more conservative because of recent poor market performance, you will likely miss at least part of any recovery. Studies show that missing just a few of the best performing days within a window of time can have a significant impact on long-term growth.



2. Define Your Investment Strategy

It is important to clarify your investment strategy, so you have a firm plan to rely on when the market fluctuates. When building a strategy, you'll need to:

- **Establish** goals for the money
  - Determine the purpose of saving this money. Do you have a clear dollar amount you want to reach? How important is this goal compared to other financial goals?

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- **Calculate** your time horizon
    - Count the number of months or years until you will need to access the money. Your time horizon should have a direct impact on how much investment risk you take.
- **Understand** your risk tolerance
    - Your risk tolerance accounts for your entire financial situation. Know yourself and know how you might react to fluctuations in your account balance. If your investments are keeping you up at night because you are worried, you may have subjected yourself to more risk than you can tolerate.

If you already have a strategy in place, now may be a good time to review it and see if any adjustments are necessary.

3. Diversify Your Investments

Once you have an understanding on your risk tolerance and time horizon, you can build a portfolio that corresponds with your investment strategy. One way to manage risk in a portfolio is through diversification. Spreading your investments among various asset classes, or diversifying, can help you decrease volatility in your portfolio. The simplest way to diversify is between stocks and bonds: stocks fluctuate more than bonds. By mixing the two, you can manage your investment risk to match your risk tolerance.

4. Dollar-Cost Averaging

Some investors can benefit from a volatile market by investing regularly over the course of months or years. Investing a set dollar amount on a regular basis can allow you to purchase additional shares when prices are low and fewer shares when prices are high. The result is that the average price per share invested may be less than if you invested the money all on the same day.

Dollar cost averaging

Investing a fixed amount at regular intervals is one way to deal with the inevitable dips and gains in the stock market. As this table shows, dollar cost averaging can result in a better average share price than trying to time your purchase.

	Share Price	Investment	Shares Purchased
January	$10	$100	10
February	$7	$100	14.3
March	$6	$100	16.7
April	$8	$100	12.5
May	$9	$100	11.1
Total	$8 average	$500	64.6

Dollar cost averaging does not ensure a profit or guarantee against loss in declining markets. For the strategy to be effective, you must continue to purchase shares both in market ups and market downs.

This information is intended to be for educational purposes only and not intended to be investment advice. Please consult with your financial advisor before making any investment decisions. Past performance is not a guarantee of future results. Investing in the stock market carries risk that each investor should understand.