THE PARTNERS GROUP

STAYING THE COURSE DURING

MARKET VOLATILITY

WHAT IS MARKET VOLATILITY?

Most days, the markets do not see large swings up or down in value. When the market experiences significant fluctuations in price (both up and down), that is considered market volatility. The bigger and more frequent the price swings, the more volatile the market is.

WHAT SHOULD I DO AS AN INVESTOR?

With the recent market volatility, it's understandable if you are concerned about your retirement investments. For many of us, our retirement account is our largest investment asset. When we see market fluctuations affect the value of our account, it can be uncomfortable. **Don't be discouraged and most of all, don't panic. Instead, be proactive!** Consider the following steps you should be taking with your investment portfolio.

"Calling someone who trades actively in the market an investor is like calling someone who repeatedly engages in one-night stands a romantic."

– Warren Buffett, CEO of Berkshire Hathaway

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4 TIPS TO NAVIGATE MARKET VOLATILITY

1 KEEP A LONG-TERM PERSPECTIVE – STAY THE COURSE

Avoid reactionary decisions or trying to "time the market." Stick to your long-term goals and invest for the long haul, rather than for short-term market swings. Statistics show that staying the course, rather than switching in and out of funds, is typically the wiser choice. Often, investors make the mistake of selling when the market is declining and buying back when it is going back up. This is the opposite of what we should be doing to maximize returns. The below table shows how stock markets rebounded just 12 months after a major drop.

Dates of S&P's biggest declines	**Black Monday** 8/25/87 – 12/4/87	**Gulf War** 7/16/90 – 10/11/90	**Asia Monetary Crisis** 7/17/98 – 8/31/98	**Tech Bubble** 3/27/00 – 10/9/02	**Financial Crisis** 10/9/07 – 3/9/09	**Trade War** 10/3/18 – 12/24/18	**COVID-19 Selloff** 2/20/20 – 3/23/20
U.S. Stocks	-33.5%	-19.9%	-19.3%	-49.0%	-56.8%	-19.6%	-33.8%
Next 12 months	**+21.4%**	**+29.1%**	**+37.9%**	**+33.7%**	**+68.6%**	**+37.1%**	**+77.8%**

Source: Morningstar as of 12/31/21. Returns are principal only. US stocks represented by the S&P 500 Index. Past performance does not guarantee future results. For illustrative purposes only.

2 KEEP CONTRIBUTING TO YOUR RETIREMENT ACCOUNT DURING MARKET DOWNTURNS

The silver lining of a market downturn is that it is essentially on sale. It's a good time to be a buyer. The dollars you contribute each pay period will be purchasing more shares. When the market eventually rebounds, you will have more shares increasing in value all at the same time.

3 REVIEW YOUR INVESTMENT PORTFOLIO

Know your investment mix and be sure you are invested in the appropriate asset classes based on your risk tolerance and time horizon to retirement. Times like these reinforce the need to diversify as well. While diversification does not guarantee against loss of principal, it can help spread your risk among different asset classes and market segments.

While reviewing your portfolio, set up the rebalancer. This periodically readjusts your portfolio back to your original investment strategy attempting to buy low and sell high. When you rebalance, you sell some appreciated assets and purchase others with lower valuations. Regular rebalancing (at least once a year) may increase the overall return of your portfolio over time. If you are invested in a target date fund, don't worry about setting up the rebalancer. It will rebalance automatically.

4 CONSIDER SPEAKING WITH A FINANCIAL PROFESSIONAL

Don't go it alone. Advisory resources are available through our retirement plan advisor.

Have questions? Contact our plan consultants at The Partners Group at retirement@tpgrp.com.

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