

## ERBFINANCIAL

TAXES • PLANNING • INVESTMENTS

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# Coping with Market Volatility: Cash Can Help Manage Your Mindset



**Consider how a cash position could enhance your ability to make thoughtful investment decisions.**

Holding an appropriate amount of cash in a portfolio can be the financial equivalent of taking deep breaths to relax. It could enhance your ability to make thoughtful investment decisions instead of impulsive ones. Having a cash position coupled with a disciplined investing strategy can change your perspective on market volatility. Knowing that you're positioned to take advantage of a downturn by picking up bargains may increase your ability to be patient.

That doesn't mean you should convert your portfolio to cash. Selling during a down market locks in any investment losses, and a period of extreme market volatility can make it even more difficult to choose the right time to make a large-scale move. Watching the market move up after you've abandoned it can be almost as painful as watching the market go down. Finally, be mindful that cash may not keep pace with inflation over time; if you have long-term goals, you need to consider the impact of a major change on your ability to achieve them.

Having a cash cushion in your portfolio isn't necessarily the same as having a financial cushion to help cover emergencies such as medical problems or a job loss. An appropriate asset allocation that takes into account your time horizon and risk tolerance may help you avoid having to sell stocks at an inopportune time to meet ordinary expenses.

Remember that we're here to help and to answer any questions you may have.

*All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful.*

*Asset allocation is a method used to help manage investment risk; it does not guarantee a profit or protect against investment loss.*

*Although there is no assurance that working with a financial professional will improve investment results, a professional can evaluate your objectives and available resources and help you consider appropriate long-term financial strategies.*

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## IMPORTANT DISCLOSURES

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