

# Strategies for Coping with Market Volatility – Video Transcript

When markets are volatile, sticking to a long-term investing strategy can be a challenge. However, there are things you can do to help keep market turbulence from distracting you from your goals.

First, have a game plan that can help you manage anxiety. Second, check your asset allocation. Third, use market volatility to fine-tune your portfolio. Let's go through these one by one.

A well-thought-out investment plan can help keep emotion from driving your actions. For example, you might decide in advance to take profits when the overall market rises by a predetermined percentage, or set a target price for a purchase. You might try to hedge the risks of one investment by buying something else that may profit if that investment struggles. You might use a buy-and-hold strategy for core investments, but be more flexible with other assets.

These are only a few examples of potential strategies; there are many more. Having a solid basis for your decisions can reduce the odds of acting impulsively in ways that might undermine your long-term goals.

Next, check your asset allocation. Has it changed because of market forces? If one type of asset now represents too small a piece of your portfolio, a downturn might be an opportunity to rebalance.

If you want to adjust your allocation but are worried about making sudden moves at the wrong time, you don't have to do everything at once. Dollar cost averaging into or out of an investment lets you spread your risk over time and could help you reposition your portfolio gradually.

Finally, market cycles offer both obstacles and opportunities. For example, if you missed out on an investment in the past because it was too expensive, see if it now represents a bargain.

If you have losses in a taxable account, you may be able to use them at tax time to reduce the amount of federal income tax you owe. Also, some investments are designed specifically to profit from market swings, though they may not be suitable for everyone.

And if you're unhappy with the results of past decisions, analyze what went wrong.

Were your expectations realistic? How does your investment's performance compare to the market as a whole?

Everyone faces investment setbacks; good investors learn from them.

To check on how well your portfolio is positioned to handle market volatility, don't hesitate to ask questions and get expert help.

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