Coping With Volatility

Man on screen: How do you react when your investments go down? Even experienced investors sometimes overreact to short-term drops in value.

Woman on screen: Market volatility has become a key fact of life. Today we'd like to show you how to maintain a long-term view.

Man on screen: And keep short-term ups and downs in perspective.

Woman on screen: In the face of market volatility, consider using a buy-and-hold investment strategy.

Man on screen: The opposite strategy -- called market timing -- is risky, since it means guessing which direction the market is going to go next. You could lock in a loss or miss the market’s best days by selling at the wrong time.

Woman on screen: Retirement plans can help take the guesswork and emotion out of investing, by committing you to invest a fixed amount on a regular schedule. As a result, your average cost per share may be lower than the average price per share over time.

Man on screen: And when markets are volatile for a protracted period, consider different ways to diversify and help reduce risk, such as investing across market cap sizes, sectors, regions, or countries.

Woman on screen: Remember, price swings are to be expected. And while past performance does not guarantee future results, the stock market’s historical track record shows a long-term pattern of overall growth.

Man on screen: So when markets get choppy, keep a long-term perspective and stay focused on your investing goals.

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