

---

# Smart Things to Do (that many won't) In a Down Market

One of the most unsettling aspects of market downturns is the fact they are out of your control.

Markets move based on numerous variables that no one person can meaningfully control or even fully monitor. And when stock prices falter, the resulting steady drumbeat of negative news reports can drive many people to flee the markets out of fear (and miss out on potential gains as financial markets regain their strength). But when others are pessimistic, you can reframe the situation as one of opportunity. Namely, you have the power to follow these suggested actions—which historically have resulted in success weathering market lows.



## Tune out the noise

It's OK to not check your portfolio balance when the market is falling. Turning off the financial news might be smart if it keeps you from making mistakes based on emotional decisions.



## Revisit your asset allocation

If you happen to be near retirement or in retirement, or if you simply lose sleep over downturns, you may need to reevaluate your risk tolerance. Your financial advisor can help you figure out the balance of stocks and bonds best suited to your comfort level with risk and other personal circumstances.



## Control what you can: Costs

Expenses eat returns, and their bite is particularly painful during market corrections. An advisor can explain options for removing high-cost investments from your portfolio in ways that minimize the taxes due from their sale.



## Set realistic expectations

U.S. stock and bond markets have posted remarkable returns in the past few decades. Statistically speaking, it would be prudent to expect lower returns in the future. Your advisor can work with you to develop a plan that still achieves your goals despite potential headwinds of lower returns.



## Stay diversified

Downturns offer case studies in how different asset-class and sector exposures can help to insulate your portfolio. Speaking with your advisor about risk tolerance, as mentioned above, helps him or her to better understand your investing style and what's most important to you. With this greater insight, your advisor can suggest diversification options for your portfolio that blunt the impact of downturns while putting you on track to achieve your financial objectives.

All investing is subject to risk, including the possible loss of the money you invest.

Diversification does not ensure a profit or protect against a loss. Be aware that fluctuations in the financial markets and other factors may cause declines in the value of your account. There is no guarantee that any particular asset allocation or mix of funds will meet your investment objectives or provide you with a given level of income.