

The Real challenge

Watching the ups and downs of the market can make a person dizzy. How should you interpret the constant barrage of bad news crossing our airways? Is the world truly falling apart? Is this the real challenge or are there other issues to consider?

From a financial perspective, market volatility may not be the most important factor driving your investment program. Ask yourself if you need to withdraw funds from your portfolio anytime soon. If not, then why worry about the market. History clearly tells us that it will go up and down, but up much more than down. If you need to withdraw cash from your portfolio, try to give me as much notice as possible so I can build liquidity into your holdings. The more I know about your needs, the better I can plan to meet those needs.

I have received a few calls from folks worried about losing all their savings. That has never happened, and I am confident it is not happening now. If your personal circumstances have changed in a way that directly affects your investment strategy, I need to know about it. For example, a death in the family, a serious illness, or a change in your employment are good reasons for making a change; volatility in the market is not a good reason.

Try not to let the market upset you. Staying calm in the face of turbulence is in your long-term best interest. In my last article, I discussed the difference between realized and unrealized gains/losses, a product of a volatile market. I suggest you reread that article if you need a better understanding of how to evaluate your portfolio performance.

It is important for each of us (I'm in the same boat with you) to be mentally prepared for market turmoil. It's equally important to not let the market determine your investment strategy. Asking me to alter your portfolio based on market volatility is an unwise strategy. Keep in mind that newscasters have an incentive to sensationalize world events to grab your attention. Chances are the real story is not as bad as they make it appear, which is another reason for my asking you to focus attention inward as opposed to outward.

I don't mean to sound callous, but you have no control over world events, so why worry about them. You do, however, have control over your personal circumstances, which is largely determined by your attitude. Try to stay positive: the sky is not falling, the sun will rise tomorrow, and be thankful for all your blessings. This is the real challenge.

Please call me anytime. Would be great to hear from you. Kind regards, Ron (M: 910-431-6308).