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It's important to understand how market swings relate to your own savings and investments.

Coping with Market Volatility: Be Sure to Use Appropriate Benchmarks

Do you find yourself glued to the daily news reports on market movements wondering about your own savings and investments? Before you make any hasty decisions, be sure you understand how these reports relate — or don't relate — to your individual portfolio.

The variance in the returns of different portfolios is largely attributable to their asset allocations. If you have a well-diversified portfolio that includes multiple asset classes (stocks, bonds, cash alternatives), be sure to compare its overall performance to relevant benchmarks, rather than the gains and losses reported throughout daily news cycles. For example, just because a particular stock market index, such as the S&P 500, may have dropped by a double-digit percentage doesn't necessarily mean your entire portfolio is down by the same amount. If you find that your investments are at least matching relevant benchmarks, you might feel better about your overall strategy.

Asset allocation and diversification do not guarantee that you won't suffer losses, of course, and they also can't guarantee a profit. But they can help spread your risk. When the overall market declines, some asset classes and individual investments may be affected more than others.

Before letting daily headlines drive your investment decisions, consider whether your asset allocation is appropriate for your immediate and long-term needs and the risk you're comfortable taking.

For help in determining appropriate benchmarks for your portfolio, give us a call. We're here to help.

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

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.

IMPORTANT DISCLOSURES

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